

# **174<sup>th</sup> Meeting of SLBC of Andhra Pradesh**

## **Agenda & Background Notes**

**Date : 26.05.2011**

**Time: 03.00 P.M.**

**Venue : Jubilee Hall**

**Public Gardens , Hyderabad**

**STATE LEVEL BANKERS' COMMITTEE OF A.P**

**CONVENOR:**  **Andhra Bank**

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**1. Adoption of the Minutes of 173<sup>rd</sup> SLBC Meeting held on 30.03.2011:**

The Minutes of 173<sup>rd</sup> SLBC Meeting held on 30<sup>th</sup> March, 2011 were circulated to the members. The minutes may be approved/ adopted as no amendments/ changes were received by SLBC of AP.

**2. Banking Statistics****Banking at a glance in Andhra Pradesh**

(As on 31.03.2011)

|                                     |      |
|-------------------------------------|------|
| Total Number of bank branches (Nos) |      |
| Rural - 2997      Semi Urban - 2107 | 8211 |
| Urban - 2030      Metro - 1077      |      |

(Rs. In crores)

|  |          |
|--|----------|
| Total Deposits in the State            | 2,83,600 |
| Total Advances in the State            | 3,27,275 |
| Credit Deposit Ratio (RBI norm of 60%) | 115.40%  |

|   |          |
|---|----------|
| Total Priority Sector Advances                                  | 1,54,227 |
| % of Priority Sector Advances to Net Bank Credit (RBI Norm 40%) | 47.12%   |

| Outstanding Priority Sector Advances (Rs. In Crores) |          |
|--|----------|
| Agricultural Advances                                | 83,098   |
| % of Agrl. Adv. to NBC (RBI norm 18%)                | (25.39%) |
| Non Farm Sector                                      | 27,033   |
| (% to Net Banking Credit)                            | (8.26%)  |
| Other Priority Sector Advances                       | 44,096   |
| (% to Net Banking Credit)                            | (13.47%) |
| Total Priority Sector Advances                       | 1,54,227 |
| Of which   |          |
| Educational Loans                                    | 5,607    |
| Housing Loans  | 24,504   |
| SHGs   | 13,153   |

**Banking Key Indicators of Andhra Pradesh**

(Amount in Rs. crores)

| <b>No.</b> | <b>Particulars</b>                          | <b>31<sup>st</sup> March<br/>2008</b> | <b>31<sup>st</sup> March<br/>2009</b> | <b>31<sup>st</sup> March<br/>2010</b> | <b>31<sup>st</sup> March<br/>2011</b> |
|------------|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| 01         | Rural                                       | 2769                                  | 2733                                  | 2857                                  | 2997                                  |
| 02         | Semi – Urban                                | 1549                                  | 1754                                  | 1941                                  | 2107                                  |
| 03         | Urban                                       | 1452                                  | 1601                                  | 1922                                  | 2030                                  |
| 04         | Metro                                       | 771                                   | 911                                   | 956                                   | 1077                                  |
|            | Total                                       | 6541                                  | 6999                                  | 7676                                  | 8211                                  |
| 01         | Deposits                                    | 1,60,990                              | 2,05,899                              | 2,45,686                              | 2,83,600                              |
| 02         | Advances                                    | 1,48,015                              | 2,10,294                              | 2,69,760                              | 3,27,275                              |
| 03         | Credit Deposit Ratio                        | 91.94%                                | 102.13%                               | 109.80%                               | 115.40%                               |
| 04         | Total Priority Sector<br>Advances           | 88,924                                | 1,00,325                              | 1,26,515                              | 1,54,227                              |
|            | % to Advances                               | 60.08%                                | 47.71%                                | 46.90%                                | 47.12%                                |
| 05         | Total Agriculture<br>Advances               | 43,187                                | 51,487                                | 68,658                                | 83,098                                |
|            | % to P S A                                  | 48.57%                                | 51.32%                                | 54.27%                                | 53.88%                                |
| 06         | Short Term Crop<br>Production Loans         | 23,441                                | 28,665                                | 33,986                                | 41,752                                |
|            | % to PSA                                    | 26.36%                                | 28.57%                                | 26.82%                                | 27.07%                                |
| 07         | Agrl. Term Loans incl.<br>Allied Activities | 19,746                                | 22,822                                | 34,672                                | 41,346                                |
|            | % to P S A                                  | 22.21%                                | 22.75%                                | 27.41%                                | 26.81%                                |
| 08         | Non Farm Sector                             | 18,608                                | 21,128                                | 22,868                                | 27,033                                |
|            | % to P S A                                  | 20.93%                                | 21.06%                                | 18.08%                                | 17.52%                                |
| 09         | Other P S A                                 | 27,129                                | 27,710                                | 34,989                                | 44,096                                |
|            | % to PSA                                    | 30.51%                                | 27.62%                                | 27.66%                                | 28.59%                                |



Number of Branches

Rural: As on 31.03.2011, the rural branches are 2997, whereas on 31.03.2010, there were 2857 Branches. The growth rate during the period is 4.90 %. All the banks have started implementation of Financial Inclusion Plan to provide banking services by March, 2012 in the villages having a population of 2000 and above.

Semi – Urban: As on 31.03.2011, the semi – urban branches are 2107, whereas on 31<sup>st</sup> March, 2010 there were 1941 branches. The growth rate during the period is 8.55%.

Urban: As on 31.03.2011, the urban branches are 2030, whereas on 31<sup>st</sup> March, 2010 there were 1922 branches. The growth rate during the period is 5.62%.

Metro: As on 31.03.2011, the Metro branches are 1077 whereas on 31<sup>st</sup> March, 2010 there were 956 branches. The growth rate during the period is 12.66%.

Total Branches: As on 31.03.2011, the total branches are 8211, whereas on 31<sup>st</sup> March, 2010 there were 7676 branches. The growth rate during the period is 6.97%.

Deposits:

Deposits registered a growth of Rs.37,914 crores from Rs.2,45,686 crores as on 31.03.2010, to Rs.2,83,600 Crores as on 31.03.2011, registering a growth rate of 15.43%.

Advances:

Advances registered a growth of Rs. 57515 crores from Rs.269760 crores as on 31.03.2010, to Rs. 3,27,275 Crores as on 31.03.2011, registering a growth rate of 21.32%.

CD Ratio:

As on 31.03.2010 CD ratio is 109.80%, whereas, it is 115.40% as on 31.03.2011. The incremental deposits are Rs. 37,914 crores and incremental advances are Rs.57,515 crores. As on 31.03.2011, the incremental CD ratio is 151.70%.

Total Priority Sector Advances:

The total Priority Sector Advances as on 31.03.2010 was Rs.126515 crores. As on 31.03.2011, it is Rs. 1,54,227 crores with an increase of Rs.27712 crores, with 21.90% increase over Mar 2010.

Total Agriculture Advances:

The Total Agriculture Advances registered a growth rate of 21.03 %. As on 31.03.2010 it was Rs.68,658 crores and registered growth of Rs.14,440 crores to Rs.83,098 crores as on 31.03.2011.

Short Term Crop Production Loans:

Short Term Crop Production Loans registered a growth rate of 22.85%. As on 31.03.2010 it was Rs.33,986 crores and registered growth of Rs.7766 crores to Rs. 41,752 crores as on 31.03.2011.

Agri. Term Loans including Allied Activities:

Agriculture Term Loans including Allied Activities registered a growth rate of 19.25%. As on 31.03.2010 it was Rs.34,672 crores and registered growth of Rs.6674 crores to Rs.41,346 crores as on 31.03.2011.

Non Farm Sector:

Non Farm Sector registered a growth rate of 18.21%. As on 31.03.2010 it was 22,868 crores and registered growth of Rs.4165 crores to Rs.27,033 crores as on 31.03.2011.

Other Priority Sector Advances:

Other Priority Sector Advances registered a growth rate of 26.03%. As on 31.03.2010 it was Rs.34,989 crores and registered growth of Rs.9107 crores to Rs. 44,096 crores as on 31.03.2011.

**Statement of Priority Sector Advances**

(Amount in crores)

| <b>S.No.</b> | <b>Particulars</b>  | <b>As on<br/>31.03.08</b> | <b>As on<br/>31.03.09</b> | <b>As on<br/>31.03.10</b> | <b>As on<br/>31.03.11</b> |
|--------------|---|---------------------------|---------------------------|---------------------------|---------------------------|
| I.           | Agriculture   |                           |                           |                           |                           |
| a            | Crop Production   | 23,441                    | 28,665                    | 33,986                    | 41,752                    |
| b            | Agrl.Term Loans including allied activities                 | 19,746                    | 22,822                    | 34,672                    | 41,346                    |
|              | Total Agrl.Advances   | 43,187                    | 51,487                    | 68,658                    | 83098                     |
|              | % of Agrl.advances to NBC<br>(RBI norm 18%)                 | 29.18%                    | 24.48%                    | 25.45%                    | 25.39%                    |
| II.          | Non Farm Sector (% of Net Bank Credit – NBC)                | 18,608<br>(12.57%)        | 21,128<br>(10.05%)        | 22,868<br>(8.48%)         | 27,033<br>(8.26%)         |
| III.         | Other Priority Sector Advances (% of Net Bank Credit – NBC) | 27,129<br>(18.33%)        | 27,710<br>(13.18%)        | 34,989<br>(12.97%)        | 44,096<br>(13.47%)        |
|              | Total Priority Sector Advances                              | 88,924                    | 1,00,325                  | 1,26,515                  | 1,54,227                  |
|              | % of Priority Sector to Net Bank Credit<br>(RBI norm 40%)   | 60.07%                    | 47.71%                    | 46.90%                    | 47.12%                    |

**03. Annual Credit Plan 2010-11: Achievement as on 31.03.2011**

Annual Credit Plan 2010-11 - Achievement  
(Disbursements during 01.04.10 to 31.03.2011)

(Rs: crores)

| Sl.No                        | Item                             | Target        | Achievement   | % of Achmt    |
|------------------------------|----------------------------------|---------------|---------------|---------------|
| <b>1.</b>                    | Short Term Crop Production Loans |               |               |               |
|                              | Kharriff                         | 17,473        | <b>16,372</b> | <b>93.70</b>  |
|                              | Rabi                             | 8,788         | <b>13,857</b> | <b>157.68</b> |
|                              | <b>Total</b>                     | <b>26,261</b> | <b>30,229</b> | <b>115.11</b> |
| <b>2.</b>                    | Agrl.Term Loans                  |               |               |               |
|                              | Kharriff                         | 2,453         | <b>5,046</b>  | <b>205.71</b> |
|                              | Rabi                             | 2,007         | <b>4,638</b>  | <b>231.09</b> |
|                              | <b>Total</b>                     | <b>4,460</b>  | <b>9,684</b>  | <b>238.52</b> |
| <b>3.</b>                    | Allied to Agriculture            |               |               |               |
|                              | Kharriff                         | 3,913         | <b>3,561</b>  | <b>91.00</b>  |
|                              | Rabi                             | 3,201         | <b>4,456</b>  | <b>139.21</b> |
|                              | <b>Total</b>                     | <b>7,114</b>  | <b>8,017</b>  | <b>112.69</b> |
| <b>Total Agriculture</b>     |                                  | 23839         | <b>24,979</b> | <b>104.78</b> |
|                              |                                  | 13996         | <b>22,951</b> | <b>163.98</b> |
|                              |                                  | <b>37,835</b> | <b>47,930</b> | <b>126.68</b> |
| <b>4.</b>                    | Non-Farm Sector                  | 8,150         | 11,051        | 135.60        |
| <b>5.</b>                    | Other Priority Sector            | 15,700        | 13,897        | 88.52         |
| <b>Total Priority Sector</b> |                                  | <b>61,685</b> | <b>72,878</b> | <b>118.14</b> |

Short Term Crop Production Loans: Achievement is Rs.30,229 crores against the target of Rs.26261 crores which is 115.11%

Agri Term Loans : Achievement is Rs. 9,684 crores against the target of Rs.4,460 crores which is 238.52%.

Agri. Allied Activities : Achievement is Rs. 8,017 crores against the target of Rs.7,114 crores which is 112.69%.

Total Agri.Advances : Achievement is Rs. 47,930 crores against the target of Rs.37,835 crores which is 126.68%

Non Farm Sector : Achievement is Rs11,051 crores against the target of Rs.8150 crores which is 135.60%.

Other Priority Sector Advances : Achievement is Rs.13,897 crores against the target of Rs.15700 crores which is 88.52%.

Total Priority Sector Advances: Achievement is Rs72,878 crores against the target of Rs.61685 crores which is 118.14 %.

**04. Major Action Points of earlier SLBC / Steering Committee Meetings pending for Implementation:**

| Action Points Suggested for implementation  | Action Points Pending in respect of Banks/<br>Government  |
|---|---|
| <p><u>Agriculture - Pattadar Pass Books:</u><br/>MROs are requested to provide hard copy and soft copy of land records – village-wise to branch managers of the service area bank branches to facilitate cross verification of the Pattadar Pass Books while allowing crop loans.</p> <p>Steps are to be taken by Govt. to introduce fool proof system for issuing Pattadar pass books.</p> | <p>The matter is one of the long pending items.</p> <p>GoAP recently initiated a pilot project in the districts of Anantapur, Prakasam and Warangal to replace the old pattadar pass books.</p>   |
| <p><u>Small and Micro Enterprises</u><br/>Preparation of Model Project at District Level as per K. C. Chakrabarthy Committee recommendations .</p> <p>Establishment of Central registry by GoAP as per the recommendations of K.C. Chakrabarthy Committee</p>   | <p>Except in a few districts, the process is yet to be commenced and all the LDMs and DICs to take immediate steps on the matter involving KVIC/KVIB.</p> <p>GoAP may hasten the process initiated for establishment of Central registry.</p> |
| <p><u>Information System</u><br/>Flow of Information to SLBC and RBI – State Level Bankers Committee is submitting data on various aspects to Reserve Bank of India, GOI and GoAP and other Agencies regularly. The base for SLBC to submit any information is the data submitted by Banks &amp; LDMs.</p>  | <p>All the Controlling authorities of banks to ensure timely submission of accurate data to SLBC and RBI.</p>   |
| <p><u>Social Welfare Scholarships - Reimbursement of service charges by GoAP to Banks:</u></p> <p>It was informed that the amount due will be released to all respective banks within a short period and the matter is still pending.</p>   | <p>Social Welfare Department, Government of Andhra Pradesh is requested to reimburse the service charges agreed upon to Banks at the earliest.</p>  |

|   |  |
|---|--|
| <p><u>Declarations of all the Districts as 100% Financial Inclusion:</u></p> <p>The Lead District Managers of eight districts Karimnagar, Krishna, Mahabubnagar, Nalgonda, Visakhapatnam, Khammam, East Godavari and West Godavari are yet complete the target of 100%.</p>   | <p>All the respective Lead District Managers have to initiate steps for achieving 100% Financially Included.</p>   |
| <p><u>Interest Subsidy for Housing Urban Poor (ISHUP):</u></p> <p>Wide gap is being observed between Applications sponsored &amp; sanctions; Applications sanctioned &amp; disbursed; Applications disbursed &amp; subsidy claimed. This issue was discussed in several steering meetings and special meetings.</p> | <p>All the Controlling Authorities of Banks are requested to claim interest subsidy in respect of loans disbursed under ISHUP without any time lag as the matter is being regularly reviewed by GOI.</p> |
| <p><u>Opening of FLCCs:</u></p> <p>At present Six FLCCs are opened in Andhra Pradesh State. Andhra Bank four FLCCs in Srikakulam, East Godavari, West Godavari and Guntur Districts, SBH one in Adilabad and State Bank of India one in Sanga Reddy, Medak District.</p>  | <p>State Bank of India, State Bank of Hyderabad, Indian bank and Syndicate Bank are requested to take initiatives and complete the task at the earliest in their remaining lead districts.</p>           |

**05. Agriculture - Credit Flow to Agriculture****Progress on lending Crop Loans & Agrl.Term Loans including Allied Activities- Achievement as on 31.03.2011**

(Disbursements during 01.04.10 to 31.03.2011)

(Rs. in crore)









| Khariff, 2010 |             |            |             |        |             |
|---------------|-------------|------------|-------------|--------|-------------|
| Crop Loans    |             | Term Loans |             | Total  |             |
| Target        | Achievement | Target     | Achievement | Target | Achievement |
| 17,473        | 16,372      | 6,366      | 8,607       | 23,839 | 24,979      |

(Rs. in crore)

| Rabi, 2010-11 |             |            |             |        |             |
|---------------|-------------|------------|-------------|--------|-------------|
| Crop Loans    |             | Term Loans |             | Total  |             |
| Target        | Achievement | Target     | Achievement | Target | Achievement |
| 8,788         | 13,857      | 5,208      | 9,094       | 13,996 | 22,951      |

(Rs. in crore)

| Khariff & Rabi, 2010-11 |             |            |             |        |             |
|-------------------------|-------------|------------|-------------|--------|-------------|
| Crop Loans              |             | Term Loans |             | Total  |             |
| Target                  | Achievement | Target     | Achievement | Target | Achievement |
| 26,261                  | 30,229      | 11,574     | 17701       | 37,835 | 47,930      |

|   |   |                |
|---|---|----------------|
|  | The achievement under Khariff Crop Loans is       | 93.70%         |
|  | The achievement under Khariff term loans is       | 135.20%        |
|  | <b>Khariff total achievement</b>                  | <b>104.78%</b> |
|  | The achievement under Rabi Crop Loans is          | 157.68%        |
|  | The achievement under Rabi Term loans is          | 174.62%        |
|  | <b>Rabi total achievement is</b>                  | <b>163.98%</b> |
|  | Total Crop Loan achievement for 2010-11           | 115.11%        |
|  | Total Term Loan achievement for 2010-11           | 152.94%        |
|  | <b>Total Agriculture Loan achievement 2010-11</b> | <b>126.68%</b> |



**Damage due to Heavy Rains/ Floods during Nov/ Dec. 2010- reschedulement of crop loans – Extending time limit.**

As per the major action points emerged in the 173<sup>rd</sup> SLBC of AP, SLBC of AP has taken up with RBI on extending due date for reschedulement of crop loans allowed from 01.04.2010 to 30.11.2010 in the 680 Mandals affected with Floods / Heavy rains in Andhra Pradesh.

As per the information received at SLBC, the progress in the rescheduling of the loans is not on the expected lines in the 680 affected mandals of the 16 districts. Out of Rs. 11,637 Cr eligible total crop loans in these areas, banks have rescheduled crop loans amounting to Rs. 1138.95 cr (10% approx.) by March, 2011. As per the decision taken in the 173<sup>rd</sup> Meeting of SLBC held on 30.03.2011, SLBC has written to RBI vide letter dated 31.03.2011 for extending the date for rescheduling and RBI, Hyderabad has also referred the matter to their Central Office, Mumbai.

RBI vide their letter no.RPCD(H)/LBS/2047/02.03.020/2010-11 dt.19.05.2011 advised that, *"We advise you to be guided by the Master Circular RPCD, No. PLFS.BC.1/05.04.02/2010-11 Dt. 1<sup>st</sup> July, 2010 incorporating "Guidelines for relief measures by banks in areas affected by natural calamities." Accordingly you are advised to permit banks to reschedule crop loans in the areas affected by floods/ heavy rains in November/ December, 2010.*

We have circulated the above communication to all banks and LDMs with an advise to act accordingly.

