

Proceedings of 174th SLBC MEETING

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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174th Meeting of the SLBC of Andhra Pradesh was conducted on 26.05.2011 at Jubilee Hall, Public Gardens, and Hyderabad at 03.00 p.m. Sri N. Kiran Kumar Reddy, Hon'ble Chief Minister of Andhra Pradesh participated in the meeting as Chief Guest.

At the outset, President of SLBC of AP and Chairman & Managing Director of Andhra Bank extended a warm and hearty welcome to Hon'ble Chief Minister Sri N.Kiran Kumar Reddy garu and the participants. He informed that the State ranks high in the Country as judged from CD Ratio, Priority Sector Advances, Agricultural lending, Financing to SHGs both in Rural & Urban areas and issuance of Smart cards under Financial Inclusion. He complimented RBI, NABARD, SIDBI, Banks, Government Departments and Developmental agencies for extending necessary support for achieving the distinction and for implementation of the Annual Credit Plan and other developmental activities in the state during the year 2010-11 and solicited their continued support and co-operation in future.

Later, he placed before the house, the highlights of the performance of the Banks in Andhra Pradesh as at the end of March, 2011, as detailed below:

Credit Deposit Ratio

The C.D. ratio of the State stood at 115.40% as on 31.03.2011, against the RBI stipulated norm of minimum 60%, and is one of the highest in the country. The C.D. ratio of almost all Banks in the state is above 60%.

Deposits and Advances

As at the end of March, 2011, Deposits of all Banks in the State were at Rs.2,83,600 Cr. registering a growth of Rs.37,914 Cr. over last year. Advances were at Rs. 327,275 Cr. registering a growth of Rs.57,515 Cr. .

The incremental CD ratio was 151.70%. In this context, the President made a reference to the comments of CRISIL that a high incremental CD ratio indicates weakness in the sector's resource profile, reflecting the inadequacy of retail deposits to support credit growth. He observed that there is a pertinent need to mobilize retail deposits in the state, focusing attention on untapped rural/semi-urban areas through branch expansion / financial inclusion initiatives.

Priority Sector advances

The Priority Sector advances at the end of March, 2011, were at Rs. 1, 54,227 Cr. constituting 47.12 % of NBC, as against the RBI stipulation of minimum 40 %.

Agricultural Advances at the end of March, 2011 were Rs. 83,098 Cr., constituting 25.39 % of NBC, as against the RBI stipulation of minimum 18%. Net increase in Agricultural Advances during the year was Rs. 14,440 Cr.

Performance under Annual Credit Plan 2010-11

Banks disbursed credit to the tune of Rs.72,878 cr. as against the Disbursement Target of Rs.61,685 Cr., thereby registering an achievement of 118.14%. Banks also surpassed the targets under Crop Loans, Agricultural Term Loans and SME segments, registering achievement of 115.11%, 152.94% and 135.60% of the targets respectively. The performance under other priority sector was, however, at 88.52% of the target and needs special attention of banks.

Agricultural Lending

The outstanding credit under Agriculture crossed Rs. 83,000 Cr. mark, which is one of the highest in the country.

Reschedulement of Crop Loans

The floods and heavy rains, during November and December, 2010, have caused damage to the standing crops in 680 mandals, spread over 16 districts in the state. Though a decision to reschedule the loans was taken by Banks, the progress was very slow till the end of March, 2011, due to lukewarm response from farmers.

Keeping in view the requests received from various quarters and also to provide one more opportunity to farmers, a reference to RBI was made by SLBC for extension of the due date for reschedulement till 30th June, 2011. As per RBI's advice to banks to consider the request for reschedulement of crop loans from farmers in accordance with the guidelines of Master Circular dt. 01.07.2010, all the Banks are requested to extend the relief measures in the affected areas.

The Government of Andhra Pradesh announced waiver of 7% interest in the flood/heavy rain affected mandals. It is informed that some of the Bank branches are yet to submit the claims to Agriculture Department. All the Banks are advised to expedite submission of the claims.

Pattadar Pass Books

The existing system is giving scope for the Patta Pass Book holders to alter the extent of land holding and fraudulently avail credit facility from the banks beyond their entitlement. Bankers are finding it difficult to avert such frauds on account of absence of fool proof land record verification mechanism.

SLBC has already brought this issue to the notice of the State Government with a request to initiate steps to weed out fake pattadar Pass Books and to evolve alternative fool proof system.