**Interest waiver of GoAP on crop loans extended upto 30.11.2010.**

Guidelines were released by the Agricultural Department, Government of AP for claiming interest waiver in respect of crop loans allowed from 01.04.2010 to 30.11.2010 in the Heavy Rain/Flood affected areas.

Hon'ble Agriculture Minister, GoAP has taken up the review of various parameters on 10.05.2011 and in the meeting it was informed that many Bank branches are yet to submit claims pertaining to 7% interest waiver proposed by the GoAP in the Flood/ Heavy Rain affected areas of Andhra Pradesh during the months of November/ December, 2010.

All the Controlling Offices of Banks were advised to instruct their branches suitably and ensure that claims are submitted before 20.05.2011.

All the LDMs were advised to coordinate with Banks and Agriculture department and ensure that task is completed immediately.

**Pavala Vaddi Scheme for crop Loans disbursed during 2010-11**

The Government of Andhra Pradesh is extending Pavala Vaddi scheme for the year 2010-11 and cut of date for repayment of Kharif loan is 31.03.2011 and for Rabi is 30.06.2011.

As per the modified guidelines of GOI on 1.50 % interest subvention and 2% additional subvention on prompt repayment wherein it is stated that "interest subvention will be calculated on the crop loan amount from the date of its disbursement /drawal up to the date of actual repayment of the crop loan by the farmer or up to the due date of the loan fixed by the banks, whichever is earlier, subject to a maximum

period of one year.” In such case, the due date of particular crop loan is fixed based on harvesting season of the crop and hence due date of crop loan varies from crop to crop.

If the farmer wants to avail the benefit of Pavala Vaddi, when the due date fixed by the bank beyond 31.03.2011 and 30.06.2011 for Kharif and Rabi respectively, the farmer will be restricted the benefit of 7% interest rate and 2% additional subvention, for which he is entitled up to the due date of the loan

The Agriculture Department of GoAP may look into the guidelines on interest subvention scheme of Government of India and make suitable amendment in the Pavala Vaddi scheme.

#### **Input subsidy payment to the farmers**

LDM, Khammam has referred this issue. State Government is paying input subsidy to the farmers by way of cheques which involve heavy cost and time. The RTGS and NEFT facilities can be advantageously used by the department as almost all the Banks are using CBS.

In the present system, some middlemen are taking advantage.

Agriculture department may review the present system of payments to the farmers and technology oriented effective system may be adopted.

#### **Rythu Chaithanya Yatras and Rythu Sadassus proposed to be organized during May and June, 2011.**

It is decided by the department of Agriculture, Government of Andhra Pradesh that Rythu Chaitanya Yatras Programme for the year 2011 would be conducted from 17.05.2011 to 02.06.2011 to cover 50,083 habitations and Rythu Sadassus programme 2011 from 07.06.2011 to 11.06.2011 covering all the 79 Revenue divisions.

##### **RYTHU CHAITHANAYA YATRA**

The concept is introduced as an innovative approach to reach the technology to the door steps of the farmers and is being planned to reach every habitation in the State. This programme is designed to fill the gap being experienced in reaching all the farmers by handful of extension staff. The first programme was started during May/June, 2005. The aim is to cover all the habitations and all the farmers in the State.

##### **RYTHU SADASSU**

Soon after Rythu Chaithanya Yatras, Rythu Sadassus are being organized mainly to practically demonstrate the Schemes, Equipments, Live models, followed by lectures and interactions to build up confidence among the farmers. They are being organized in all 79 revenue divisions every year since 2005. About 4.00- 5.00 lakh farmers are participating in the programme.

To discuss on the matter, Sri V. Nagi Reddy, IAS, Principal Secretary, Agriculture Dept., GoAP has taken a meeting on 23.04.2011 with all the departments connected with Agriculture and Allied activities, Agriculture and Horticulture Universities, APCOB and SLBC.

#### **It was advised by the Principal Secretary in the meeting that –**

1. Convergence of all the 15 Departments including Banks is required to educate the farmers at their door step and to know their problems.

2. It is specifically advised by the Principal Secretary that as per the reports received the participation of the Branch Managers is not on the expected lines during the year 2010 and there is need to ensure their participation.
3. As part of pre-Khariff, 2011 exercise, non loanee farmers and tenant farmers will be enumerated and JLGs will be organized by the Agriculture department.
4. **In the meeting, on behalf of SLBC it was informed that apart from regular subjects being taken up in the Chaithanya Yatras and Sadassus, Financial inclusion Campaign will be taken up by the banks during the current year in view of the importance attached to the subject by the GOI.**

The guidelines of Rythu Chaithanya Yatras and Rythu Sadassus were circulated to all banks and LDMS.

All the LDMS were advised to be in regular touch with Joint Directors of Agriculture and circulate the exact dates of the Yatras and Sadassus in their districts and ensure that Branch Managers and field staff are represented in the Yatras and Sadassus.

On behalf of SLBC, it was informed to the Agriculture Department that Banks will be taking up Financial Inclusion Campaign during the current year in view of the importance attached to the subject by the GOI.

**All the Controlling Authorities of Banks were advised to instruct their Branch Managers and field staff to participate in the Rythu Chaithanya Yatras and Rythu Sadassus as it will give an opportunity to the branch managers to know the field problems.**

**Tenant Farmers - 'Loan eligibility and other benefits' Cards & Financing to New Non Loanee Farmers & Tenant Farmers (Including Joint Liability Groups)**

During the year 2010-11, Banks in Andhra Pradesh have extended finance to 0.95 lakh tenant farmers through 11,274 JLGs.

Hon'ble Chief Minister while addressing the 173<sup>rd</sup> Meeting of SLBC on 30.03.2011 announced that shortly an Ordinance will be promulgated by GoAP for issuing Loan eligibility and other Benefit Cards to the tenant farmers.

GoAP conducted several rounds of meetings to elicit the views of Banks and other organizations. On behalf of SLBC, Bank related issues were clarified to the Government.

Since the Khariff season has already commenced, GoAP may take steps for releasing the guidelines under the proposed scheme, duly taking into the consideration of the suggestions given.

**Formation of JLGs of persons engaged in Sheep and Goat rearing**

It is informed by NABARD that they have received representation from Andhra Pradesh Sheep and Goat rearers association evincing interest for formation of JLGs of persons engaged in Sheep and Goat rearing in various districts. It is informed by NABARD that the scheme for promotion and financing JLGs, *inter alia*, envisages formation of activity specific JLGs to enable livelihood promotion through JLG mechanism.

The NABARD requested SLBC to inform the entire member Banks that JLGs of persons engaged in Sheep and Goat rearing can also be promoted and financed by the Banks as per the scheme.

**Coverage of New Farmers:**

During the year 2010-11, Banks in Andhra Pradesh have extended finance to 7.79 lakh uncovered farmers. It was resolved in the 173<sup>rd</sup> meeting of SLBC meeting held on 30.03.2011, each Rural and Semi Urban Branch will finance a minimum of 100 Non Loanee Farmers during the year 2011-12.

**Kisan Credit Card scheme:**

Hon'ble Union Finance Minister advised all the Banks in the meeting of Chief Ministers of South Zone States & Union Territories to increase 20% in Kisan Credit Cards in quantum of finance as well as number of farmers during this financial year.

At present almost all banks in our state are allowing crop production finance through Kisan Credit Card scheme. The number of Kisan Credit Cards issued in the State of Andhra Pradesh as at the end of March, 2011 is 90.58 lakhs.

Banks may take steps for implementation of Kisan Credit Card scheme in its true spirit and the advantages inbuilt in the scheme for the benefit of farmers may be made available. Steps also may be taken for increasing the number of KCCs in the State.

**Kisan Credit Cards to all the eligible farmers- Promotion of JLGs/ SHGs – Action Plan**

NABARD, Hyderabad, vide their letter dated 13.04.2011 informed that GOI has announced a higher agricultural credit flow of Rs. 4.75 lakh crore for the year 2011-12. The Government of India desires that Banks may be advised to formulate a detailed Action Plan for promotion of JLGs/ SHGs – KCC linkage programme in consultation with NABARD and SLBC.

NABARD has advised to include the item in the Agenda for preparation of broad contours of the Action Plan in this regard. NABARD has also sent a copy of the DO letter addressed to the Chief Secretary, GoAP by Gol.

**CROP INSURANCE –KHARIF 2011:**

The following information is given by Agriculture Insurance Corporation of India, Hyderabad.

National Agricultural Insurance Scheme is being continued by Union Ministry of Agriculture, Government of India for Kharif 2011 and the provisions, guidelines modus operandi would be same as in the previous Kharif seasons.

SLCCCI meeting has been convened and the committee has decided in regard to notification of Crops and areas under NAIS and WBCIS for Kharif 2011. Pending issue of G.O, scheme is being extended to all 22 districts and crops notified are stated below.

| S.No | CROP          |
|------|---------------|
| 1    | Rice          |
| 2    | Jowar         |
| 3    | Bajra         |
| 4    | Maize         |
| 5    | Blackgram     |
| 6    | Greengram     |
| 7    | Redgram       |
| 8    | Groundnut(i)  |
| 9    | Groundnut(ui) |
| 10   | Castor        |
| 11   | Sunflower     |
| 12   | Soyabean      |
| 13   | Sugarcane(p)  |
| 14   | Sugarcane®    |
| 15   | Cotton(i)     |
| 16   | Cotton(ui)    |
| 17   | Chillies(i)   |
| 18   | Chillies(ui)  |
| 19   | Banana(fruit) |
| 20   | Turmeric      |

In respect of three crops i.e. Paddy, Maize and Soyabean “Village “will be the unit of insurance under NAIS.

Weather based Crop Insurance Scheme has been launched for the first time in Andhra Pradesh in Kharif 2009 in Guntur District for Redchilly crop and in Kharif 2010 , on the request of the farmers, Bankers it has been expanded to Six districts for Red chilly, Cotton crops , Sweetlime and Oil palm Plantations. In respect of four Districts where WBCIS is implemented ,the Claims have been finalized and the status of Claims is as under.

| Status Of Claims Under Weather Based Crop Insurance Scheme - Kharif 2010 |                    |              |                                 |                                     |   |
|--|--------------------|--------------|---------------------------------|-------------------------------------|---|
| S.no   | District           | Crop         | No'of Farmers receiving benefit | No'of Mandals receiving the benefit | Amount of Claims payable (Rs. in lakhs) |
| 1  | Adilabad           | Cotton       | 34219                           | 33                                  | 524.55                                  |
|  |                    |              |                                 |                                     |   |
| 2  | Warangal           | Cotton       | 10683                           | 32                                  | 240.06                                  |
|  |                    | Red Chillies | 2732                            | 42                                  | 62.8                                    |
|  |                    |              | <b>13415</b>                    | <b>74</b>                           | <b>302.86</b>                           |
| 3  | Khammam            | Cotton       | 7004                            | 16                                  | 246.85                                  |
|  |                    |              |                                 |                                     |   |
| 4  | Guntur             | Red Chillies | 2964                            | 27                                  | 64.34                                   |
|  | <b>GRAND TOTAL</b> |              | <b>57602</b>                    | <b>150</b>                          | <b>1138.60</b>                          |

In respect of Plantation crops, the risk period has not been completed and Claims would be finalized in June.

In respect of Groundnut crop in the districts of Rayalaseema region i.e. Anantapur, Kadapa, Kurnool and Chittoor Weather Based crop Insurance Scheme is being implemented during this Kharif season keeping in view the recommendations of Hon'ble Revenue Minister and Hon'ble Minister for Agriculture. The Proposed Crops and Districts for implementation of WBCIS in Kharif 2011 are as under

| CROP       | DISTRICT                             |
|------------|--------------------------------------|
| REDCHILLY  | GUNTUR, WARANGAL                     |
| COTTON     | ADILABAD, KHAMMAM AND WARANGAL       |
| SWEET LIME | NALGONDA, KADAPA                     |
| OIL PALM   | WEST GODAVARI, KHAMMAM               |
| BANANA     | EAST GODAVARI, VIZIANAGARAM, KADAPA  |
| TOMATO     | CHITTOOR, RANGAREDDY                 |
| BRINJAL    | RANGAREDDY                           |
| GROUNDNUT  | KADAPA, KURNOOL, ANANTAPUR, CHITTOOR |

Soon after the issue of G.O, detailed guidelines will be provided by AIC to all the banks for implementation of these Weather index products.

#### **Issues relating to Fake Pattadar Pass Books:**

The prevalence of Fake Pattadar Pass Books is a serious issue causing concern to all the Bankers in the State of Andhra Pradesh since public money is at stake and Bank Officers are also put to hardship.

The occurrence of frauds is mainly due to scope for alterations and manipulations in the Pattadar Pass Books and absence of fool proof verification mechanism. As per the experience of Bankers, the incidence of Fake Pattadar Pass Books is high in the districts of Prakasam, Ananthapur, Kurnool, Kadapa, Srikakulam, Vizianagaram, Krishna, Guntur, Warangal, Mahaboobnagar, Nizamabad and Karimnagar. The matter was brought to the notice of Revenue Department on several occasions for redressal. In the process, State Government Authorities have also filed cases against the fraudsters in certain areas.

Despite the best efforts, still the circulation of fake Pattadar pass Books is taking place and it is affecting recovery of the Banks and is vitiating the recovery atmosphere, especially in the rural areas.

The matter was discussed in several meetings of SLBC of Andhra Pradesh and its Steering Committee meetings. It was assured by the Government that the following steps will be initiated immediately for -

1. Weeding out fake Pattadar Pass Books.
2. Handing over Soft and Hard copies of Revenue records to the branch managers for their cross verification.
3. Evolving alternative fool proof system for Pattadar Pass Books.

All the above issues, except furnishing the land record details (hard copy) to branch managers remain unresolved since long time. The continued presence of fake Pattadar Pass Books in the system is affecting smooth credit flow from the Banks.

GoAP recently initiated a pilot project in the districts of Anantapur, Prakasam and Warangal to replace the old pattadar pass books.

In order to accomplish the Union Government's objective of ensuring the improved credit flow to the Agriculture Sector and also to achieve financial inclusion within time frame, there is an urgent need to have proper land records for timely credit to the needy besides protecting the interest of the Banks. The GoAP may take immediate steps for introducing fool proof Pattadar Pass Book system.

ADW&DRS 2008: The Controller and Auditor General have started Audit of Agriculture Debt Waiver & Debt Relief Scheme 2008 statements. All the Banks are advised to extend full cooperation for completing their task in a scheduled time.

**Performance Review Meeting taken by the Secretary (FS) with the CEOs of PSBs / FIs on 26<sup>th</sup> April, 2011 – Minutes**

It was observed by Secretary(FS) that many banks have failed to meet the direct agriculture lending target of 13.5% of ANBC and this is not acceptable on an ongoing basis specially when a large number of farmers are yet to be covered by banks for availing credit. While appreciating the problem of individual banks in meeting the target, it was stressed by Secretary (FS) that banks having shortfall in target have to draw up plans to reach 13.5% target at the earliest with quarterly growth projections.

Banks which have not yet achieved the mandated level of credit to agriculture, including direct lending annually, must work out a road map for reaching the prescribed level. Secretary (FS) noted that many banks have not achieved the prescribed levels in the past three years. Focused attention of the Bank Management is required.

( Action: PSBs which have not achieved PSL target for Agriculture )

During the discussion on the Kisan Credit Card Scheme, Banks have suggested that State Governments may also be requested to help ensure that all eligible farmers are covered under the KCC scheme. This shall greatly help to focus the efforts of Banks while issuing new KCCs.

( Action: DFS & SLBC / DCC convenor Banks )

Secretary (FS) asked the CEOs to revalidate the data pertaining to active Kisan Credit Cards (active i.e. at least one debit entry during the year or having a loan outstanding against the KCC). Banks must maintain data regarding the number of farm accounts, number of farm accounts which are operated as KCC Accounts and the number of active KCCs. This data is required to be maintained on a quarterly basis by all Banks including RRBs & Cooperatives. RBI and NABARD are requested to formulate uniform reporting formats for all Banks.

( Action: All PSBs, Cooperatives Banks, RRBs, NABARD & RBI )

The progress regarding increase in number of KCC and the amount lent through KCC in 2010 – 11 shall be reviewed by Finance Minister in May, 2011. All Banks to send their progress reports for 2010 – 11 to NABARD by 30.04.2011.

( Action: All PSBs, NABARD )

MD, NABARD suggested that in view of the Sarangi Committee recommendations, the Kisan Credit Card should be made a Smart Card with a **five-year** validity.

( Action: PSBs )

To formulate awareness / publicity plans for generating awareness regarding the Interest Subvention Scheme for 2011 – 12 at the rural branch level of all lending institutions.

( Action: All PSBs, RRBs, Cooperatives and NABARD )

Bank credit needs to be extended to farmers not so far covered. Presently, approximately 40% of the farmers in India are availing the facility of bank credit. To extend the reach of Bank Credit to oral lessees, tenant farmers, small and marginal farmers the channel of Joint Liability Groups (JLGs) may be encouraged by Banks.

( Action: All PSBs, NABARD, Cooperative Banks & RBI )



**06. Allocation of State –wise and Agency –wise targets for ground level credit for agricultural sector for the year 2011 – 12.**

NABARD has communicated vide their Ir. no. NB.APRO.CPD./2097 /A.7 / 2011 – 12 Dt. 18.05.2011 that Hon'ble Union Finance Minister in his budget speech for the year 2011 – 12 has set ground level credit target for the country for agriculture is Rs.4,75,000 crores. Of which Rs.48,000 crores has been allocated to the State of Andhra Pradesh.

( Rs. In crores )

| Agency           | Crop Loan | Term Loan | Total  |
|------------------|-----------|-----------|--------|
| Commercial Banks | 18,655    | 17,220    | 35,875 |
| RRBs             | 3,828     | 1,275     | 5,103  |
| Coop. Banks      | 5,758     | 1,264     | 7,022  |
| Total            | 28,241    | 19,759    | 48,000 |

As per the consolidation of District Credit Plans for 2011 – 12 the following projections were made.

( Rs. In crores )

| Agency           | Crop Loan | Term Loan | Total  |
|------------------|-----------|-----------|--------|
| Commercial Banks | 19,696    | 9,698     | 29,394 |
| RRBs             | 5,620     | 1,394     | 7,014  |
| Coop. Banks      | 5,669     | 1,000     | 6,669  |
| Total            | 30,985    | 12,092    | 43,077 |

Accordingly, the targets under Agrl.Term Loans and allied activities are revised for the year 2011-12..

The revised targets are as under:

Crop Production Loans - Rs.30,985.43 crores

Agrl.Term Loans - Rs. 7,399.52 crores

Agrl.Allied activities - Rs. 9,615.05 crores

**Total Agricultural Credit Plan - Rs.48,000.00 crores**

**07. Financial Inclusion:****Achievement of 100% Financial Inclusion (opening of No Frills accounts) in Andhra Pradesh in all districts except Hyderabad district.**

As per the available information, fourteen districts of Andhra Pradesh have declared 100% Financial Inclusion by way of opening No Frills Accounts. SLBC has taken a decision that where the districts have completed above 95% of coverage, the achievement is treated as 100% coverage of households by keeping in view of migration and other aspects.

The districts who have declared 100% financial inclusion:

1. Adilabad 2. Anantapur 3. Chittoor 4. Guntur 5. Kadapa 6. Kurnool 7. Medak
8. Nellore 9. Nizamabad 10. Prakasham 11. Srikakulam 12. Vizianagaram
13. Warangal 14. Ranga Reddy

The following districts have achieved the financial inclusion in the range of 80% to 95%. The SLBC has advised all the districts to achieve 100% of financial inclusion by opening No Frills accounts and requested to communicate the same.

1. Karimnagar 2. Krishna 3. Mahabubnagar 4. Nalgonda 5. Visakhapatnam 6. Khammam
7. East Godavari and 8. West Godavari

The subject matter was discussed in many Steering Committee / SLBC of AP meetings and extended the cutoff date many times. The Lead District Managers of the above eight districts may take suitable steps for completion of the task, immediately.

**Progress in Smart Card Project under EBT Scheme:**

In Andhra Pradesh 75.30 lakh Smart Cards were issued and it is estimated that there is a need for another 50 lakh Smart Cards to be issued. Government is poised to make around Rs.10,000 crore payment to MGNREGA and SSP beneficiaries in the ensuing year and requested bankers to be prepared for shouldering the responsibility by speeding up the work relating to Smart Cards issuance.

Rural Development Department, GoAP has conducted a Meeting of the Banks to review the position of the implementation of AP Smart Card project on 28.03.2011. In the meeting, the following points were discussed:

Much delay is being observed in making the payments and continuous monitoring of the payment process is required.

Complaints are being received at various levels that CSPs and Mandal Coordinators are indulging in misappropriation of funds by making benami or bogus payments in the name of manual payments. Banks and BCs have to exercise strict vigilance.

Strict instructions were issued not to make any manual enrollments to unenrolled beneficiaries. Wherever there is no enrollment facility in the village, banks may place at least two enrollment kits in each mandal and fixed weekly schedule may be followed.

**The Bank wise position of progress in implementation of AP Smart Card project is given below:**

MGNREGS & SOCIAL SECURITY PENSION PAYMENTS AS ON 31.03.2011

| S.No | Name of the Bank        | No. of Villages | Cumulative payments made as on 31.03.2011 |                          |
|------|-------------------------|-----------------|---|--------------------------|
|      |                         |                 | No. of Beneficiaries                      | Amount ( Rs. In Crores ) |
| 01   | Andhra Bank             | 2630            | 595593                                    | 135.92                   |
| 02   | APGVB                   | 1803            | 450604                                    | 188.41                   |
| 03   | Axis Bank               | 3901            | 725451                                    | 418.13                   |
| 04   | Corporation Bank        | 1040            | 28377                                     | 5.24                     |
| 05   | ICICI                   | 2284            | 211308                                    | 30.97                    |
| 06   | ING Vysya Bank          | 166             | 38415                                     | 38.39                    |
| 07   | Punjab National Bank    | 45              | 14837                                     | 2.90                     |
| 08   | State Bank of Hyderabad | 2148            | 16329                                     | 10.64                    |
| 09   | State Bank of India     | 1595            | 451754                                    | 318.47                   |
| 10   | Union Bank of India     | 3169            | 782692                                    | 619.86                   |
|      | Total                   | 18781           | 3315360                                   | 1768.93                  |

**The Progress under Financial Inclusion as at the end of March, 2011 is given below:**

| S. No. | Particulars                                | Number      | Amount In Rs. Crs |
|--------|--|-------------|-------------------|
| 01     | No. of Villages covered under ICT based FI | 20979       |                   |
| 02     | No. of No Frills accounts                  | 62.47 lakhs | 454.76            |
| 03     | Overdraft in No. Frills accounts           | 17560       | 1.31              |
| 04     | General Purpose Credit Cards               | 33611       | 27.29             |
| 05     | Kisan Credit Cards                         | 9058346     | 39016             |
| 06     | Business Correspondents                    | 12          |                   |
| 07     | Business Facilitators                      | 2615        |                   |
| 08     | FLCCs                                      | 6           |                   |
| 09     | Smart Cards Issued ( No. in Lakhs)         | 7530406     |                   |
| 10     | Smart Card transactions – Number & Volume  | 3327404     | 20.34             |

**AP Smart card project – Permitting SHG members to remit their savings/ loan installments through BCs/CSPs**

It is informed by the Commissioner, Rural Development Department of GoAP that out of 21836 GPs in the State, enrollments have been completed in 20,979 GPs and very soon all the GPs in the entire State will be covered under Smart Card Project.

It is informed that in our State there are more than one crore members in the SHGs and most of them are linked to the service area Banks for financial assistance. However, they are experiencing difficulties in paying monthly installments and savings into their accounts as they have to forego one day's wages and spend some amount towards incidental expenses. This is affecting recoveries also in some cases. To obviate these difficulties, the Department is suggesting that the members are SHGs are to be permitted to remit their monthly installments and savings portion of their bank account through the CSPs/ Business Correspondents working in their GP representing any participating bank.

As of now, AP Smart Card Project is being implemented in respect of MGNREGS and Social Security Pension payments. Banks are implementing Financial Inclusion Plan in respect of villages with population of above 2000 and it will be extended to villages with population below 2000 in due course. Once FIP is put in place, the envisaged payments of SHGs may not be a problem. In the light of above, the issue may be deliberated.

**RBI Outreach Activity:**

The outreach activity was the flagship event of the Platinum Jubilee year celebrations of the Reserve Bank of India. The outreach events across the country were chosen to further financial inclusion, with particular focus on financial education and literacy. An important aspect of the outreach activities was making the Banking Ombudsman as integral part of the activities so that there could be spot redressal of some of the grievances. During the outreach visits, information was disseminated through lectures, demonstrations, interactions, skits, posters, short films, pamphlets, comic books, displays and computers. Quiz programmes and essay competitions, exchange of notes and coins were organised. The target groups included students, SHG members, villagers, farmers, NGOs, bankers, government employees, senior citizens, housewives, Panchayath members, rag pickers, daily wage earners and defence personnel. The top management of the Reserve Bank of India participated in outreach programmes organised in the remote unbanked villages' across the State.

RBI is also conducting follow up programme in the selected villages. During April, 2011, a follow up programme was conducted by RBI in Vemavaram village of Phirangipuram mandal of Guntur district.

**Financial Literacy and Credit Counseling Centers (FLCCCs)- Position in Andhra Pradesh**

Reserve Bank of India has formulated a Model scheme for opening Financial Literacy and Credit Counseling Centers by all Lead Banks.

**As per RBI Circular No. RPCD.CO.MFFI.BC.No. 86/12.01.181/ 2008-09 dated 04.02.2009 "FLCCs may need to be set up at all levels block level, district level, town level and city levels. SLBC may discuss**

**and coordinate with Banks, both in public and private sectors, and arrive at a plan of setting up of FLCCs at different levels in a phased manner. However, to begin with, Lead Banks may take the initiative of setting FLCCs in the District Head Quarters.**

The matter was taken up by SLBC in the Steering Committee Meetings as well as SLBC Meetings and advised all the Lead Banks to establish the FLCCs in all their Lead districts as per the Model Scheme of RBI.

**The SLBC had also constituted a Sub – Committee as per the directions of Reserve Bank of India to work out the modalities for establishment of `State Level Financial Literacy and Credit Counseling (FLCC) Centre, with State Bank of Hyderabad as Convenor. The Sub-Committee recommended that, since the Lead Banks are responsible for opening District level FLCCs as per guidelines of RBI, similar arrangement is to be made at District Level also.**

As many Banks have not responded for this proposal, once again SLBC has reiterated in Steering Committee Meetings and SLBC Meetings to speed up establishing FLCCs by Lead Banks, by themselves or with the coordination of two to three Lead Banks in a time bound Programme.

**In the meanwhile, on behalf of SLBC, we have referred the Trust Deed of State Bank of India, to Legal Department and got it examined by them to be adopted by all the Banks. They have given some modifications in the Deed.**

At present Six FLCCs are opened in Andhra Pradesh. Andhra Bank opened four FLCCs in Srikakulam, East Godavari, West Godavari and Guntur Districts. SBH opened one in Adilabad District and State Bank of India opened one in Sanga Reddy, Medak District.

| Address  | Sponsor Bank            |
|--|-------------------------|
| Financial Literacy and Counseling Centre<br>Andhra Bank, Zonal office, Guntur  | Andhra Bank             |
| Financial Literacy and Counseling Centre<br>C/o Director, ABIRD, Alcot Gardens,<br>Rajahmundry   | Andhra Bank             |
| Financial Literacy and Counseling Centre<br>C /o Director, ABIRD , D. No. 24 A-7-1,<br>Bammera Pothana street, Ashok Nagar,<br>ELURU - 534 002, A.P. | Andhra Bank             |
| Financial Literacy and Counseling Centre<br>Andhra Bank, C/o Director, ABIRD<br>Near Santhoshimata Temple,<br>Collector office Road, Srikakulam      | Andhra Bank             |
| Financial Literacy and Counseling Centre<br>State Bank of Hyderabad<br>DRDA Office, Adilabad   | State Bank of Hyderabad |

|  |                     |
|--|---------------------|
| Financial Literacy and Counseling Centre<br>State Bank of India, D No 5-2-17/2,<br>Near New Bus Stand, Sangareddy, Medak | State Bank of India |
|--|---------------------|

**In the 173rd SLBC meeting, the subject was placed for discussion:**

*The forum may discuss the reasons for slow progress and suggest measures for speeding up implementation of the scheme.*

**State Bank of Hyderabad vide their letter 29.03.2011, informed that they have taken up with the District Collectors for providing appropriate space to locate the FLCCC office. As there is no response from the District Collectors, they have addressed to Principal Secretary, Rural Development.**

The Principal Secretary, Rural Development is requested to take appropriate steps in the matter.

SLBC has sent DO letters of Executive Director, Andhra Bank to all the Lead Banks on 12.04.2011 to expedite the opening of FLCCs.

**Responding to the letter, Syndicate Bank has informed that they have already formed trust jointly with Vijaya Bank and they will be opening FLCCs in Andhra Pradesh shortly.**

**Indian Bank has also informed that FLCCs in their 2 Lead Districts will be opened shortly.**

On opening of FLCCs in all the districts, RBI is closely monitoring and all the Lead Banks are advised to ensure that FLCCs are put in place in all the districts at least by end of June, 2011.

**Rural Self Employment Training Institutes / Rural Development & Self Employment Training Institutes in Andhra Pradesh**

In Andhra Pradesh state two RUDSETIs are established in Anantapur and Prakasam districts by Canara Bank, Syndicate Bank with the coordination of Manjunatha Dharmasthala Samsthanam and these institutes are supported by Government of Andhra Pradesh Rural Development Department.

In other districts, RSETIs are established by Lead Banks of the State and supported by Government of India, Rural Development Department.

In Srikakulam District Andhra Bank established two RSETIs, one by itself and one with coordination of GMR institute.

In Chittoor District, two RSETIs are established. One in Chittoor by Indian Bank and another in Tirupati by Andhra Bank.

Some of these institutes are functioning in the rental buildings and are in the various stages of acquiring the own buildings to provide better training facilities in these institutes.

In Andhra Pradesh 24 institutes are functioning with Orientation on Self Employment Training to Rural Unemployed Youth, the details are as follows.

| No. | District           | Organisation  | Date of Establishment | Cumulative Progress as on 31.03.2011 |                   |
|-----|--------------------|---|-----------------------|--------------------------------------|-------------------|
|     |                    |   |                       | No. of Programmes                    | No. of Candidates |
| 1   | Anantapur          | RUDSETI   | 08.03.98              | 22                                   | 639               |
| 2   | Prakasam           | RUDSETI   | 05.06.88              | 17                                   | 533               |
| 3   | Chittoor           | Andhra Bank   | 13.05.08              | 13                                   | 319               |
| 4   | East Godavari      | Andhra Bank   | 14.11.89              | 34                                   | 907               |
| 5   | Guntur             | Andhra Bank   | 31.07.05              | 48                                   | 1251              |
| 6   | Krishna            | Andhra Bank   | 09.12.01              | 55                                   | 1194              |
| 7   | Nellore-Venkata    | Andhra Bank   | 22.09.03              | 27                                   | 511               |
| 8   | Srikakulam         | Andhra Bank   | 27.11.02              | 28                                   | 690               |
| 9   | Srikakulam –Rajam  | Andhra Bank   | 28.02.03              | 44                                   | 1016              |
| 10  | West Godavari      | Andhra Bank   | 08.10.05              | 42                                   | 969               |
| 11  | Medak              | SBI   | 07.06.10              | 15                                   | 370               |
| 12  | Mahaboobnagar      | SBI   | 31.07.10              | 12                                   | 483               |
| 13  | Vijayanagaram      | SBI   | 30.03.10              | 10                                   | 200               |
| 14  | Visakhapatnam      | SBI   | 26.03.10              | 2                                    | 53                |
| 15  | Adilabad           | SBH   | 03.08.07              | 11                                   | 345               |
| 16  | Khammam            | SBH   | 22.11.06              | 10                                   | 318               |
| 17  | Nalgonda           | SBH   | 12.07.06              | 10                                   | 282               |
| 18  | Nizamabad          | SBH   | 23.07.08              | 10                                   | 238               |
| 19  | Ranga Reddy        | SBH   | 08.08.05              | 16                                   | 406               |
| 20  | Warangal           | SBH   | 25.11.02              | 14                                   | 397               |
| 21  | Karimnagar         | SBH   | 20.12.10              | 2                                    | 54                |
| 22  | Kadapa             | Syndicate Bank  | 04.06.03              | 22                                   | 237               |
| 23  | Kurnool            | Syndicate Bank  | 04.06.03              | 26                                   | 765               |
| 24  | Chittoor           | Indian Bank   | 19.02.09              | 19                                   | 607               |
|     | <b>Total</b>       |   |                       | <b>509</b>                           | <b>12784</b>      |
|     | APBIRED            | Govt. of AP,<br>NABARD, Andhra Bank, Canara Bank, Corporation Bank, IOB & SBH | 09.11.2007            | 35                                   | 728               |
|     | <b>Grand Total</b> |   |                       | <b>544</b>                           | <b>13512</b>      |

**Performance of RSETIs during the year 2010-11**

During the year 2010-11, based on the information available RSETIs in the state have conducted 371 programmes covering 10900 candidates at an average of 29 trainees per programme. ABIRD, Guntur (41 programmes 1175 trainees), ABIRD, Eluru (39 programmes, 928 trainees) and NIREL, Rajam (32 programmes, 693 trainees) have occupied the first three positions in this regard.

The RSETIs in the state are estimated to train 18000 – 20000 trainees in self employment oriented activities during 2011-12.

**In the 173<sup>rd</sup> meeting of SLBC a resolution was adopted to sanction at least one self employment loan to RSETI trainee per quarter per each rural/semi-urban branch in the state.**

In addition to above rural training oriented institutes, APBIRED institute is established in Hyderabad District by five lead banks of the state Andhra Bank, Indian bank, Syndicate Bank, SBH & SBI in the same lines of the RSETIs to cater the needs of Rural Unemployment Youth for establishing Self Employment Institutes.

**Andhra Pradesh Bankers Institute of Rural Entrepreneurship Development:**

Performance review for the year 2010-11

The performance of the institute, since its inception and during the current year is depicted in the table below. Besides regular programmes, the new programmes conducted by the institute during 2010-11 include four day rural EDP and programme on Laptop repairing to rural youth.

| Year                    | No of programmes | No of trainees   | Of the trainees, trainees belonging to |             |               |             |              | Of the trainees |               |
|-------------------------|------------------|------------------|--|-------------|---------------|-------------|--------------|-----------------|---------------|
|                         |                  |                  | SC                                     | ST          | BC            | Minorities  | others       | men             | women         |
| 2007-08                 | 15               | 435              | 130                                    | 41          | 174           | 10          | 80           | 123             | 312           |
| 2008-09                 | 29               | 787              | 192                                    | 44          | 362           | 33          | 156          | 433             | 354           |
| 2009-10                 | 29               | 729              | 183                                    | 56          | 356           | 25          | 109          | 431             | 298           |
| Total                   | 73               | 1951             | 505                                    | 141         | 892           | 68          | 345          | 987             | 964           |
| 2010-11<br>Current year | 35               | 728*             | 166                                    | 55          | 338           | 48          | 121          | 548             | 180           |
| Grand total             | 108              | 2679<br>(av: 25) | 671<br>(25%)                           | 196<br>(7%) | 1230<br>(46%) | 116<br>(4%) | 466<br>(18%) | 1535<br>(57%)   | 1144<br>(43%) |

\*number of candidates, who have successfully completed their programme modules.



**08. Financial Inclusion Plan- Implementation****Providing Banking Services in all Villages with Above 2000 - Population by March, 2012**

As per the information received from Banks / LDMs, Banks in Andhra Pradesh have completed implementation of FIP in 2653 villages by the end of March, 2011. As per the broad indication given by the banks, the FIP implementation will be completed well before March, 2012 in the State. The progress report of banks vis a vis target as on 31.03.2011 is enclosed.

The progress in implementation of FIPs is being regularly monitored by SLBC. A State Level Sub-Committee was constituted with Secretary, Finance (IF) as Chairman to review the progress and to take up corrective steps wherever required. The Committee has met two times and reviewed the position.

In some districts, the District –Level Sub Committees are not meeting regularly, there by defeating the very purpose of their constitution. The Sub Committees are supposed to review the progress of implementation and take up re-allocation of villages wherever required.

It is also observed that some of the district coordinators of banks are not furnishing information to Lead District Managers.

All the Controlling Authorities of Banks and Lead District Managers are requested to submit monthly progress report to SLBC, to enable SLBC to submit consolidated position to Union Ministry of Finance and RBI.

**Implementation of status of FIPs in the villages with population below 2000:**

In the meeting held, the Union Finance Minister has advised all the Banks to take steps for covering villages with below 2000 population also simultaneously.

As per the direction, SLBC has initiated steps and sent the list of villages to all LDMs with an advice to complete the allocation to enable banks to take steps for implementation of FIP.

**Review made by Secretary, Finance (IF), GoAP**

Smt. Vasudha Mishra, Secretary, Finance (IF), GoAP has taken up a review of implementation of FIP as Convenor of State Level Sub Committee constituted for the purpose.

In the meeting the following decisions were taken:

1. The data / information being submitted to Union Ministry of Finance and RBI on implementation of FIP- a copy may be marked to Secretary, Finance (IF).
2. Implementation of FIP in respect of villages over 2000 population is to be completed before 30.09.2011 and month wise plan of action is to be submitted to Secretary (IF) and SLBC.

3. The data on total households in the FIP villages, No. of accounts opened, pending to be opened is to be informed immediately.

**Evolving Action Plan for Un-banked villages – Meeting on May 19, 2011 convened by IBA, Mumbai**

A meeting was held with all Convenors of State Level Bankers Committee at IBA Mumbai on 19<sup>th</sup> May, 2011 under the chairmanship of Sri K. Ramakrishnan, Chief Executive, IBA on Evolving Action Plan for Un-banked villages for implementation of Financial Inclusion Plan.

The following points were discussed.