The President brought to the kind notice of Hon'ble Chief Minister that prevalence of Fake Pattadar Pass Books continues to be a serious issue causing concern to all the Bankers in the State since public money is at stake and Bank Officers are also put to hardship. On behalf of SLBC, he complimented the initiative taken by the State Government for commencing a pilot project to replace the old Pattadar Pass Books initially in three districts viz., Ananthapur, Prakasam and Warangal districts and requested the State Government to extend the project to other Districts in the State.

Self Help Groups

Under SHG - Bank linkage program, our State continue to lead the country. The outstanding finance has touched Rs. 13,153 Crore. An amount of Rs. 10,684 Cr. is proposed to be lent to SHGs in the current year.

Financial Inclusion

Apart from implementation of Smart Card Project for Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and Social Security Pension Payments, Banks are implementing Financial Inclusion Plans to cover all the villages with over 2000 population by March, 2012. Banks have already covered 2,653 Villages by March, 2011 and in the recently held Sub- Committee meeting, it was decided to complete the task by September, 2011.

He informed that last week, IBA conducted a meeting of SLBC Convenor Banks to work out the strategy to cover all the villages under Financial Inclusion Plan. It was informed that in view of UIDAI project and the decision of GOI to route all the MGNREGS and Social Security Pensions through Electronic Benefit Transfer (EBT), the coverage assumed significance. The mapping and allocation of the villages with population below 2000 is to be completed by LDMs immediately to enable Banks to workout their strategy to provide banking services.

In this context, President of SLBC of AP and CMD of Andhra Bank requested all the Banks to provide the required data to LDMs to enable them to give consolidated position to SLBC. The Sub Committees constituted at the districts have to meet every month and review the progress and address all the re-allocation issues, wherever required. LDMs should ensure that all the villages are allocated to Banks and no village is left out.

Rural Self Employment Training Institutes (RSETIs) & Financial Literacy and Credit Counseling Centers (FLCCs)

Andhra Pradesh is having RSETIs in all the districts. The effectiveness and sustenance of RSETIs will largely depend on extending finance to the trainees by the banks. This issue needs to be closely monitored by the DCCs. Opening of the FLCCs in all the districts is to be ensured by the Lead Banks immediately.

SME Sector Advances

The outstanding under SME sector stood at Rs. 27,033 cr. as on 31.03.2011.

Concerted efforts were made by RBI and SLBC to improve the lending under CGTMSE Scheme during the year 2010-11. Against the set target of 10,000 units, 7,523 units were financed under the scheme with an outlay of Rs.426 Cr. All the banks are requested to give thrust for lending under the scheme.

The field level functionaries are to be sensitized to address the problem of industrial sickness in the very early stages by analyzing the reasons and initiate immediate corrective steps. RBI is repeatedly pointing out that Andhra Pradesh is lagging in conducting viability studies and taking up rehabilitation measures. Similarly lack of awareness on the Central and State Government schemes at the field level is also creating avoidable problems to the entrepreneurs and needs to be addressed.

Housing Sector

Large gaps continue to be observed between sanctions and grounding; between grounding and claiming of subsidy under Interest Subsidy Scheme for Housing the Urban Poor (ISHUP) scheme. Since the scheme is being closely monitored by Government of India, he requested all the banks to pay required attention.

Educational Loans

Banks in our State have lent Rs. 5,607 Crore under the sector and helped many poor students to go for higher studies.

Andhra Pradesh State Credit Plan – 2011-12

The State Credit Plan for 2011-12 envisages a total outlay of Rs. 68,393 Crore under Priority Sectors for the year 2011-12. This is in comparison to the planned outlay and achievement of Rs.61,685 Cr. and Rs. 72,878 Cr. respectively for the year 2010-11.

Basing on the District Credit Plans, a Disbursement target of Rs. 43,077 Cr. was set under Agricultural Sector. However, NABARD communicated that allocation made by Government of India is, Rs. 48,000 Cr. Accordingly, the target is reset and the District Credit Plans are revised keeping in view the potentiality for lending. The revised credit allocation in turn will be communicated to the Banks concerned.

With the above change and Rs.30,599 Crore proposed under Non Priority sectors, the total plan size is Rs. 1,03,915 cr. for the year 2011-12. The outlay for crop loans is Rs. 30,985 Crore; Agriculture Term Loans, including allied activities, - Rs. 17,015 cr.; SME - Rs. 8,198 cr. and other Priority Sector Rs. 17,118 Cr.