- a. Mapping of all un-banked villages in the State/ District/Block
- b. Issues in expanding the existing technology linked Business Correspondents net work to smaller villages
- c. Norms for allotment of villages to banks
- d. Time frame for achieving the target

IBA referred the meeting of CMDs of the Banks with Finance Secretary, GOI and informed that all the villages in the country are to be provided with banking services systematically. IBA along with Department of Financial Services, GOI will draw an Action Plan shortly.

It was also informed that there are requests from UIDAI and Rural Development Dept., of GOI to cover all the villages in the country under FIP.

The following action points were emerged in the meeting:

1. SLBCs to provide State wise mapping of villages under different population groups by May 23, 2011
2. SLBCs to furnish State wise, bank wise allocation of un-banked villages with population from 1000 – 2000 by May 30, 2011
3. SLBCs to furnish to IBA issues / challenges as perceived by them in extending financial inclusion drive to all the un-banked villages in the country and their suggestions for achieving this objective by May 23, 2011

In view of the above, all the LDMs are advised to complete the process of allocation immediately and communicate to SLBC.

Banks may also inform issues, if any under FIP to SLBC.

**Request made for Compensation from State Government for enrollment under Financial Inclusion:**

It is informed by Syndicate Bank, Regional office, Hyderabad that the Government of Madhya Pradesh has decided to compensate the capital cost partly as capital subsidy to participating banks for providing banking services in identified villages and villages having population less than 2,000 but in scheduled area under Financial Inclusion Plan. The scheme details are given below.

1. Cost of hand-held device upto Rs 10,000/- per machine subject to maximum of 50% of the total cost of such device for providing banking services through BC Model .
2. Cost of smart card upto Rs 60/- per card subject to maximum of 50% of the total cost of such smart card for providing banking services through BC model.
3. In case the Biometric ATM is installed then cost of such ATM Rs 1,00,000 per ATM subject to maximum of 25% of the total cost for such ATM.

On behalf of SLBC, we have requested GoAP that the same capital subsidy is made available in our State also to speed up the Financial Inclusion Plan in our State.

Responding to the request made by SLBC, the Finance (IF) Department, vide letter dated 02.05.2011 informed that as per guidelines of GOI, the State Government is expected to provide support in the following areas:

- Ensuring conducive law and order situation
- Digital connectivity facility as the Banking outlets proposed are ICT dependent
- Assisting in securing premises/ infrastructure of the banking outlets which are operated by the BCs who are primarily the locals
- Enabling proper land records
- Assisting in the identification process
- Publicity drives on new modes of Banking outlets

It is stated that GOI does not envisage any subsidy element to be provided by the State Governments in the implementation of FIP. Financial commitment in the form of capital subsidy or compensation of the expenses incurred by Banks in this regard would result in additional financial burden on the Government.

It is informed that in view of the foregoing and considering the financial position of the State Government cannot consider the request favorably.

In view of the huge expenditure involved to the Banks, it is requested that GoAP may reconsider their stand and provide some capital subsidy under the Scheme to encourage the Banks

#### **Common Services Centers (CSCs)**

Government of India has formulated a National e- Governance Plan with the vision of providing all Government Services in an integrated manner at the doorstep of the citizen, at an affordable cost. One of the models for delivery of “Web-enabled Anytime, Anywhere access” to information and services in rural India under the project Common Services Centers (CSCs).

It is indicated in the ICT Policy of the GoAP that CSCs are envisioned as the front-end delivery points for Government, private and social sector services to rural citizens of India. The idea is to develop a platform that can enable Government, private and social sector organizations to integrate their social and commercial goals for the benefit of the rural population in the remotest corners of the country through a combination of IT-based as well as non-IT based services. 4,687 ICT enabled centers in the rural areas covering all the Districts will be created. The scheme is being implemented on a Public Private Partnership (PPP) framework with a vision of providing all Government and other value added

services to rural citizens in an integrated manner at his doorstep at an affordable cost. The target fixed for the year 2015 is 10,000 CSCs.

SLBC has taken up the matter with GoAP to inform the details of the villages where CSC project is being implemented. It is informed that they are contemplating to open CSCs in a total of 3823 villages and in respect of 627 villages CSCs are already opened. In 3227 villages, CSCs will be opened. The list of the villages was sent to all the Banks with an advice to explore the possibility of utilizing the services of CSCs in the respective villages for implementation of FIP.

**In this regard, a Banker's meeting was conducted by GOI at New Delhi on 11.04.2011. In the meeting, it was suggested to Banks that-**

- Banks to prioritize the use of CSCs for BC activity
- Standardize commission rates and process to become BC
- Reduce infrastructure cost for CSCs
- Uniform linkages with Core Banking Solution
- Identify nodal person from Bank for coordination
- Appoint CSC SPV as National Agency for FI activity through CSCs

All the Banks implementing Financial Inclusion Plan in the State may explore the possibility of usage of CSCs as BCs.

**Performance Review Meeting taken by the Secretary (FS) with the CEOs of PSBs / FIs on 26<sup>th</sup> April, 2011 – Minutes**

Out of the remaining 43,381 villages of population 2000 and above to be covered in 2011 – 12, the RRB's share is 18,760 which is over 43% of villages to be covered this year. RRBs would be required to increase their coverage by nearly 7 times over 2010 – 11 level. The sponsoring PSBs of RRBs would need to verify closely support and monitor the RRBs in this exercise. Similarly, the progress of Private and Cooperative Banks needs to be closely followed up. Given the scale of work, particularly by RRBs, the PSBs were asked to prepare quarterly plans for themselves as well as for their sponsored RRBs and send to Department of Financial Services by 15.5.2011. The progress needs to be closely monitored.

(Action: PSBs, RRBs )

Secretary (FS) advised the PSBs to increase the number of accounts in the newly covered villages so that the BC becomes viable and services reach a larger section of population. Some of the Banks have a rather low average number of accounts per village covered. Focussed attention to this aspect is required.

( Action: SLBCs, PSBs, RRBs, Cooperative Banks )

Banks to report issues pertaining to overlapping of villages so that the matter can be taken up with the State Governments to resolve the issue in case the SLBCs have failed to resolve the overlap. This

coordinated effort shall ensure smoother flow of Government subsidies through these Financial Inclusion accounts.

( Action: All SLBC Convenor Banks )

SLBCwise / Bankwise / Statewise allocation of 1000+ population villages to be submitted to the Department of Financial Services latest by 15.5.2011.

( Action: IBA/ All SLBC Convenor Banks , PSBs )

Sri. Nandan Nilekani, CEO, UIDAI also interacted with the CEOs of Public Sector Banks and Financial Institutions. Issues pertaining to coordinating between Banks and the UIDAI for the rapid scale up of enrolment for the Aadhaar Number as well as the benefits of the Aadhaar Number for the Financial Inclusion Campaign were discussed. 26 Public Sector Banks are Registrars for enrolling residents for the Aadhaar Number being issued by UIDAI. After a discussion on the Request for Empanelment (RFE) issued by the UIDAI. It was decided that the SLBCs must decide the allocation of all villages to Banks as part of their Financial Inclusion Campaign. Aadhaar, UIDAI would go along with this allocation.

( Action: SLBC Convenor Banks, DFS )

#### **CAMPAIGN FOR FINANCIAL INCLUSION**

The Government of India has launched a new nationwide campaign for financial inclusion, Swabhiman, aimed at bringing unbanked areas in to banking fold. The idea is to transform the programme into a broad-based movement. Through the financial inclusion programme, the government seeks to enlarge banking services spread into the selected 73,000 villages having population of above 2000, by March, 2012.

The idea behind the campaign is not only to create awareness among the nearly 4 crore beneficiaries of the programme, but also to spread financial literacy.

The banks had also been asked to launch similar kinds of campaigns at their own level with the help of Indian Banks' Association (IBA). "Through the Swabhiman programme, we are not only concerned about opening of nearly 4 crore no-frills accounts in the country. We also want that there must be transactions through those accounts to make it a huge success," said K.V. Eapen, Joint Secretary, Banking, GOI.

Through Swabhiman, the banks can look at launching their services like small overdraft facility, remittance, small loans and small deposits to increase their current account and savings bank account. The GOI expect the banks to adopt the route to popularise the electronic benefit transfer (EBT) scheme too, through which the government makes payments to the workers involved in various government-run schemes by way of smart cards.

Prime Minister's Economic Advisory Council chairman C Rangarajan had said that financial inclusion was no longer an option, it had become a compulsion. "Banks need to think on how to meet the challenge of meeting the credit demands of the marginalised," he had suggested.

Against the above backdrop; IBA, Mumbai has conducted a meeting on 05.04.2011 to discuss and decide on the ground level sensitization programme and to draw up the ground level implementation plan for financial inclusion plan along with agency identified for the campaign.

In the meeting, it was advised to offer views on the financial inclusion campaigns that can be taken up at ground level.

**Action Plan Suggested:**

SLBCs were advised to conduct an exclusive meeting with the participating Banks and design a State specific campaign for implementation by all the Banks. The meeting may also involve representative of State Government.

It is informed by IBA that all required materials are prepared by IBA through the agency identified for the purpose and advised that SLBCs to take forward the campaign at grass root levels using the material prepared by IBA.

**The Broad methodologies of publicity that have come for discussion in the meeting are-**

1. T.V.Programmes
2. Radio Programmes
3. Advertisement in local News Papers
4. Street plays in rural areas like Burra Katha, folk dances etc
5. Mobile vans
6. Wall paintings in villages
7. Posters in villages
8. Pamphlets
9. Small film stories

**While discussing, IBA suggested to send our opinions on-**

1. Whether the campaign is to be taken up by SLBCs or individual Banks
2. Whether sharing of cost is to be on prorata basis of number of villages allotted or to be shared equally among all banks.

With regard to implementation of the campaign the following alternatives were suggested:

1. The entire campaign to be undertaken by SLBC
2. The campaign is to be undertaken by all participating Banks individually
3. The first three items viz., T.V./ Radio Programmes and advertisements in local News Papers is to be done collectively by SLBC. The other programmes can be taken up by individual Banks in their respective villages.

House may discuss.

**09. Housing Loans:**

As on 31.03.2011, the outstanding amount is Rs. 24,504 crores.

**Scheme of 1% Interest Subvention on the Housing Loans (RBI /2010-11/481 dated 21.04.2011)**

The existing scheme of interest subvention of 1 percent on housing loans is extended up to Rs. 15.00 lakh where the cost of the house does not exceed Rs. 25.00 lakh from the present limit of Rs. 10.00 lakh and Rs. 20.00 lakh respectively in terms of Union Budget Speech of 2011-12.

**Rajiv Gruhakalpa and VAMBAY Housing Loans**

APSHCL – Revival of GO MS No. 42

As per the discussions in the Steering Committee and SLBC meetings, a decision was taken by many Banks to reschedule the existing Housing loans under RGK, VAMBAY and other weaker section loans eligible under GO Ms. 42 effective from 01.04.2011.

**SLBC is receiving references from Banks on the following points:**

1. The EMI after reschedulement in terms of GO Ms. 42 is less than Rs. 500/- or Rs. 300/- and the beneficiary is not eligible to get any benefit from Government. These situations arise as the beneficiaries have already repaid considerable amount earlier and the outstanding loan amount is comparatively low.
2. In some areas (e.g. Chittoor district), considerable number of houses are yet to be completed and the beneficiaries are not coming forward for reschedulement and repayment.

**It is suggested that the period of reschedulement may be proportionately reduced and also consider giving lump sum grant to the beneficiaries who have earlier repaid their loan in proportion to their repayment. Also, steps are to be taken for early completion of construction of all the pending houses.**

The above issues need to be addressed for successful implementation of GO Ms No. 42. APSHCL may look into the above and sort out the issues at the earliest.

**Housing Loans – Priority Sector**

Reserve Bank of India vide their Ir. no. RBI/2010-11/533 RPCD.CORRB.No.71 /03.05.33/2010-11 Dated 16<sup>th</sup> May 2011 communicated that there is an Increase in Housing Loan Limit under Priority Sector from Rs.20 lakh to Rs.25 lakh.

**Performance Review Meeting taken by the Secretary (FS) with the CEOs of PSBs / FIs on 26<sup>th</sup> April, 2011 – Minutes**

Secretary (FS) pointed out that the Banks may give greater attention to avilment of 1% interest subvention for housing loans under the subvention scheme. The issue of nodal agency for the scheme was also discussed when ED, RBI gave his no objection for appointment of either SBI or NHB as the nodal

agency for Scheduled Commercial Banks (SCBs). CMD, NHB expressed willingness for NHB to be designated as the nodal agency for 1% interest subvention scheme for SCBs as well.

It was decided that guidelines of the scheme may be modified to designate NHB as the nodal agency for both SCBs and Housing Finance Companies.

( Action: DFS/ CEOs of PSBs )



**10. Educational Loans**

As on 31.03.2011, the outstanding amount is Rs.5,607 crores.

Performance Review Meeting taken by the Secretary (FS) with the CEOs of PSBs / FIs on 26<sup>th</sup> April, 2011  
– Minutes

Joint Secretary (BA) presented the status of education loans stating that while the number of accounts and the amount of credit given has increased, the growth rate is declining, particularly so in the last two years. A large number of complaints are being received regarding harassment of applications by branch managers. The progress of the Interest Subsidy Scheme of Ministry of HRD is very poor and banks are not availing of the Scheme, causing undue hardship to the loanees.

**11. Small & Micro Enterprises (SME)****Credit flow to SME Sector:**

As on 31.03.2011, the outstanding is as follows:

| ( Amount in crores ) |             |
|----------------------|-------------|
| Sector               | Outstanding |
| Micro Enterprises    | 11001.15    |
| Small Enterprises    | 17386.33    |
| Medium Enterprises   | 11819.71    |
| Total MSME advances  | 40207.19    |

**CRISIL study on funding opportunity for banks to SMEs**

The recent CRISIL study has covered more than 2000 SMEs across the country and that the sample ensured adequate representation by region, industry sector and other parameters. The study covers the period FY 2007-08 and 2008-09 for MSMEs. The CRISIL study is the finding on the funding pattern of 2000 small and medium enterprises (SMEs) in India that revealed there is scope for banks to increase their lending to SMEs by Rs.500 billion (Rs.50000 cr). The study indicates that while banks have been lending to SME sector they still have significant scope for increasing their lending to the sector. It is stated that funding opportunity is greater for smaller SMEs whose turnover is less than Rs.5 crore and also reveals that bank branches in urban areas have greater scope than their counterparts in semi-urban and rural areas to increase funding support to MSEs. It is stated that against the acceptable banking practice of financing 75% of incremental working capital requirement to SMEs, only 60% was funded between 2006-07 and 2008-09. The bulk of their residual funding needs were met from their own funds. The study also revealed that the funding mismatch was not a temporary phenomenon that existed for 3 years. Further, it established that the SME sector will continue to be one of the engines of growth for the country's economy with business opportunity to banks.

**Conduct of viability studies of sick units by banks**

RBI is closely monitoring the progress in conduct of viability studies by banks. Since the percentage of potentially viable units to the total sick units is very low in our state, the RBI urged the banks to conduct viability studies on a regular basis and submit monthly progress to RBI. RBI also suggested that monthly targets may be fixed for conduct of viability studies and requested SLBC to study the reasons for low viability in the State. To discuss the issues relating to the above, a meeting with senior officials of select banks in the State was held on March 01, 2011 by RBI. Allahabad Bank informed that out of 148 sick units, 72 units are not in existence and the remaining accounts are classified as NPA. SBI also informed that out of 11 sick units, 9 units are not in existence. DGM, SBH stated that though the definition of sick unit and NPA are different, in practice the account normally becomes NPA before the unit is declared as sick. Hence the banks have taken up rephasing of accounts, in deserving cases even before the unit becomes sick. Once the account is classified as NPA, the bank initiates legal action. He stated that recently they have started identifying units for re-schedulement.

Banks requested that RBI may consider treatment of existing NPA liability as standard asset after re-schedulement. Based on this meeting, a letter was addressed to select banks by RBI on March 08, 2011 to-

- i) Undertake a thorough review of quarterly data being submitted on sick units to the RBI
- ii) Conduct viability studies of the sick units on a regular basis and
- iii) Submit the monthly and quarterly statements relating to MSMEs in time without any delay.

**Position of 10 banks reporting highest number of sick units:**

(Rs. ` in crore)

| Sl. No | Bank                  | 30-Sep-10 |         | 31-Dec-10 |         |
|--------|-----------------------|-----------|---------|-----------|---------|
|        |                       | Units     | Amount  | Units     | Amount  |
| 1      | Indian Bank           | 1924      | 63.1084 | 2183      | 53.2971 |
| 2      | Syndicate Bank        | 1321      | 19.1645 | 1173      | 19.5636 |
| 3      | Central Bank of India | 273       | 22.4786 | 271       | 22.4287 |
| 4      | Bank of Baroda        | 182       | 5.6974  | 182       | 5.6974  |
| 5      | Indian Overseas Bank  | 171       | 18.8296 | 171       | 18.8296 |
| 6      | Allahabad Bank        | 146       | 8.7482  | 148       | 9.0382  |
| 7      | Bank of India         | 92        | 3.6623  | 92        | 3.5923  |
| 8      | Andhra Bank           | 90        | 7.6785  | 144       | 11.7090 |
| 9      | Canara Bank           | 77        | 11.4164 | 77        | 11.4164 |
| 10     | Bank of Maharashtra   | 54        | 2.62    | 54        | 2.94    |

Of the above, SBI – 8, Canara bank – 4, Andhra bank, SBH and Bank of Maharashtra have reported each sick viable case. Rest of the banks have reported 'NIL' viable units.

**Reserve Bank of India vide circular RBI/2010-11/484 dated 21.04.2011 has advised the setting up of Central Electronic Registry under the Securitization and Reconstruction of Financial Assets and Enforcement of Security interest Act, 2002:**

It is informed by RBI that pursuant to the announcement made by the Finance Minister in the budget speech for 2011-12, Government of India, Ministry of Finance notified the establishment of the Central Registry. The objective of setting up of Central Registry is to prevent frauds in loan cases involving multiple lending from different banks on the same immovable property. This Registry has become operational on March 31, 2011. The Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI), a Government Company licensed under section 25 of the Companies Act 1956 has been incorporated for the purpose of operating and maintaining the Central Registry under the provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act).

It may be noted that initially transactions relating to securitization and reconstruction of financial assets and those relating to mortgage by deposit of title deeds to secure any loan or advances granted by banks and financial institutions, as defined under the SARFAESI Act, are to be registered in the Central Registry. The records maintained by the Central Registry will be available for search by any lender or any other person desirous of dealing with the property. Availability of such records would prevent frauds involving multiple lending against the security of same property as well as fraudulent sale of property without disclosing the security interest over such property. It may be noted that under the provisions of

Section 23 of the SARFAESI Act, particulars of any charge creating security interest over property is required to be filed with the Registry within 30 days from the date of creation.

**Dr. K.C. Chakravarthy Committee Recommendations – Implementation by Banks:**

In the earlier SLBC of AP meetings the matter was discussed and advised all the bankers to inform the progress made in this regard. Banks are yet to respond. For the benefit of banks the matter is incorporated once again hereunder.

Reserve Bank of India vide their circular RPCD. SME&NFS. BC.No.102/06.04.01/2008-09 dated 04.05.2009 has informed that they have constituted a working group under the chairmanship of Dr. K.C. Chakravarthy, the then CMD of PNB and presently Dy.Governor, RBI with regard to rehabilitation of potentially viable sick units.