The major thrust areas for the current year will be - Providing Banking facilities in Un-banked and Under-banked areas, Financial Inclusion, Financing Tenant Farmers and Uncovered Farmers and SHG- Bank Linkage Programme. Under Agricultural Sector, thrust may be given for financing Small Ruminants, Dairy Enterprises, Rural Godowns, Cold Storages and Agricultural Marketing infrastructure.

The President said that he is very confident that the banking sector will surpass the set target with the active support from RBI, NABARD, SIDBI, Government of India, Government of AP and other Organizations.

Recovery

Mounting dues under agriculture and SHG segments is an area of concern. While banks have been putting forth their efforts to convince the borrowers to repay the dues promptly and to avail benefit under schemes like Pavala Vaddi, the response is not on desired lines. Even in respect of villages and mandals that are not affected by Natural Calamities, there is increasing reluctance on the part of the borrowers to repay dues on time. There are also reports of misleading propaganda by certain vested interests in some parts advocating non-payment of loans to avail benefit of write-off at a later date. To counter this, it is suggested to the State Government that the Agriculture Department and Rural Development Department may collectively take up a massive publicity campaign in all rural areas highlighting the benefit of Pavala Vaddi scheme which will be available only if there is prompt repayment. Such an effective publicity from the Government side will help the Banks in a big way to recover the dues and in turn redeploy the funds, to increase agricultural lending.

The President of SLBC and CMD of Andhra Bank thanked RBI, NABARD, Banks, State Government Departments and other agencies for their support and co-operation and assured on behalf of SLBC that all the banks will put in their best efforts for meeting the targeted level of disbursement as per the Credit Plan.

Hon'ble Chief Minister:

Hon'ble Chief Minister of Andhra Pradesh, Mr. Kiran Kumar Reddy Garu expressed his happiness to associate himself with the launching of Andhra Pradesh State Credit Plan for the year 2011- 12.

Annual Action Plan for 2010 – 11

Hon'ble Chief Minister appreciated all the bankers for not only achieving the target of Rs.61,685 crs but also surpassing it by achieving Rs.72,878 crs at the end of March, 2011 which is 118% of Credit Plan for 2010 – 11.

He mentioned that launching of Credit Plan with an outlay of Rs.73,316 crs for Priority Sector for the year 2011 – 12, which is 266% higher in terms of outlay of the year 2003 – 04 (Rs.20,000), deserves appreciation.

He said though there was damage to crops on account of floods and heavy rains in some parts, the production of food grains this year registered an increase of 32% over 2009-10. Hence, there is a need to increase the storage capacity by taking up construction of Godowns at various rural centres.

Hon'ble Chief Minister said that out of 8211 branches in the state, one bank branch has taken the extreme step of displaying photos of defaulted agricultural borrowers in the bank branch premises. He said that this may be a stray incident and requested the bankers not to take such extreme steps as all these farmers are "Annadathas" for all of us and without their hardship, the survival of human beings is difficult and requested the Banks to have faith in farmers. He requested the Bankers not to repeat such decisions for the recovery of the amount, which will tarnish the image of bankers and Government and assured, that Government will extend full support for the recovery of the amounts to banks. He also requested the media to keep restraint while publishing or telecasting stray incidents in a magnified way which may affect the image of the Banking system and eclipse the good work done for all these years.

Reschedulement of Crop Loans

Unseasonal rains and severe cyclones affected crops and caused undue hardship to the farming community in 680 mandals, out of 1128 mandals in the state, Government of Andhra Pradesh declared the 680 mandals as cyclone affected mandals. As a part of the relief measures in these mandals, reschedulement of crop loans was also offered. However, as against Rs.11,367 crs. Crop loans eligible for reschedulement, only 10% of the loans were rescheduled till 31st March, 2011. Hon'ble Chief Minister requested all the banks to complete reschedulement before 30th June, 2011.

GoAP released an amount of Rs.650 crores towards interest waiver for the farming community in the 680 affected mandals, irrespective of the fact whether farmer repays the loan amount or not. Hon'ble Chief Minister requested all the bankers to speed up putting up of claim amount to Agriculture Department and crediting the amount to farmers, which will ease the difficulties of the farmers. He also requested the media to focus properly on this and educate the farming community. Government is fully committed for the interest waiver in these mandals.

Tenant Farmers

It is estimated that there are 40 lakh Tenant Farmers and are in need of banks assistance / finance for continuing their activity. GoAP is issuing Loan Eligibility Card (LEC) for all these farmers during Kharif 2011 season and requested all the bankers to extend finance without exception.