RBI has given the recommendations of the Committee to be considered by the GOI, State Governments and Banks.

In the light of the recommendations all the Banks to undertake a review and put in place the following Policies for the MSE sector, duly approved by Boards.

- Loan Policy governing the extension of Credit facilities
- Restructuring/ Rehabilitation Policy for revival of potentially viable sick units/ enterprises
- Non discretionary OTS for recovery of Non Performing Loans

The Action Points/ pertaining to Banks are given below:

- Banks to undertake a review and put in place the following Policies for the MSE sector, duly approved by Boards.
- Loan Policy governing the extension of Credit facilities
- Restructuring/ Rehabilitation Policy for revival of potentially viable sick units/ enterprises
- Non discretionary OTS for recovery of Non Performing Loans
- The State Government of AP to initiate steps for implementation of Action Points
- All the banks to initiate steps for implementation of Action Points

All the controlling authorities of respective banks are requested to implement the recommendations given by Dr. K.C. Chakravarthy Committee.

**K. C. Chakravarthy Committee Recommendations – Preparation of Industry Projects at District/ Mandal Level:**

As per the recommendations of the Chakravarthy committee, the model cost of the project for different sizes of commonly prevailing industry and overall viability of the activity may be assessed by committee comprising of 2-3 major Banks of the district under the aegis of Lead Bank so as to obviate the need of

/any expert / professional to prepare a TEV study in individual cases. It was advised that DIC may also associated in the process.

The matter was highlighted in SLBC meeting and several Steering Committee Meetings. The matter was also discussed in the empowered committee meetings organised by RBI; where in Industries Department of GoAP has accepted to involve DICs. It was also informed that they are already having some basic projects and they are only to be updated.

LDMs were advised to take up immediate steps to constitute a committee at the district level and also involve DIC and KVIC/ KVIB in the exercise, and ensure that model cost of the projects are prepared immediately.

#### **Implementation of Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) Scheme:**

At the instance of Reserve Bank of India, SLBC of AP has allotted more than 10000 units to all the Banks in Andhra Pradesh with a request to re-allot the same to their branches for achieving the target for the year 2010 – 11. It was advised that the PMEGP loans may also be covered under CGTMSE scheme as per the eligibility.

The progress made during the financial year i.e. 01.04.2010 to 31.03.2011 is as follows:

Banks have covered 7523 units under the Micro, Small Enterprises-CGTMSE Scheme with a coverage amount of Rs. 462.04 Crs.

On reviewing the position of implementation of the scheme it is observed that Andhra Pradesh is still in 14<sup>th</sup> place when compared with other states and also last even with southern states.

The progress is very low in Chittoor, Khammam, Nalgonda, Nizamabad and Warangal Districts.

Progress made by banks for the last three years is given below.

| S.No | At the end of the year | Proposals covered during the year |                  |
|------|------------------------|-----------------------------------|------------------|
|      |                        | No.of A/cs.                       | Amount (in Crs.) |
| 01   | 31.03.2008             | 1139                              | 33.53            |
| 02   | 31.03.2009             | 1952                              | 78.52            |
| 03   | 31.03.2010             | 3942                              | 219.13           |
| 04   | 31.03.2011             | 7523                              | 462.04           |

( \*Target for the year – 10000 units minimum )

During the current year, SLBC may adopt a target of achieving a minimum of 15,000 units (twice the achievement during 2010-11) and the target may be distributed among the Banks based on the proportion of number of branches in the State of Andhra Pradesh.

Banks and Industry Associations have to play key role in popularizing the CGTMSE Scheme.

**GoI Schemes for Micro, Small & Medium Entrepreneurs:**

Government of India introduced many schemes for the benefit of MSMEs. It is being informed by the representatives of Industry Associations that there is lot of awareness gap at the branch level and the branches are not in a position to guide the entrepreneurs.

For the benefit of all the Banks and LDMs the schemes of GoI for MSMEs along with brief details are enclosed. All the Banks are requested to guide their branches suitably.

**Performance Review Meeting taken by the Secretary (FS) with the CEOs of PSBs / FIs on 26<sup>th</sup> April, 2011 – Minutes**

A review of credit flow to micro, small and medium enterprises sector was under taken during the meeting. JS (IF) informed that Government of India has announced various for financing of micro and small enterprises. Public Sector Banks are required to ensure 20% year over year growth in credit to SMEs. In addition, based on the recommendations of the PMs Task Force, banks were to increase the share of micro enterprises in credit to micro and small enterprises to 50% by 2010 – 11 and to 55% during the current financial year. Also the number of micro-enterprise accounts should register an annual growth of 10%.

**12. Handloom Weavers****Handloom Weavers – Implementation of Handloom Weaver Loan Waiver Scheme of GoAP for the Loans sanctioned under ACC, PMRY and RYS**

As per GO Ms. No. 78 Dt. 02.08.2010 with regard to implementation of Handloom Weaver Loan Waiver Scheme, very few banks have come forward to submit the claims agreeing terms and conditions of GO.

In the 172<sup>nd</sup> meeting of SLBC of AP held on 30.12.2010, the Regional Director, Reserve Bank of India has clarified that with regard to GO issued on waiver of loans of Handloom Weavers by GoAP, the banks have to get 100% of principal amount and interest may be waived according to the respective banks' OTS policy and if it is beyond that the matter may have to be referred to RBI, Head Office.

The matter was placed for discussion in the 15<sup>th</sup> meeting of Steering Committee of SLBC of AP held on 28.01.2011 and the Handlooms and Textiles department was requested to reexamine the issue.

The handlooms and Textiles Department, GoAP vide their letter dated 08.02.2011 has informed that GoAP has accepted to waive 100% principal amount and issued amendment to GO. Ms. 14 dated 06.02.2011. Copy of the letter and GO was already circulated among all banks.

Since, the government has accepted to reimburse 100% of the Principal, all the banks may approach their authorities and take decision on the issue.

The representative of Handlooms and Textiles Department present in the meeting informed that the implementation period was extended up to March, 2011. He also clarified that in respect of earlier claim proposals submitted, without any further reference 100% amount will be reimbursed.

In the 16<sup>th</sup> Steering Committee Meeting the following Action Points were emerged.

- ✓ All the banks may approach their authorities and take decision on implementation of the loan waiver scheme to Handloom weavers as per the revised scheme before 31.03.2011.
- ✓ The Banks who have submitted claims earlier need not submit the claims afresh and the Handlooms department will reimburse difference amount based on earlier claims.

In the 173<sup>rd</sup> Meeting of SLBC conducted on 30.03.2011, the handlooms Department, GoAP was requested to extend the period of implementation of the Scheme up to 30.06.2011. Their decision is awaited.

Banks may bring to the notice of SLBC, the operational problems, if any.

**13. Social Welfare Schemes****Social Welfare – Scholarship Schemes to Students SC/ ST/ BC /Minority Communities /Physically Challenged Persons – opening of bank accounts.**

At present the accounts to students to receive scholarships are being opened as per the colleges allotted to the bank branches in the year 2008 – 09.

Present Status:

As per the GO Ms. No. 143 Social Welfare (Edn.2) Department dated 15.07.2008 every student applying for Post Matric Scholarship should have an account opened in one of the following Nodal Banks which are having ATM facility:- State Bank of India, Andhra Bank, State Bank of Hyderabad, Syndicate Bank and Indian Bank.

**Reimbursement of service charges on account of ATM Card's issued on account of scholarships by Government of Andhra Pradesh to Banks:**

In terms of G.O of Govt. of A.P, Dept. of Social Welfare, to enable the students to receive government scholarships, nodal banks, as identified have opened accounts duly providing the ATM cards.

It is observed that the charges for ATM cards as agreed by GoAP by way of reimbursement of Rs.40/- per ATM card is pending with SC/ ST/ BC Welfare Corporations.

In the 12<sup>th</sup> Steering Committee Meeting of SLBC of AP, held on 19.11.2010, Mr. Raymond Peter, IAS, Principal Secretary, Social Welfare Department, informed that the claims made by banks for issuing the ATM cards are delayed due the reason that the claims made by the banks were manual and it is under process. The amount will be released to all respective banks within a period of five to six weeks time.

Andhra Bank for the years 2008 – 09 and 2009 – 10

| Name of the Department | Cards Issued by Bank | Claim made by Bank | Amt Received by Banks | Number of Cards for which amount due | Amount due (@ Rs.40/- per card) |
|------------------------|----------------------|--------------------|-----------------------|--------------------------------------|---------------------------------|
| SC Corporation         | 130020               | 130020             | Rs.43542              | 86478                                | Rs.34,59,120                    |
| ST Corporation         | 37477                | 37477              | NIL                   | 37477                                | Rs.14,99,080                    |
| For the year 2008 – 09 |                      |                    |                       |                                      |                                 |
| BC Corporation         | 98478                | 98478              | Rs.69249              | 29229                                | Rs.11,69,160                    |
| For the year 2009 – 10 |                      |                    |                       |                                      |                                 |
| BC Corporation         | 303292               | 303292             | Rs.98478              | Rs.204814                            | Rs.81,67,360                    |
| Total Amount           |                      |                    |                       |                                      | Rs.1,42,94,720                  |



For State Bank of Hyderabad

| Name of the Department                   | Claim Period              | Claim made by Bank | Amount Received by Banks | Amount due (@ Rs.40/- per card) |
|--|---------------------------|--------------------|--------------------------|---------------------------------|
| SC Corpn.                                | 2008 – 09                 | 33,03,040          | 10,39,040                | 22,64,000                       |
| SC Corpn.                                | 2009 – 10 Upto Dec., 2009 | 44,11,640          | NIL                      | 44,11,640                       |
| Welfare for Disabled and Senior Citizens | 2009 – 10 Upto Dec., 2009 | 46,320             | NIL                      | 46,320                          |
| Welfare for Disabled and Senior Citizens | 2008 - 09                 | 95,800             | Nil                      | 95,800                          |
| Tribal Welfare Corporation               | 2009 – 10 Upto Dec., 2009 | 16,88,800          | Nil                      | 16,88,800                       |
| Tribal Welfare Corporation               | 2008 - 09                 | 16,66,440          | Nil                      | 16,66,440                       |
| BC Corporation                           | 2008 - 09                 | 57,67,240          | Nil                      | 57,67,240                       |
| BC Corporation                           | 2009 – 10 Upto Dec., 2009 | 36,78,440          | Nil                      | 36,78,440                       |
| Total                                    |                           | 2,06,57,700        | 10,39,040                | 1,96,18,680                     |

The Social Welfare Department Government of Andhra Pradesh is yet to reimburse the amount to banks. The matter was discussed in the 173<sup>rd</sup> Meeting of SLBC and the Principal Secretary present in the meeting assured to look into the matter.

The Government is requested to reimburse the amount at the earliest and also alternative system as suggested may be proposed.

**Reimbursement of fees to Colleges by Government & Repayment of Loans availed by Colleges from Banks:**

Bank of Baroda in their letter addressed to the Principal Secretary, Social Welfare, GoAP on the problem that some of the colleges are not remitting the fees reimbursement received from Government towards the loan availed from the banks and diverting the funds to other Bank accounts opened by the colleges.

They have suggested the following measures:

The College should declare the name of the Banks with whom they are enjoying credit facilities and the name of the Bank is to be registered with Government for reimbursement of fees to the credit of current/OD/Loan account of the college maintained with the Banks.

Subsequent request from the college for change of bank, if any should be entertained only on production of NOC from the existing Banker.

The amount of fees reimbursed for each college should be on the public domain so that false information is not given by the Colleges to the financing Banks.

The above may be deliberated.

**Lending to Minority Communities under Priority Sector Lending:**

As on 31.03.2011, lending to Minority Communities under Priority Sector lending is at Rs.11,727.52 crores, comprising 7.60 % of Priority Sector lending.

Ministry of Finance, Govt. of India vide Ir. no. F.No.15 (1), 2010-CP dated 9<sup>th</sup> April, 2010, advised to all Public Sector Banks to step up their Minority Community Lending (MCL) to 15% of their Priority Sector Lending (PSL) over three years i.e. by end of 2009 – 10.

All the banks are advised to take steps for achieving the goals.

**Performance Review Meeting taken by the Secretary (FS) with the CEOs of PSBs / FIs on 26<sup>th</sup> April, 2011. – Minutes**

Joint Secretary (BA) presented the performance of PSBs. Overall achievement is at 13.59% as of December, 2010. While some banks have performed well, some other banks have been falling behind. The banks which have not been able to achieve prescribed targets need to make special efforts.

Secretary (FS) advised that Banks should follow the guidelines laid down by RBI and directive of Government in this regard. Lending to Minority Communities is a priority of the Government and is very closely monitored at various levels. Therefore, the PSBs need to show greater commitment in this matter and improve their performance.

( Action: PSBs)

**Lending to Weaker Sections & Women:****Credit Flow to Weaker Section:**

As on 31<sup>st</sup> March, 2011 the Weaker Section advances are at Rs. 45,778.20 crores.

As per RBI norms the Weaker Section Advances are to be 10% of Net Bank Credit. In our state it is more than RBI stipulation.

**Credit Flow to Women:**

As on March 31, 2011, advances to women are at Rs. 37418.91 crores.

As per RBI norms the Advances to Women is to be 5% Net Bank Credit. In our state it is more than 5%.

**Credit Flow to Scheduled Castes /Scheduled Tribes:**

Reserve Bank of India issued latest guidelines on providing Credit facilities to Scheduled Castes (SCs) and Scheduled Tribes (STs) vide Master Circular No. RBI/2010-11/53 RPCD No. SP. BC. 03/ 09.09.01 / 2010-11 July 1, 2010.

As on 31<sup>st</sup> March, 2011, the lending to SC / ST sector advances is at Rs. 10,785.32crores.

**Lending under DRI:**

As on 31.03.2011, the credit outstanding to DRI is Rs.319.78 crores.

Target under DRI for 2010-11 is Rs.2697.60 crores i.e 1% of the total outstanding advances Rs.269760 crores of previous year 31.03.2010.

As per the Reserve Bank of India guidelines "All banks should lend under DRI scheme minimum of 1% of their aggregate advances as at the end of the previous year.

The matter is being discussed and all the Banks are advised to pay special attention and advised to lend the Government sponsored schemes under DRI scheme.

**14. Self Help Groups**

Andhra Pradesh state is in the forefront in implementation of SHG bank linkage programme and has been deploying substantial credit to this segment over the years. In Andhra Pradesh, Banks have financed 16.90 lakh SHGs with an outstanding amount of Rs.13153 crores as on 31.03.2011, which covers over 1.20 crores of Rural and Urban women population.

The status of SHG outstanding accounts and liability vis-à-vis overdues as on 31.03.2011 is furnished here under.

(Rs.in crores)

| Outstanding SHG Loans |           | Overdues |           |          |
|-----------------------|-----------|----------|-----------|----------|
| Accounts              | Liability | Accounts | Liability | Overdues |
| 1690393               | 13153.11  | 221292   | 2019.47   | 435.02   |

It In the recommendations of Core Committee constituted on SHG-Bank Linkage programme, with regard to financing Manadal Mahila Samakhyas, the following recommendations were made.

**Financing Mandal Mahila Samakhyas (MMS)**

The matter was placed before SLBC in its 173<sup>rd</sup> Meeting held on 30.03.2011 and it was proposed to further deliberate on the matter.

SERP has proposed a target of Rs.1000 crores towards bulk finance for over 500 MMS which are functioning well, during the year 2011-12.

House may discuss.

**Banking Plan for (Poorest of the poor groups)PoP SHGs:**

The matter was placed before SLBC in its 173<sup>rd</sup> Meeting held on 30.03.2011 and it was proposed to further deliberate on the matter.

SERP has proposed a target of Rs.1258 crores to 41926 PoP SHG groups during the year 2011-12.

House may discuss.

**Financing MFIs by Banks- RBI guidelines:**

Reserve Bank of India vide their circular **RBI/2010-11/505** (RPCD.CO. Plan. 66 /04.09.01/2010-11) dated May 3, 2011 advised that it has been decided to regulate microfinance sector by the Reserve Bank as a separate category. In this connection, RBI advised that bank credit to Micro Finance Institutions extended on, or after, April 1, 2011 for on-lending to individuals and also to members of SHGs / JLGs will be eligible for categorisation as priority sector advance under respective categories viz., agriculture, micro and small enterprise, and micro credit (for other purposes), as indirect finance, provided not less than 85% of total assets of MFI (other than cash, balances with banks and financial institutions, government securities and money market instruments) are in the nature of "qualifying assets". In

addition, aggregate amount of loan, extended for income generating activity, is not less than 75% of the total loans given by MFIs.

**A “qualifying asset” shall mean a loan disbursed by MFI, which satisfies the following criteria:**

- The loan is to be extended to a borrower whose household annual income in rural areas does not exceed Rs.60,000/- while for non-rural areas it should not exceed Rs.1,20,000/-.
- Loan does not exceed Rs.35,000/- in the first cycle and Rs.50,000/- in the subsequent cycles
- Total indebtedness of the borrower does not exceed Rs.50,000/-.
- Tenure of loan is not less than 24 months when loan amount exceeds Rs.15,000/- with right to borrower of prepayment without penalty.
- The loan is without collateral.
- Loan is repayable by weekly, fortnightly or monthly installments at the choice of the borrower.

**Further, it was advised that the banks have to ensure that MFIs comply with the following caps on margin and interest rate as also other ‘pricing guidelines’, to be eligible to classify these loans as priority sector loans:**

- Margin cap at 12% for all MFIs. The interest cost is to be calculated on average fortnightly balances of outstanding borrowings and interest income is to be calculated on average fortnightly balances of outstanding loan portfolio of qualifying assets.
- Interest cap on individual loans at 26% per annum for all MFIs to be calculated on a reducing balance basis.
- Only three components are to be included in pricing of loans viz., (a) a processing fee not exceeding 1% of the gross loan amount, (b) the interest charge and (c) the insurance premium.
- The processing fee is not to be included in the margin cap or the interest cap of 26%.
- Only the actual cost of insurance i.e. actual cost of group insurance for life, health and livestock for borrower and spouse can be recovered; administrative charges to be recovered as per IRDA guidelines.
- There should not be any penalty for delayed payment.
- No Security Deposit/ Margin are to be taken.

The banks should obtain from MFI, at the end of each quarter, a Chartered Accountant’s Certificate stating, inter-alia, that (i) 85% of total assets of the MFI are in the nature of “qualifying assets”, (ii) the aggregate amount of loan, extended for income generation activity, is not less than 75% of the total loans given by the MFIs, and (iii) pricing guidelines are followed.

The guidelines relating to categorization of (i) investment by banks in securitised assets originated by MFIs and (ii) outright purchase of loan portfolios of MFIs as priority sector advances in the books of the banks would be issued in due course. In the meantime, fresh assets would qualify for priority sector

treatment only if they satisfy the criteria of qualifying assets and adhere to the pricing guidelines as specified above.

Bank loans to MFIs, which do not comply with above conditions and bank loans to other NBFCs, will not be reckoned as priority sector loans w.e.f. April 1, 2011. The bank loans extended prior to April 1, 2011 classified under Priority Sector will continue to be reckoned under Priority Sector till maturity of such loans.

It is informed that RBI is in the process framing regulatory guidelines on the other recommendations of the Malegam Committee. Micro Finance Institutions to be included in the above regulatory framework have to initiate requisite organisational capacity building exercise so as to enable them to conform to the above guidelines. Banks which are lending to MFIs will be one of the important pillars of the new regulatory framework and, hence, they need to build up necessary criterion of due diligence while processing loan applications from MFIs. This process should be initiated immediately to ensure that MFIs availing finance from them are capable enough to put up the systems in terms of Corporate Governance, Human Resource Management, Customer Protection and other aspects of the proposed regulatory framework, so as to ensure that once the new regulatory framework is in place, Micro Finance Institutions can carry out their operations without any major disruption.

**15. Lead Bank Scheme:****HIGH LEVEL COMMITTEE TO REVIEW LEAD BANK SCHEME****ACTION POINTS FOR SLBC CONVENOR BANKS- Position as on 31<sup>st</sup> March 2011**

| <b>S.NO</b> | <b>Rec. No</b> | <b>RECOMMENDATIONS</b>   | <b>PRESENT STATUS/ACTION POINTS</b>   |
|-------------|----------------|--|---|
| 1           | 1              | The Lead Bank Scheme (LBS) is useful and needs to continue. The State Level Bankers Committee (SLBC) and various fora under LBS should focus on addressing the 'enablers' and 'impeders' in advancing greater financial inclusion and flow of credit to priority sectors, while monitoring govt. Sponsored Schemes. (para 3.1, 3.8)  | The State Level Bankers' Committee is setting a target for Priority Sector Advances under Annual Credit Plan by consolidating the District Credit Plans received from all districts in the State. SLBC is monitoring the progress under all Government sponsored schemes and achievement of Annual Credit Plan quarterly and taking the steps for 100% achievement of target of Priority Sector Advances. Required corrective steps are being initiated whenever required.                                  |
| 2           | 3              | The over arching objective of Lead bank Scheme shall be to enable banks and State Governments to work together for inclusive growth. )Para 3.4)  | In the State of Andhra Pradesh State Government and Banks are working together to achieve the inclusive growth.   |
| 3           | 4              | It is necessary to broad base the scope of the scheme to cover initiatives for financial inclusion, role of State Governments, financial literacy and credit counseling as also 'credit plus' activities, formulate action plans to facilitate 'enablers' and remove / minimize 'impeders' for banking development for inclusive growth, develop grievance redressal mechanism, etc.(Para 3.7) | We are regularly following up with all the Banks and Lead District Managers to ensure that all the 6655 villages with population of over 2000 in the State of Andhra Pradesh are provided with banking services by the end of March, 2012 as a part of financial Inclusion.<br><br>Presently there are Six FLCCs in Srikakulam, East Godavari, West Godavari , Guntur , Adilabad & Medak Districts . We are taking steps for the establishment of FLCCs in other districts also during this financial year. |
| 4           | 7              | Banks need to take the maximum advantage to available IT solutions. The  | Banks are taking maximum advantage from the IT Solutions. Banks have issued   |

|   |    |  |   |
|---|----|--|---|
|   |    | funding arrangements available under Financial Inclusion Technology Fund(with NABARD) or other options such as the support offered for distribution of Government payments by RBI may be explored for the purpose. However, connectivity should not be an issue of consideration for not pursuing Financial Inclusion by commercial banks/ RRBs. (Para 3.13)   | smart cards to the tune 75.30 lakhs for the payment of Social Security Pensions & NREGA Payments. Banks are implementing ICT Based BC Model for providing banking facilities in the villages of more than 2000 population as a part of Financial Inclusion.   |
| 5 | 9  | Although permitted, Primary Agricultural Credit Societies (PACS) are not being used as BCs. Concerted efforts may be made for using PACS as BCs where such PACS are running well.(Para 3.16)   | We are advising all banks to consider Primary Agricultural Credit Societies which are running well as BCs .Steps are already initiated by some banks to use PACS as B.Cs.   |
| 6 | 11 | State Government to ensure road/ digital connectivity to mall centers where penetration by the formal banking system is required. The achievement of such connectivity may be monitored by a sub - committee of the DCC. Advantage may be taken of the special scheme offered by RBI of satellite connectivity through small V-SATs in remote areas. (Para 3.19)                                     | We are pursuing with State Government to provide road/digital connectivity where penetration by the formal banking system is required.<br><br>We have advised all Banks to open bank branches in Naxal affected areas and requested State Government to provide necessary security arrangements.      |
| 7 | 12 | State Governments to ensure conducive law and order situation, adequate security uninterrupted power, water supply and irrigation facilities. (Para 3.20)  | We are pursuing with State Government to ensure conducive law and order situation, adequate security, uninterrupted power, water supply and irrigation facilities wherever required.  |
| 8 | 18 | The DLCCs/ SLBCs may monitor initiatives for providing 'credit plus' services by banks and State Government. The lead banks would need to take expeditious steps to set up RSETIs as per the plan projections. As recommended by the Working Group on Rehabilitation of sick SMEs(Chairman:Dr.K.C.Chakrabarthy, April 2008) , a scheme for utilizing specified NGOs for providing training and other | In the State of Andhra Pradesh, RSETIs have been established in all districts. In all RSETIs training programmes are being conducted for unemployed youth for entrepreneurial development and for taking small business & self employment. This will ensure credit plus services to the needy people. |



|    |    |  |   |
|----|----|--|---|
|    |    | services to tiny micro enterprises may be considered by the SLBC convener banks in consultation with State Governments as per the guidelines contained in RBI circular RPCD.SME&NFS.BC.No.102/06.04.01/2008-09 dated May 04,2009(Para 3.26)  | Industry Associations are being used in the entrepreneurship education programmes.  |
| 9  | 31 | The educational loans granted by banks may be monitored and progress reviewed in the meetings of the SLBC by evolving a tracking mechanism with the help of State Governments, educational institutions and banks, so as to ensure proper recovery of such loans. (Para 3.44)  | The portfolio of Educational loans granted by banks are being monitored by SLBC in every SLBC Meeting and the problems are being discussed.   |
| 10 | 32 | The activities of NGOs in facilitating and channeling credit to the low income house holds are expected to increase in the coming years. Bank's linkage with such NGOs/Corporate houses operating in the area to ensure that the NGOs/Corporates provide the necessary 'credit plus' services can help leverage bank credit for inclusive growth. Success stories could be presented in DCC/SLBC meetings to serve as models that could be replicated. (para 3.45) | Andhra Pradesh is leading in SHG Bank linkage programme and many innovations have emanated from the State. The NGOs are also actively coordinating in improving house hold incomes. We will continue the efforts from SLBC for up scaling.  |
| 11 | 33 | SLBC/DCC to identify academicians and researchers engaged in research and development studies to be invited occasionally to the meetings of these bodies. (para 3.46)  | We are regularly inviting Project Directors of NIRD and officials of MSME Institute for SLBC Meetings and we note to involve other academicians and researchers.  |
| 12 | 37 | In States where the Chief Minister or the Finance Minister takes active interest in the SLBC and present in the meetings, the SLBC has been more effective as a coordination forum.(Para 4.2)  | In Andhra Pradesh every SLBC Meeting is being attended by Hon'ble Chief Minister of Andhra Pradesh along with concerned Hon'ble Ministers and reviewing the progress under all Government sponsored schemes & Priority Sector Advances. The coordination is very effective in the State and is regarded as one of the |

|    |    |  |  |
|----|----|--|--|
|    |    |  | model states.  |
| 13 | 39 | In view of the large membership of the SLBC, it would be desirable for the SLBC to constitute Sub- Committees for specific tasks. In addition to the Sub - Committees already in existence, these could include IT enabled financial Inclusion, financial inclusion in urban areas, action plan for financial literacy, grant of educational loans, improvement in land records/other evidence for land ownership/occupation, improving recovery systems, measures to deal with downturn, promoting banks/SHG linkage and addressing issues relating to provision of microfinance in the State. (Para 4.4) | <p>In Andhra Pradesh, the system of conducting steering committee meetings is established and almost all the issues are sorted out in these meetings.</p> <p>We have constituted Sub Committees for review of FIP Progress, SHG-Bank Linkage programme and Housing sector.</p>   |
| 14 | 41 | The various fora at lower levels should give adequate feedback to the SLBC on issues needed to be discussed on a wider platform. Important issues/decisions of the BLBC, DCC and DLRC should be placed before the next meeting of the SLBC, so that these receive adequate attention at the State Level. (Para 4.6)  | We are also constituting sub committees wherever some study is required. In many parameters State is leading in the Country.   |
| 15 | 42 | The secretariat/offices of SLBC should be sufficiently strengthened and the SLBC convenor bank should have a full fledged secretariat for effective discharge of its functions. (Para 4.7)   | Our office is sufficiently strengthened with all required infrastructure.  |
| 16 | 60 | Every SLBC should have its own website where all instructions issued by Reserve Bank and other agencies as also in respect of Government Schemes for the benefit of common persons are made available. (Para 5.8&5.9)  | Exclusive website of SLBC of Andhra Pradesh was put in place. The website can be viewed at <a href="http://www.slbcap.nic.in">www.slbcap.nic.in</a> The website can also be viewed from the website of Andhra Bank at <a href="http://www.andhrabank.in">www.andhrabank.in</a> by clicking icon – SLBC, Andhra Pradesh available on home page. |

|    |    |   |   |
|----|----|---|---|
| 17 | 62 | Each SLBC may have a dedicated Financial Literacy Division to propagate the various instructions. The local media should be encouraged to frequently interact with the Financial Literacy Division and its help taken to reach out to the common persons. (Para 5.11) | SLBC have constituted a sub-committee of representatives of five Lead Banks for study of common approach to be adopted to provide financial counseling services through all financial Literacy & Credit Counseling Centers & State Level FLCC, proposed to be established. The common approach is envisaged to ensure that no duplication of efforts in preparation of material required and to design suitable programmes for financial literacy. However, later the banks have opined that individual approach is better by each Lead Bank in their Lead districts. At present 6 FLCCs are established and once all the FLCCs are established, we will start SLBC division to review & monitor. |
|----|----|---|---|

**16. Government Sponsored Schemes****Central Govt.Sponsored Schemes****Prime Ministers Employment Generation Programme (PMEGP)**

Target &amp; Achievement for the year 2010-11 of KVIC, KVIB &amp; DIC as on 24.03.2011

(Rs. in crores)

| Organization  | Target  |          |       | No of appl. sanctioned |           | Disbursed      |           |       |
|---------------|---------|----------|-------|------------------------|-----------|----------------|-----------|-------|
| Name of Org.  | Phy(No) | Fin.(MM) | Emp   | No of Projects         | Fin. (MM) | No of Projects | Fin. (MM) | Emp   |
| KVIC, SO, Hyd | 820     | 1150.14  | 8200  | 373                    | 1371.70   | 315            | 1220.73   | 9254  |
| APKVIB        | 1050    | 1469.62  | 10500 | 1708                   | 5475.24   | 1061           | 3226.29   | 22584 |
| DIC           | 1400    | 1959.50  | 14000 | 1144                   | 2349.53   | 756            | 2059.53   | 14417 |
| Total         | 3290    | 4579.26  | 32700 | 3225                   | 9196.47   | 2132           | 6506.55   | 46255 |
| KVIC DO Vizag | 229     | 319.48   | 2290  | 188                    | 523.32    | 136            | 411.19    | 1171  |
| Total         | 3499    | 4898.74  | 34990 | 3413                   | 9719.79   | 2268           | 6917.74   | 47426 |

**In the National Monitoring Committee meeting held on 22.02.2011 at New Delhi, the following points among other things were advised:**

1. Achievement of Social Category target is the responsibility of all the organizations including Banks under PMEGP. Adequate applications are to be sponsored by the implementing agencies.
2. Apart from the disbursement, the implementing agencies should also focus on setting up of units, their performance, employment and income generated sustainability, etc.
3. Complaints are received from Andhra Pradesh that Banks are charging interest on margin money kept under TDR, which is against the norms of PMEGP.
4. Issue of non timely release of 2<sup>nd</sup> installment by Banks has also been observed and field directors are directed to take up the issue with banks in SLBC/DLBC.
5. The target of PMEGP is for disbursement of margin money and not number of projects, which is to be noted by the implementing agencies and Banks.

All the Banks, LDMs and the implementing agencies are requested to note the above points.

**System of e-tracking under PMEGP**

It is informed by the KVIC that to streamline the monitoring and review in an effective manner, KVIC has decided to introduce a system of e-tracking under PMEGP, which is a web based system and has provisions for data entry by not only KVIC/KVIB/DICs, but also the participating Banks regarding the status of applications and the details regarding sanction, release and adjustment of margin money received from KVIC under PMEGP.

They have requested all the Banks to support and participate proactively in commissioning of e-tracking system and branch managers at field level should cooperate with KVIC by filling up the data in respect of their respective Banks.

Further KVIC has also requested to give adequate thrust for monitoring and review of performance of PMEGP scheme.

All the Banks are advised to note the above and extend necessary cooperation to KVIC in monitoring and review of PMEGP scheme.

**PMEGP- Clarification given in the third National Monitoring Committee at New Delhi on 22.02.2011 on accepting applications directly by Banks:**

In the meeting it was clarified that banks are free to accept the applications fulfilling the criteria/requirement of PMEGP guidelines. However, as per the scheme norms, the applications are to be routed through DLTC for scrutiny and only after recommendation of DLTC, these may be considered for sanction by Banks.

**First Meeting of State Level monitoring Committee (SLMC) on PMEGP held on 28.04.2011**

The first meeting of SLMC on PMEGP was held on 28.04.2011. The following issues pertaining to Banks have come for discussion among other things.

1. Our State has achieved second position at All India level in implementation of PMEGP for the year 2010-11.
2. As per the extant guidelines, this year is the terminal year for implementation of PMEGP.
3. Out of the applications sponsored to the branches by the District Level Task Force (DLTC), on an average only 30% applications are considered for sanction during 2010-11 and many of the applications are still lying with the branches without any decision. Branches have to communicate the sanction/rejection of the sponsored applications within a period of 30 days. All the Branches implementing PMEGP may be advised to review the applications pending within a maximum period of 15 days and sent back the rejected applications with valid reasons. It may kindly be noted that as per guidelines of RBI, applications pertaining to SC/STs are to be rejected only at next higher level.
4. The GOI has prescribed rule of reservation is to be followed under Social Category in implementation of PMEGP. All the Branches may be advised to keep this point in view while sanctioning loans under PMEGP. Applications pertaining to EX-Servicemen may also be considered under the scheme as per guidelines.

5. Last year, a decision was taken by SLBC to cover at least 20% of the units sanctioned under PMEGP under CGTMSE Scheme. The coverage is far less and it is reported that bank branches are giving excessive thrust for collateral security. You are aware that the PMEGP is aimed at first generation entrepreneurs with creation of employment opportunities as the main objective and seeking collateral security deviating from RBI guidelines defeat the very purpose of the Scheme. This year a decision was taken by SLBC to cover at least 33% of the units sanctioned under the scheme under CGTMSE and all the branches may be advised suitably.
6. The eligible candidates trained by RSETIs and who are yet to establish units may be encouraged to apply under the scheme.
7. Wherever recovery problems are being experienced under the scheme, the cases may be referred to LDM Office for taking up by the Deputy Tahsildar, who is under deputation to LDM Office. We have requested for cooperation of District Officers of KVIC/KVIB/DIC for recovery under the Scheme.

All the Banks and LDMs are advised to note the above and give necessary thrust for implementation of PMEGP scheme.

#### Interest Subsidy Scheme for Housing to Urban Poor (I S H U P)

The position of the implementation of ISHUP Scheme in Andhra Pradesh is given below.

**Position as on 28.4.2011**

#### I. Year wise analysis of claims made and settled under ISHUP

(Rs. In lakhs)

| S.No | Particulars                        | 2009-10 |         | 2010-11 |         | Total |         |
|------|------------------------------------|---------|---------|---------|---------|-------|---------|
|      |                                    | Units   | Amount  | Units   | Amount  | Units | Amount  |
| 1    | 2                                  | 3       | 4       | 5       | 6       | 7     | 8       |
| 1    | Loans sanctioned by the Banks      | 3491    | 1047.30 | 10710   | 3238.34 | 14201 | 4285.64 |
| 2    | Loans disbursed by the Banks       | 3491    | 1047.30 | 5509    | 1605.52 | 9000  | 2652.82 |
| 3    | Balance to be disbursed            | 0       | 0.00    | 5201    | 1632.82 | 5201  | 1632.82 |
| 4    | Int. subsidy claimed by the Banks  | 3491    | 246.19  | 3219    | 241.20  | 6710  | 487.39  |
| 5    | Balance to be claimed by the Banks | 0       | 801.11  | 2290    | 1364.32 | 2290  | 2165.43 |
| 6    | Claim settled by the CNAs          | 3491    | 246.19  | 2255    | 167.16  | 5746  | 413.35  |
| 7    | Claims under Process               | 0       | 0.00    | 775     | 70.91   | 775   | 70.91   |

| Particulars                         | No.of applications | Amount in lacs |
|-------------------------------------|--------------------|----------------|
| I                                   |                    |                |
| No.of applications filed by APSHCL  | 33201              | 9960.30        |
| No.of Loans sanctioned by banks     | 14164              | 4285.64        |
| Loans yet to be sanctioned by banks | 19037              | 5674.66        |
| II                                  |                    |                |
| No.of loans sanctioned by banks     | 14201              | 4026.24        |
| No.of loans disbursed by banks      | 9000               | 2652.82        |
| Loans yet to be disbursed           | 5201               | 1373.42        |
| III                                 |                    |                |
| No.of loans disbursed by banks      | 9000               | 2652.82        |
| Interest subsidy claimed with CNAs  | 5746               | 428.04         |
| Balance to be claimed               | 3254               |                |

The wide gap between the applications filed and Sanctioned; between applications sanctioned and disbursed; between disbursed and subsidy claimed was discussed on several occasions and it was advised to reduce the gap by advising the branches suitably. However, there is no much improvement in the position.

**In the light of above, all the Banks may once again instruct the branches to initiate immediate steps for extending sanction in respect of the eligible cases and take up disbursement and claim interest subsidy without any time lag.**

### Swarna Jayanthi Gram Swarojgar Yojana (SGSY)

Target for the year 2010-11 & Achievement as on 31.03.2011

( Rs. In crores )

| Target | Achievement<br>By All Banks | % of Achievement |
|--------|-----------------------------|------------------|
| 275.86 | 395.32                      | 143.30%          |

Physical progress of SGSY (Self Help Groups /Individual Groups) up to March 31.03,2011

| No of Members of SHG s assisted for Economic activities |        |       |            |       |          | No of Individual Swarozgaries assisted for Economic activities |      |       |          |       |          |
|---|--------|-------|------------|-------|----------|--|------|-------|----------|-------|----------|
| Total   | SC     | ST    | Minorities | Women | Disabled | Total  | SC   | ST    | Minority | Women | Disabled |
| 196842  | 147404 | 31051 | 15248      | 19842 | 5811     | 18771  | 7713 | 22633 | 1492     | 17841 | 1626     |

The Ministry of Rural Development, GOI during the 14<sup>th</sup> Meeting of Central Level Coordination Committee of SGSY advised all the Banks to designate a Senior Officer of the Corporate Office as well as the State Level to intensively monitor flow of credit under SGSY and to coordinate with the State Government for effective implementation of the programme.