Self Help Groups

Banks have surpassed the target of Rs.7053 crs during 2010-11 and projected Rs.9072 crores for 2011 – 12 which is substantially high. Higher targets are to be fixed to SHGs segment, so that these SHGs may not fall once again into the clutches of MFIs.

Housing

Hon'ble Chief Minister observed that there is a lot of gap between sanctions and grounding and grounding and putting up claim for ISHUP scheme. He requested the Banks to improve performance under the scheme.

Micro, Small and Medium Enterprises (MSME) Sector

MSME is contributing 45% in the industrial sector in the country of which 40% is for the total exports from the country and advised bankers to lend more to this sector.

The Government enhanced the collateral free loan under MSME sector from Rs.10 lakhs to Rs.100 lakhs and requested all the bankers to sanction loans upto Rs.1.00 crore under CGTMSE without collateral security.

Financial Inclusion Plans (FIPs)

During the year 2010-11, Banks have targeted 6655 villages, with population of 2000 or more, for implementation of Financial Inclusion Plan. However, implementation could be completed in only 2653 villages, which is just 38% of the target. Banks were advised to complete implementation in other villages as per schedule.

Annual Credit Plan 2010 – 11

Though overall performance in the state is appreciable, Hon'ble Chief Minister felt that sanctions made to Scheduled Caste / Scheduled Tribes / Minorities sector, including Government sponsored schemes, needs to be improved, Bankers were advised to pay special attention, for lending to weaker sections & minorities as it is thrust area for Government. Government will come out with specific projects for the benefit of these sectors.

While concluding, Hon'ble Chief Minister once again expressed his happiness for increase in agricultural production by 32% despite the natural calamities. He complemented Banks and Agriculture Department and advised to continue the efforts. He also acknowledged the support extended by Union Government.

The Convenor, SLBC, assured the Hon'ble Chief Minister that SLBC will take necessary steps for rescheduling of Crop Loans of the farmers in affected areas.

Sri Basavaraju Sarayya, Hon'ble Minister for BC welfare, said that during 2010 – 11, banks have done well and finance was extended to 2144 beneficiaries under Margin Money Scheme and 2576 beneficiaries under Rajiv Abhyudaya Yojana Scheme. While informing that about 50% of the BC groups / societies have taken loans from banks, he requested for sanction of eligible finance to all needy

BC groups. He suggested that an action plan is to be drawn up for speedy implementation of programmes for BCs.

Smt. Sunitha Lakshma Reddy, Hon'ble Minister for Indira Kranthi Patham, Pensions, Self Help Groups & Women Development, Child Welfare & Disabled Welfare, Juvenile Welfare, appreciated and congratulated all the bankers for financing 3.89 lakhs of Rural SHG Groups to the tune of Rs.7093 crs., which is all time high disbursement level. Hon'ble Minister informed that the target for Rural SHGs for the year 2011-12 was kept at Rs. 9084 cr.and requested all the banks to extend the same support for achieving the target. The average lending to each Self Help Group which stood at Rs.1.83 lacs needs to be improved to atleast Rs.2.5 lacs. Further, the irregular bank linkage observed in some branches needs to be rectified. With regard to sharing of the SHG rural data with banks, banks were advised to share information with SERP, which will also facilitate for quicker transfer of Pavala Vaddi to these accounts.

With regard to Pension Payments through Smart Cards, it is informed that some problems are being noticed and Bankers are requested to sort out the same.

Bankers are also requested to hasten up the process of implementation of Financial Inclusion Plan.

Convenor, SLBC, assured that all the necessary steps will be taken.

President of SLBC of AP and CMD of Andhra Bank said that with regard to reschedulement of loans, the sub-committee of SLBC has designed a simplified format and given to all Banks. Banks will start sending this letter from this week on wards, to the affected borrowers in the flood / heavy rain affected areas. He appealed to the farmers of the 680 mandals to come to their bank branches and avail loan for Kharif 2011 loans on Reschedulement of the Kharif 2010 crop loans.

At this stage, President of SLBC of AP and CMD of Andhra Bank requested the Hon'ble Chief Minister to launch State Credit Plan for the year 2011 – 12.

Hon'ble Chief Minister of Andhra Pradesh launched Andhra Pradesh State Credit Plan for 2011 – 12.

Sri R K Tandon, General Manager, RPCD, RBI, RO, Hyderabad

Sri Tandon said that it gave him great satisfaction to note the achievement made by the bankers for the year 2010 – 11. All the banks have performed well last year.