It was also advised that there is need to strengthen the single man rural branches in order to improve the credit flow under SGSY.

In the light of above all the Banks may take the above steps for effective implementation of SGSY.

Vide the letter F. No. 1(1)/2009-CP dated 25/ 29-04.2011 received from Ministry of Finance, Government of India on the minutes of the meeting held on 18.02.2011 on the National Rural Livelihood Mission (NRLM), **The following Action Points were communicated among other things:**

- A separate Standing Committee is to be created to review the NRLM progress. The BLBCs to ensure coordination between main functionaries at Block Level.
- E- Book Keeping and Mobile based e- book keeping needs to be up scaled.
- The Banks should take advantage of initiatives like UID registration, Village adoption scheme, removal of the restriction of opening rural branches, removal of interest capping, etc. The initiatives for hiring dedicated rural development staff could be replicated.
- The BC Scheme needs to be scaled up for increased coverage of rural areas. It should be the endeavor to ensure that all funds to the rural population flows from the Banking channel. Some pilots need to be taken up for demonstrating ways to increase the business of the rural branches which could then be replicated by other Banks/ branches.
- Under RSETI model of entrepreneurship development, while initial entrepreneurship could be without Bank finance, subsequent expansion would definitely need Bank financing.
- One shot economic assistance would not help the eradication of the poverty. Repeated doses of credit are a must for enabling the poor to come out of the poverty for which DLBC/ BLBC need to participate.

All the Banks and LDMs are advised to note the above and initiate appropriate action.



**Swarna Jayanthi Shahari Rozgar Yojana (SJSRY)**

District wise Progress Report in Implementation of SHG Bank Linkage as on 31.03.2011

(Rs.in Crores)

| Bank Linkage Target for<br>2010-11 | Total SHG Linked as on<br>31.03.2011 |         | % of Achievement |
|------------------------------------|--------------------------------------|---------|------------------|
| Amount                             | No                                   | Amount  | No               |
| 1400.00                            | 90614                                | 1481.08 | 105.79%          |

**State Government Sponsored Schemes****Andhra Pradesh Micro Irrigation Project (APMIP)**

District wise Physical and Financial Target and Achievement for the year 2010-11as on 31.03.2011

(Rs.Crores)

| Physical Target | Total Financial<br>outlay | Physical<br>Achievement | Total Financial<br>expenditure | %of financial<br>achievement |
|-----------------|---------------------------|-------------------------|--------------------------------|------------------------------|
| 15.00           | 6.64                      | 12.97                   | 4.83                           | 72.74%                       |

**Sericulture**

Progress as on 31.03.2011

(Rs. In crores)

| Annual Targets |        | Sanctioned up to 31.03.2011 |        | Applications<br>Grounded up to the<br>Month |        | %of sanctions to<br>target |
|----------------|--------|-----------------------------|--------|---|--------|----------------------------|
| Phy. Nos       | Amount | Phy. Nos                    | Amount | Phy. Nos                                    | Amount |                            |
| 24675          | 37.07  | 1857                        | 7.81   | 1581  | 5.82   | 16.30%                     |

**Department of Handlooms & Textiles**

Artisans Credit Cards /Handloom Weavers Groups

Status on issue of Artisan Credit Cards for the year 2010-11 as on 31.03.2011

(Rs. In crores)

| Target   |           | Sanctioned<br>( No of Benif) | Financed<br>so far | %of achievement to<br>target |
|----------|-----------|------------------------------|--------------------|------------------------------|
| Physical | Financial |                              |                    |                              |
| 12150    | 121.50    | 761                          | 1.63               | 6%                           |

**HAND LOOM WEAVERS GROUPS SCHEME for the year 2010-11 as on 31.03.2011**

(Rs. In crores)

| Annual Target |        | No of<br>Groups<br>formed | No of<br>weavers<br>covered | Appl. Sanctioned<br>(Amt. released by Banks) |        | %of achvmt<br>To total physical Target |
|---------------|--------|---------------------------|-----------------------------|--|--------|--|
| Groups        | Amount |                           |                             | Groups                                       | Amount |  |
| 12700         | 127.00 |                           |                             | 136  | 1.91   |  |
|               |        | 504                       | 4888                        |  |        | 38.49%                                 |

**A.P. Backward Classes Co-op Finance Corpn. Ltd.**

Annual Credit Plan of Margin Money ( Subsidy ) Scheme for 2010 – 2011

Progress Report up to the month of March, 2011

(Rs. In Crores)

| Annual Targets |        | Sanctioned |        | Applications<br>Grounded |        | %of achievement<br>to target |
|----------------|--------|------------|--------|--------------------------|--------|------------------------------|
| Phy.Nos        | Amount | Phy.Nos    | Amount | Phy.Nos                  | Amount |                              |
| 2546           | 3.53   | 2009       | 5.56   | 1040                     | 2.87   | 91%                          |

## Rajiv Abhyudaya Yojana Scheme

Progress Report as on 31.03.2011

(Rs. In Crores)

| Annual Targets |        | Sanctioned |        | Applications Grounded |        | %of achievement of grounding to target |
|----------------|--------|------------|--------|-----------------------|--------|--|
| Phy.Nos        | Amount | Phy.Nos    | Amount | Phy.Nos               | Amount |  |
| 2492           | 4.52   | 2576       | 7.45   | 1625                  | 3.86   | 85%                                    |

**A.P.Scheduled Caste Co-operative Finance Corporation Limited**

Economic Support Schemes

Progress report on Bank Linked Schemes as on 31.03.2011

(Rs.in Crores)

| Annual Targets |        | Sanctioned |        | Applications Grounded |        | %of target |
|----------------|--------|------------|--------|-----------------------|--------|------------|
| Phy.Nos        | Amount | Phy.Nos    | Amount | Phy.Nos               | Amount |            |
| 33885          | 118.27 | 41380      | 110.75 | 24886                 | 56.09  | 47%        |

**Andhra Pradesh State Christian Finance Corporation**

Bank Linked Income Generation Schemes

Progress under Govt. sponsored. Schemes as on 31.03.2011

(Rs.in Crores)

| Annual Targets |        | Sanctioned |        | %of target |
|----------------|--------|------------|--------|------------|
| Phy.Nos        | Amount | Phy.Nos    | Amount |            |
| 667            | 14.00  | --         | --     | --         |

**Andhra Pradesh Scheduled Tribes Co-Op Finance Corporation Ltd. (TRICOR)**

Economic Support Schemes

Progress report on Bank Linked Govt. sponsored. Schemes 28.02.2011

(Rs.in Crores)

| TRICOR approved Targets (DCC) |               |              | Applications Sanctioned up to the month |               |              | Applications Grounded up to the month |               |              | %   |
|-------------------------------|---------------|--------------|---|---------------|--------------|---------------------------------------|---------------|--------------|-----|
| Phy No                        | Bank Loan Amt | Total outlay | Phy. No                                 | Bank Loan Amt | Total outlay | Phy. No                               | Bank Loan Amt | Total outlay |     |
| 18835                         | 39.37         | 65.75        | 7365                                    | 1.73          | 30.84        | 1839                                  | 3.56          | 6.82         | 22% |

**A.P. State Minorities Finance Corporation Ltd.**

Progress Report as on 31.03.2011

(Rs. in Crores)

| Annual Target |        | Appl. Sanctioned |        | Applications Grounded |        | % to Target |
|---------------|--------|------------------|--------|-----------------------|--------|-------------|
| No            | Amount | No               | Amount | No                    | Amount |             |
| 1750          | 5.25   | 1536             | 4.00   | 540                   | 1.06   | 20%         |

**Department of Youth Services (A.P.S.T.E.P)**

Action Plan of Rajiv Yuva Shakthi Programme - 2010-11

Progress Report 31.03.2011

(Rs.in Crores)

| Annual Target |        | Sanctions |        | Units Grounded |        | % to Target |
|---------------|--------|-----------|--------|----------------|--------|-------------|
| Phy           | Amount | Phy       | Amount | Phy            | Amount |             |
| 5000          | 50.00  | 5073      | 48.78  | 2134           | 19.93  | 40%         |

**Rural Development Department (SERP)**

Achievement under SHG Bank Linkage as on 31.03.2011

(Rs. In crores)

| Target     |         | Achievement |         | % of Achievement |
|------------|---------|-------------|---------|------------------|
| No.of SHGS | Amount  | No.of SHGS  | Amount  |                  |
| 396283     | 7236.00 | 389439      | 7092.63 | 98%              |

**Mission for Elimination of Poverty in Municipal Areas (MEPMA)**

IKP-URBAN (Urban Self Employment Programme 2010-11)

| Physical Target | Physical Achievement |
|-----------------|----------------------|
| 9000            | 6452                 |

District wise Progress Report in Implementation of SHG Bank Linkage as on 31.03.2011

(Rs.in Crores)

| Bank Linkage Target for 2010-11 | Total SHG Linked as on March 2011 |         | % of Achievement |
|---------------------------------|-----------------------------------|---------|------------------|
| Amount                          | No                                | Amount  | No               |
| 1400.00                         | 90614                             | 1481.08 | 105.79%          |

Target &amp; Achievement under Disabled Group up to March 2011

(Rs. In crores)

| Target |        | Achievement |        |
|--------|--------|-------------|--------|
| No     | Amount | No          | Amount |
| 9170   | 56.63  | 6920        | 40.77  |

- All the banks are requested to furnish progress reports on all Government Schemes to SLBC regularly

**17. Overdues/NPA position under various sectors:**

SLBC of AP has requested all the Banks at the instance of reserve Bank of India to submit the particulars on Overdues & Non Performing Accounts as on 31<sup>st</sup> March, 2011 for taking suitable steps collectively. The data received from the Banks is given below.

Inspite of several efforts from SLBC, many banks could not submit the data on this parameter for December, 2010. The same position was observed for March, 2011 also.

The data submitted by the banks was analysed and the figures are given below.

| S.No. | Sector                              | Amount O/s<br>pertaining<br>to banks<br>submitted | Overdues |      | NPAs    |      |
|-------|-------------------------------------|---|----------|------|---------|------|
|       |                                     |   | Amount   | %    | Amount  | %    |
| 1     | Short Term Crop<br>Production Loans | 33746.28  | 1837.58  | 5.45 | 520.54  | 1.54 |
| 2     | Agrl.Term Loans                     | 16584.12  | 591.28   | 3.57 | 214.20  | 1.29 |
| 3     | Agrl. Allied activities             | 13316.69  | 231.12   | 1.74 | 174.19  | 1.31 |
| 4     | Total Agriculture                   | 73994.16  | 4423.28  | 5.98 | 1266.43 | 1.71 |
| 5     | MSE advances                        | 21152.98  | 1358.96  | 6.42 | 1065.57 | 5.04 |
| 6     | Total Priority Sector               | 126052.85   | 5431.89  | 4.31 | 4609.89 | 3.66 |
| 7     | Educational Loans                   | 4990.95   | 192.54   | 3.86 | 366.52  | 7.34 |
| 8     | Housing Loans                       | 20131.24  | 741.96   | 3.69 | 1827.24 | 9.08 |

**Short Term Agriculture Crop Production Loans:**

The overdue position is 5.45 % with the outstanding balance and in real terms it is Rs1837.58 crores. In respect of NPA it is 1.54% and in real terms it is Rs520.54 crores.

**Agriculture Term Loans:**

The overdue position is 3.57% with the outstanding balance and in real terms it is Rs591.28 crores. In respect of NPA it is 1.29% and in real terms it is Rs.214.20 crores.

**Agriculture Allied Activities:**

The overdue position is 1.74% with the outstanding balance and in real terms it is Rs231.12 crores. In respect of NPA it is 1.31% and in real terms it is Rs174.19 crores.

**Total Agriculture:**

The Overdues are Rs4423.28 crores, which is 5.98% and NPA is Rs1266.43. crores which is 1.71%.

**Small Scale Industries / Micro and Small Enterprises:**

The Overdue position is Rs1358.96 crores, which is 6.42.% and NPA is Rs.1065.57 crores which is 5.04%.

**Total Priority Sector Advances:**

The overall overdue position on Total Priority Sector is Rs5431.89 crores which is 4.31% and NPA is Rs4609.89 crores which is 3.66%.

**Educational Loans:**

The overdue position on Educational Loans is Rs192.54 crores, which is 3.86% and NPA is Rs.366.52 crores which is 7.32%.

**Housing Loans:**

The overdue position on educational loans is Rs741.96 crores, which is 3.69% and NPA is Rs1827.24 crores which is 9.06%.

**Self Help Groups:**

The overdue position in SHG loans is Rs.435.02 crores which is 3.31 % to outstanding amount of Rs.13153.11 crores as on 31.03.2011.

Since all Banks have not submitted data, the above is indicative only.

**Action Points:**

- All the banks are requested to submit the data pertaining to March, 2011 immediately and in future regularly.
- Government is requested to extend required cooperation to banks for improving the recovery position.

**18. Regional Rural Banks – Review:**

Regional Rural Banks main focus of lending is to Agriculture and Allied activities in rural and semi urban and urban areas. Reserve Bank and NABARD and sponsored banks are reviewing at regular intervals on the performance of Regional Rural Banks.

Performance of Regional Rural Banks on important parameters.

**Deposits:**

| S.No | Name of the RRB | 31.03.2010 | 31.03.2011 | %<br>increase/decrease |
|------|-----------------|------------|------------|------------------------|
| 1    | APGB            | 3517.33    | 4079.05    | +15.97                 |
| 2    | APGVB           | 3804.51    | 4794.72    | +26.03                 |
| 3    | CGGB            | 640.93     | 759.16     | +18.45                 |
| 4    | DGB             | 2261.53    | 2600.94    | +15.01                 |
| 5    | SGB             | 1243.97    | 1553.62    | +24.89                 |
|      | Total           | 11468.27   | 13787.49   | +20.22                 |

**Advances:**

| S.No | Name of the RRB | 31.03.2010 | 31.03.2011 | %<br>increase/decrease |
|------|-----------------|------------|------------|------------------------|
| 1    | APGB            | 3563.55    | 4291.01    | +20.41                 |
| 2    | APGVB           | 3865.10    | 4894.43    | +26.63                 |
| 3    | CGGB            | 667.64     | 847.42     | +26.93                 |
| 4    | DGB             | 1609.52    | 1966.16    | +22.16                 |
| 5    | SGB             | 1384.62    | 1754.75    | +26.73                 |
|      | Total           | 11090.43   | 13753.77   | +24.01                 |

**CD Ratio:**

| S.No | Name of the RRB | 31.03.2010 | 31.03.2011 |
|------|-----------------|------------|------------|
| 1    | APGB            | 101.31     | 105.20     |
| 2    | APGVB           | 101.59     | 102.08     |
| 3    | CGGB            | 104.17     | 111.63     |
| 4    | DGB             | 71.17      | 75.59      |
| 5    | SGB             | 111.31     | 112.95     |
|      | Total           | 96.71      | 99.76      |



**Total Agricultural Advances:**

| S.No | Name of the RRB | 31.03.2010 | 31.03.2011 | %<br>increase/decrease |
|------|-----------------|------------|------------|------------------------|
| 1    | APGB            | 2793.98    | 3319.37    | +18.80                 |
| 2    | APGVB           | 2428.10    | 2827.59    | +16.45                 |
| 3    | CGGB            | 501.81     | 661.75     | +31.82                 |
| 4    | DGB             | 624.55     | 763.22     | +22.20                 |
| 5    | SGB             | 971.94     | 1215.71    | +25.08                 |
|      | Total           | 7320.38    | 8787.64    | +20.04                 |

**Total Priority Sector Advances:**

| S.No | Name of the RRB | 31.03.2010 | 31.03.2011 | %<br>increase/decrease |
|------|-----------------|------------|------------|------------------------|
| 1    | APGB            | 3049.73    | 3732.48    | +22.38                 |
| 2    | APGVB           | 3060.79    | 4032.80    | +31.76                 |
| 3    | CGGB            | 526.61     | 696.88     | +32.33                 |
| 4    | DGB             | 1239.96    | 1544.58    | +24.56                 |
| 5    | SGB             | 1220.84    | 1503.74    | +23.17                 |
|      | Total           | 9097.93    | 11510.48   | +26.52                 |

**Deposits:** As on 31.03.2010 the deposits in RRBs are Rs.11468 crores increased to Rs.13787.49 crores as on 31.03.2011 registered a growth of Rs2319.22 crores which is 20.22%.

**Advances:** As on 31.03.2010 the advances in RRBs are Rs.11090 crores increased to Rs. 13753.77 crores as on 31.03.2011 registered a growth of Rs2663.34 crores which is 24.01%.

**CD Ratio:** As on 31.03.2010 the CD ratio in RRBs is 96.71% increased to 99.76% as on 31.03.2011.

**Total Agri Advances:** As on 31.03.2010 the total agricultural advances in RRBs are Rs.7320 crores increased to Rs8787.64 crores as on 31.03.2011 registered a growth of Rs1467.26 crores which is 20.04%.

**Total Priority Sector Advances:** As on 31.03.2010 the total priority sector advances in RRBs are Rs.9097.93 crores increased to Rs.11510.48 crores as on 31.03.2011 registered a growth of Rs.2412.55 crores which is 26.52%.

**Financial Inclusion Plan:**

1971 villages have been allotted to all RRBs for providing banking services in their respective area of operations under Financial Inclusion Plan.

**19. Bank sponsored Farmers' Service Cooperative Societies****Payment of salaries of Managing Directors deputed from Banks and other issues**

Andhra Pragathi Grameena Bank (APGB), vide their letter dated 04.02.2011 addressed to the Registrar of Cooperative Societies has sought the following clarifications:

1. Whether the NABARD guidelines on expenditure and manpower norms and model bye laws of PACSs are applicable to FSCSs sponsored by Banks.
2. The model Bye laws of PACSs is not containing the role and responsibilities of Managing Directors.
3. The procedure to be followed for reimbursement of the salary of staff of FSCS including Managing Director.
4. As per the guidelines issued to PACS, the staff cost should not be more than 30% of the net income. When the salaries of staff including Managing Director of FSCSs exceed 30%, the procedure to be followed.
5. Whether it is mandatory to adopt the Model Bye Laws (given by co-op.dept) by the Bank sponsored FSCSs

Earlier, SLBC has requested the Registrar of Cooperative Societies to formulate separate Bye Laws for the Bank sponsored FSCSs.

The matter was placed in the Sixteenth Steering Committee Meeting. Since the Registrar of Coop Societies or his representative has not attended the meeting, the issue was deferred to next meeting.

**The matter was again placed in the 173<sup>rd</sup> meeting of SLBC of AP held on 30.03.2011.**

Responding to the agenda item placed in the 173<sup>rd</sup> SLBC meeting, the Registrar of coop. societies has sent reply, which is given below:

1. Whether the NABARD guidelines on expenditure and Man Power Norms and model byelaws of PACSs are applicable to FSCSs sponsored by Banks.

**YES**

2. The Model byelaws of PACSs are not containing the role and responsibilities of Managing Directors.

***The Model byelaws in respect of FSCSs are under finalization. The same will be communicated as soon as its finalization.***

3. The procedure to be followed for reimbursement of the salary of staff of FSCS including Managing Director.

***As per the NABARD guidelines Staff Cost has to be limited to 20% to 30% of total income (net interest income + other income) of the society.***

4. As per the guidelines issued to PACS, the Staff Cost should not be more than 30% of the net income. When the salaries of staff including Managing Director of FSCSs exceed 30% the procedure to be followed.

***The Managing Committee has to limit the Staff costs in the range of 20-30% of total income (net interest + other income) of the society.***

5. Whether it is mandatory to adopt the Model byelaws by the Bank sponsored FSCS.

**YES**

However, the Registrar of Coop. societies vide their letter dated 30.03.2011 informed that as per provisions of Sec. 115-C (a) of the APCS Act, the PACS includes FSCS, CRB, LSCS or any other cooperative credit society primarily dealing with agricultural credit at primary level included under the revival package and other similar relief measures offered by the GOI from time to time.

Therefore, no separate Bye Laws will be framed for the FSCSs and the Society should adopt model Bye Laws which were already communicated for adoption.

It is further informed that in case the financing Bank requires any modifications in the Model Bye Laws already communicated, the concerned Society may send specific proposals for amendment, following due procedure laid down in the Act.

All the Banks may note the same.

**20. Study Report on Verification of Borrowers and End-use of Funds under Government sponsored Schemes - NIRD**

Reserve Bank of India vide their letter dated 24.12.2010 sent a copy of the executive summary of Study report on the verification of Borrowers and end use of Funds under Government sponsored Schemes. The matter was placed for discussion in the 15<sup>th</sup> Meeting of Steering Committee of SLBC of AP held on 28.01.2011 and subsequently in the 173<sup>rd</sup> SLBC Meeting held on 30.03.2011.

RBI vide their letter dated 31.03.2011 reiterated that SLBC Convenors may ensure in future that the qualitative aspects are to be looked into apart from ensuring achieving financial targets.

**The Executive Summary of the NIRD Study Report on Verification of Borrowers and end use of Funds under Government Sponsored Schemes is given below:**

*NIRD has conducted study on verification of the status of borrowers and end use of funds to evaluate the efficacy of the Government sponsored schemes on All India basis.*

*The study was confined to the Central Government sponsored schemes viz. Swarnajayanthi Gram Swarozgar Yojana (SGSY), Prime Minister's Employment Generation Programme (PMEGP), Swarna Jayanthi Shahari Rozgar Yojana (SJSRY), Differential Rate of Interest (DRI) Scheme and Scheme for Liberation and Rehabilitation of Scavengers (SLRS) / Scheme for Rehabilitation of Manual Scavengers (SRMS).*

**Final Conclusions of the Study are given briefly hereunder:**

**In respect SGSY the following are the findings:**

*(i) Lack of clarity on the part of implementing agencies with regard to selection of beneficiaries, adherence.*

*(ii) Non- adherence to norms of ensuring greater representation for SC, ST and Women resulting in targets not fulfilled;*

*(iii) Formation of heterogeneous groups by mixing beneficiaries from various social and economic strata putting a strain on the downtrodden in the decision making and inculcating the banking habits to take advantage of the developments taking place in the economy.*

*(iv) No guidance with regard to key activities, their economics and the possibility of taking up by the illiterate beneficiaries;*

*(v) No guidance from the development functionaries as well as bankers, beneficiaries left to fend for themselves by choosing an activity with their limited knowledge which led to taking up non-remunerative / unviable activities whose capability to generate surplus income was limited;*

*(vi) Surplus income generated from Income Generating Activities (IGA) was meager and more than 1/3<sup>rd</sup> of the beneficiaries were able to generate a paltry sum of less than Rs.5000/- per annum and an additional 50% of the sampled beneficiaries between Rs.5000/- to Rs.10000/-*

*(vii) Low capability of the IGA to generate meaningful surplus resulted in beneficiaries concluding that the activities taken up by them are not sustainable and cannot provide them livelihood on a sustainable basis;*

*(viii) Such low incomes out of the IGA taken up under SGSY and with burden of loan resulted in beneficiaries losing interest in the activity and quite a large number of them are not willing to continue the same activity anymore;*

*(ix) Not exposing the poor and illiterate farmers to basic orientation as well as skill oriented training despite having budgetary provision had dissipated the spirit behind this program aimed at alleviation of poverty and upliftment of the poorest of the poor through group approach and social collateral for getting the bank loan.*

*(x) This program having multiple controls and weak monitoring mechanism to look into the efficacy of its implementation has not put adequate controls over bankers which led to the half hearted implementation NIRD has suggested that a Project Report should be prepared for each activity and for each block separately.*

***In respect of Prime Minister's Employment Generation Programme (PMEGP):***

*(i) Program implementation in all the states have taken adequate care in selection of the beneficiaries drawn mainly from Below Poverty Line (BPL) category;*

*(ii) Women representation was not proportional to their share in population;*

*(iii) In most of the cases and especially in the southern states, coordination among implementing departments and banks have been very good since the beneficiaries have got adequate amount of loan to start lucrative or beneficial or Profitable ventures.*

*(iv) Services units and small business ventures dominated the venture profile and the activities undertaken are very diverse and demand driven.*

*(v) Investments in the units are adequate and banks have given loans generously to set up viable units in their areas of operation.*

*(vi) compared to other schematic programmes, units are generating reasonably high surplus incomes which entrepreneurs are continuing their respective activities despite hurdles;*

*(vii) The overall impression of the program is that it has met the deliverables expectations of the planners.*

***In respect of Swarna Jayanthi Shahari Rozgar Yojana (SJSRY):***

*(i) Urban unemployed / under employed are in possession of some skills, both technical and managerial and able to run their enterprises;*

*(ii) Many of the beneficiaries are reasonably literate and are in a position to gauge the market situations before setting their business;*

*(iii) Most of the beneficiaries are already in some small business or services and know the ins and outs of the business they are carrying out; hence, it is more likely that they plunge in the field they are comfortable with;*

*(iv) Since the borrowers are all residents of urban areas, they have houses or some form of fixed asset whose value can be realised in the event of enterprise turning sick;*

*(v) Bankers are involved from the very beginning and are concurrently evaluating the worth of the beneficiaries which helps them to take positive decision at the time of extending new loans under the Scheme;*

*(vi) Since urban areas have huge markets and the enterprises set up with SJSRY are going to produce market driven products as per the demand, it is easier to extend such advances.*

*(vii) Extending higher amount of loan to promising beneficiary with a viable business proposition is easy and also paying to the bank. The commercial sense of business has tilted many bankers towards extending sufficient finance to the SJSRY enterprises;*

*(viii) In majority cases, it is observed that there is a basic adherence to stipulated criteria for selection of beneficiaries of the Scheme;*

*(ix) Proper guidance is provided by the implementing agencies as well as by the bankers in selection of activities in majority of the cases;*

*(x) As choice of enterprise is left to the beneficiaries depending on the market and the demand for the product, it actually provides leverage to the beneficiaries.*

*(xi) Another very important aspect is the sufficiency of investments made for creation of IGA. Sufficiency in investment is due to bankers' positive orientation for the urban enterprises and their involvement since the selection of the Scheme;*

*(xii) Large number of members has previous experience of running some business or enterprise; therefore, running SJSRY unit successfully is not a difficult proposition.*

*(xiii) Further, in majority of the cases both loan as well as the subsidy amount was released in time which led to creation of viable units;*

*(xv) Though the skill development initiatives were found to be missing, departmental efforts to impart some skills had helped the entrepreneurs to a great extent.*

*NIRD have further stated that if profitability is the hallmark to judge the success of the Scheme, SJSRY should be declared as a highly successful program since more than 70% of the beneficiaries surveyed could get surplus anywhere between Rs.10,000 – Rs.50,000 or beyond.*

***In respect of DRI the following are the findings:***

- i) DRI Scheme by definition is meant only for BPL category beneficiaries;*
- ii) Awareness of scheme needs to be publicised.*
- iii) Majority of the beneficiaries selected are form the occupational status of agricultural labour. Most of the beneficiaries were from poor strata of society and were illiterate.*
- iv) Despite the efforts of various agencies, majority of the beneficiaries informed that they were not aware of the Scheme will they were given some kind of loans under this Scheme;*
- v) It was inferred from the field interview that majority of the borrowers have used the loans for their consumption needs and invested a very small amount in income generating activities.*

***In respect of SLRS the following are the findings:***

- i) The Scheme provides for training of scavengers and their dependents in suitably identified trades keeping in view their aptitude and local requirement and environment.*

*The scheme also provides for incentive in terms of subsidy. Margin money advances are also given so that the scavengers and their dependents can take up alternative and dignified occupations. However, no such particulars were observed during the field survey in the twenty districts of the country, except in the district of Lucknow. Only two bankers conceded that they had sanctioned credit under this Scheme to rehabilitate a few scavengers who were earlier temporarily employed by the municipalities. Now they are engaged in petty trades after receiving some kind of skill based training.*

- ii) No margin money was insisted upon form these borrowers and a stipend was also being paid for the training imparted to them by the State Government. Though repayment towards liquidation of the loan was not satisfactory, the ex-scavengers are generating some surplus in their present occupation which include fruit juice selling, shoe-polish and repairing, trolley – rickshaw plying and similar types of work.*

***Major observations of the study:***

*NIRD have stated the bottlenecks for successful implementation of the various Schemes as under:*

- ✓ The outreach challenges still exist when it comes to reaching out to people in remote areas or with low economic and social status.*
- ✓ The portfolio quality of the credit delivered through SHGs is good as delinquency rate in this category normally fall below five percent.*
- ✓ Subsidy oriented programmes are inefficient in alleviating poverty and often cornered by the people who are above the poverty line.*

- ✓ *There is general institutional resistance among the bankers for lending to the small borrowers because of low recovery.*

***Suggestions made by NIRD:***

*Given the initiatives already taken by SHGs, MFIs and Banks, the existing credit assistance to the poor has improved considerably. NIRD is of the opinion that the total financial assistance given to the poor cannot be serviced by the prevailing structure. Instead, some strategic intervention like public – private partnership is needed to make noticeable changes throughout the country. There is a greater need to take a fresh look into the credit requirement of the people living in rural areas to meet their consumption and personal needs though based upon the household income criteria. All banks should make consistent efforts to develop the micro and rural credit sector by expanding their outreach and increasing coverage through credit for the larger benefit of the poor households.*

All the Banks and LDMs are advised to note the above findings of the Study report and ensure that qualitative aspects of lending under Government sponsored schemes are addresses apart from achieving financial targets.



**21.Flow of Information:**

The Flow of Information from various quarters including Banks and Government organisations to SLBC needs to be very quick and accurate, which will facilitate the SLBC to consolidate and communicate the information to RBI, Gol, GoAP and sometimes to Banks also.

At present all the banks including RRBs are functioning under the CBS platform and able to generate the statements / returns well within time.

But, in the case of SLBC, even hectic persuasion done by SLBC secretariat staff (sometimes at higher levels) with the respective banks and departments, the information / statements / returns are getting delayed that too no correlation between the previous statements and present statements with a lot of inconsistency. SLBC secretariat staff is once again contacting the concerned departments and banks for reconciliation of information / data.

With this, sometimes SLBC is constrained to send these information / statements / returns with delay to RBI, Gol, GoAP and being pointed out by them.

All the banks and organisations are requested to ensure submission of returns as per the stipulated time norms and ensure consistency in the information submitted to SLBC. The same is being also mentioned in 171<sup>st</sup> Agenda.

**22. Important Communications Received :****Reserve Bank of India:****1. Compounding of Interest on Agriculture Loans**

RBI/ 2010-11/474 dated 11.04.2011 advised all the RRBs to examine the software package being used and ensure that interest is not compounded quarterly/ Half yearly and ensure that it is done only as per cropping/ harvesting cycles.

**2. Scheme of 1% Interest Subvention on the Housing Loans (RBI /2010-11/481 dated 21.04.2011)**

The existing scheme of interest subvention of 1 percent on housing loans is extended up to Rs. 15.00 lakh where the cost of the house does not exceed Rs. 25.00 lakh from the present limit of Rs. 10.00 lakh and Rs. 20.00 lakh respectively in terms of Union Budget Speech of 2011-12.

**3. Setting up Central Electronic Registry under SARFAESI Act**

Reserve Bank of India vide circular RBI/2010-11/484 dated 21.04.2011 has advised the setting up of Central Electronic Registry under the Securitization and Reconstruction of Financial Assets and Enforcement of Security interest Act, 2002.

**4. Financing MFIs by Banks- Classification under Priority Sector**

Reserve Bank of India vide their circular **RBI/2010-11/505** (RPCD.CO. Plan. 66 /04.09.01/2010-11) dated May 3, 2011 advised that it has been decided to regulate microfinance sector by the Reserve Bank as a separate category and guidelines were given for classifying loans extended to MFIs under Priority Sector.

**5. Interest Rates on Deposits**

Reserve Bank of India vide circular RBI/2010-11/507 (DBOD.Dir.BC.90/13.03.00/2010-11 dated 03.05.2011 advised that it has been decided to increase the interest rate on domestic and ordinary No-Resident Savings Deposits as well as Savings deposits under Non-Resident (External) Accounts Scheme by 0.5 percent per annum with immediate effect.

**6. Housing Loan Limit under Priority Sector**

Reserve Bank of India vide their circular RBI/2010-11/517 (RPCD.CO.Plan.BC.69/04.09.01/2010-11 dated 09.05.2011 advised that it has been decided to increase the housing loan limit under Priority Sector from Rs. 20 lakh to Rs. 25 lakh.

**7. Enhancement of Rates of Provisioning for Non – Performing Assets and Restructured Advances:**

Reserve Bank of India vide their circular RBI/2010-11/529 DBOD.No.BP.BC.94/21.04.048/2011–12 dated 18.05.2011 advised that as in the Monetary Policy Statement for the year 2011 – 12, it was proposed to enhance the provisioning requirements on certain categories of non-performing advances and restructured advances. Accordingly the revised provisioning is applicable for Sub-Standard Advances and Doubtful Advances.

**NABARD**

| S.No | Circular             | Subject   | Ref No.                   | Date      |
|------|----------------------|---|---------------------------|-----------|
| 1    | 37 / FID - 07 / 2011 | Financial Inclusion by RRBs through BC model using card based ICT solution - Support from FITF - effective date                       | NB.FID/2903/FI-01/2010-11 | 3/4/2011  |
| 3    | 35 / FID - 05 / 2011 | Support to lead banks from FIF for setting up of Financial Literacy and Credit Counseling Centres (FLCCs) - effective date            | NB.FID/2765/FI-01/2010-11 | 3/3/2011  |
| 5    | 36 / FID - 06 / 2011 | Support to Commercial Banks from Financial Inclusion Technology Fund (FITF) for ICT solution for Financial Inclusion - effective date | NB.FID/2832/FI-01/2010-11 | 3/3/2011  |
| 7    | 26 / FID - 04 / 2011 | Up scaling of pilot project for financial inclusion through Farmers' Club (FC) acting as Business Facilitator (BF) of RRB             | NB.FID/2643/FI-01/2010-11 | 2/9/2011  |
| 9    | 07 / FID - 01 / 2011 | Financial Inclusion of RRBs through BC model using card based ICT Solution - Support from FITF  | NB.FID/2368/FI-01/2010-11 | 1/18/2011 |

**Financial Inclusion – Preparation of Block-wise Financial Inclusion Plan for each district during 2011-12**

District-wise road maps to include action plan together with monitoring mechanism are to be prepared to achieve total financial inclusion in villages having population of 2000 and above by 2012. It has also been decided to have block-wise financial inclusion plan to be implemented by all banks operating in the block which should include among others, plan for financial literacy, opening of outlets including BC outlets, issue of KCC/GCC/SCC to all eligible borrowers, identification of BCs/BFs, etc. The district financial inclusion plan is to be prepared by DDM in conjunction with banks and LDM and has to be the consolidation of all block level financial inclusion plan. At the time of preparing block-wise financial inclusion plan the FIP already prepared by the banks is to be taken into consideration. This will help in monitoring the financial inclusion in the block at appropriate forum. (NB. FID / 2495 / FI – 01 / 2010 – 11 dated 21 January 2011. Circular No. 14 / FID - 03 / 2011)

**CISS for Construction/Expansion /Modernization of Cold Storages and Horticultural Produce – Revised Guidelines and Implementation Procedure**

National Horticulture Board (NHB), Ministry of Agriculture, GoI, has, with effect from 1 May 2010, issued revised guidelines in terms of which the scheme will be implemented directly by NHB and NABARD will not be involved in the sanction or release of subsidy. However, the cold storage projects, where bank loan was sanctioned prior to 1 May 2010 would continue to be considered by NABARD, provided subsidy is claimed under NHB category. Further, in cases, where advance subsidy was already released through NABARD (under NHB category and where bank loan was sanctioned prior to 1 May 2010) would also be considered for final subsidy release through NABARD. Detailed guidelines of the revised scheme and procedure of implementation are available at NHB website, <http://www.nhb.gov.in/>. (Ref. No.NB.ICD/ 2571 / CS-4/2010-11 dated 13 January 2011.Circular No. 04 / ICD- 01 / 2011)

**Financial Inclusion by RRBs through BC model using card based ICT Solution— from FITF**

The Advisory Board for FIF and FITF has decided to support RRBs for ICT solution in all villages having population of 2000 and above in their command areas. The support will cover the cost of smart cards and POS devices (including the cost of personalization) for ICT solution. The extent of support is available in North-Eastern region and Hilly regions @ 100% and remaining regions @ 80%  
2. Process for availing grant assistance has been simplified and a format for seeking support in this regard has been devised. The grant assistance will be provided subject to certain technical specifications being adhered to.

**Government of India**

Performance review meeting taken by the Secretary(FS) with CEOs of PSBs/FIs on 26.04.2011.

Department of Financial Services, Ministry of Finance, GoI vide their letter F.No.2/2/2011-P&C dt.05.05.2011 has communicated the minutes of the performance review meeting taken by the Secretary(FS) with CEOs/FIs on 26.04.2011 at Vigyan Bhavan, New Delhi .

**Government of Andhra Pradesh**

Department of Agriculture, GoAP circular No. Extn (1) 178/11 dated 26.04.2011 issued guidelines on Rythu Chaitanya Yatras and Rythu Sadassus proposed during May/June, 2011.

As G.O.Ms.No. 120 Dt. 16.05.2011 of Agriculture Marketing Department GoAP issued instructions for take up Pilot Project for replacement of Pattadar Pass Books in three districts, Anantapur, Prakasham and Warangal Districts.

**23. Meetings conducted by SLBC of A.P during the year 2010-11:**

State Level Bankers Committee of Andhra Pradesh has conducted following meetings during the financial year 2010 – 11.

|   |   |           |
|---|---|-----------|
| 1 | SLBC Meetings   | <b>4</b>  |
| 2 | Steering Committee Meetings                             | <b>16</b> |
| 3 | Export Sub Committee Meetings                           | <b>2</b>  |
| 4 | Special Meetings  | <b>2</b>  |
| 5 | Sub- Committee Meetings                                 | <b>2</b>  |
| 6 | Core Committee Meetings on SHG – Bank Linkage Programme | <b>3</b>  |
| 7 | SLIIC Sub Committee Meetings                            | <b>2</b>  |
| 8 | LDMs Meetings   | <b>1</b>  |
| 7 | Other Meetings  | <b>2</b>  |
|   | Total   | <b>34</b> |

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