This year focus should be on direct agriculture / lending to MSME and financing tenant farmers through JLGs. With regard to JLGs, he requested the Government to come out with appropriate system to facilitate financing of tenant farmers. He advised Banks to complete the process of reschedulement of loans to farmers early.

He observed that Financial Inclusion Plan needs further boost since, only three quarters are left. FIP is implemented in 2653 villages only and 60% of the task is yet to be completed. He hoped for

achievement of 100% by March, 2012. He requested the LDMs to take necessary steps and advised SLBC to monitor.

In respect of RSETIs and FLCCs, he suggested that Banks should have a holistic approach. He advised all the Lead Banks to take proactive steps to strengthen RSETIs / FLCCs.

He requested all the banks to ensure compliance to the recommendations of Chakrabarthy Committee. The CGSTME scheme is further liberalized and banks are advised to act proactively. He suggested referring issues, If any, for clarification/guidance of RBI.

Sri P. Mohanaiah, Chief General Manager, RO, NABARD:

Mr. Mohanaiah, said that he was very happy to inform that RO NABARD, Hyderabad, has been adjudged No. 1 Regional Office and he thanked all banks for the best cooperation extended to NABARD.

He further thanked the SLBC for incorporating revised Credit Plan for Rs.48000 crs., as per Government of India allocation. He suggested that KCC, JLGs, SHGs are to be given more thrust. With regard to SHGs and KCCs an action plan is to be drawn. This will facilitate for improvement in the performance. SLBC is requested to work out on this.

With regards to Investment Credit, he informed that NABARD will start releasing the Unit cost of investment credit, shortly and it will be circulated. He assured that NABARD will conduct sensitization programmes wherever necessary.

Hon'ble Chief Minister said there is shortage of storage facility for farmers for keeping their foodgrains. In this regard at National Level Rs.2000 crs budget was allotted for construction of rural godowns and banks can best use of this scheme.

Financing tenant farmers, through JLGs may be given thrust. JLGs can be of Tenant Farmers / Retail Traders or any other group of individuals and NABARD is providing cash incentive of Rs.2000 for Promoting JLGs. JLGs promotion can be taken up by Farmers' Clubs / NGOs and they can play a good role in the recovery aspect also.

There are already 5400 Farmers Clubs functioning in the state and NABARD is planning to establish 1500 more clubs during this year. NABARD has already published Directory of Farmer's Clubs in Nine Districts and for other districts the same will be released very shortly. State Level Directory will also be prepared.

RSETIs/ APBIRED can also take up centrally sponsored entrepreneur development programmes for Rural Youth.

In respect of Financial Inclusion, NABARD will support for training to BC /BFs and it will also support the setting up of FLCCs.

CGM conveyed his appreciation for incorporating NABARD circulars in the 174th Agenda notes and informed that henceforth all the circulars of NABARD will be sent to SLBC.

CGM requested all the bankers to send the Utilisation Certificates for the subsidy availed by them from NABARD immediately. As there is much backlog, he requested banks to issue suitable instructions to branches.

He suggested for giving necessary impetus to SHG bank linkage programme. He advised Banks to collect SHG Data on farm sector and non-farm sector separately.

Convenor acknowledged and assured for implementation of the suggestions.

Sri Rakesh Sharma, CGM, SBI informed that their bank has met all the segment targets for 2011 – 12. SBI has taken all necessary steps for opening FLCCs. He expressed that there has been some difficulty in recovery of agriculture loans.

Sri M.A. Jacob, GM, SBH said that with Fake Pattadar Pass Books, banks are suffering and immediate Government action is required. He requested the Government to give clear announcement that there is no further debt waiver. He informed that State Bank of Hyderabad has reached all the targets for the year 2010 – 11.

Sri Sunil Sharma, IAS, Commissioner of Agriculture requested all the banks to submit the Interest Claims by the Banks upto 31.03.2011 in the 680 flood affected mandals immediately. The process of reimbursing the amount will start from 7th June onwards. He requested for completion of reschedulement of loans in 680 flood affected mandals immediately and taking up lending for Khariff 2011 simultaneously.

Sri Sudhir, IAS, Special Chief Secretary, Finance Dept., requested all the bankers to complete submission of Interest waiver claims and Reschedulement of loans at an early date. He informed that as per the weather forecast, rains are expected from 7th June onwards. He requested the Banks to extend required finance to the farmers.

Sri Raymond Peter, IAS, Principal Secretary, Social Welfare Dept.

Mr. Peter informed that reimbursement to students and colleges is being made on line. As regards routing of fee reimbursement to colleges only through those banks that extended credit facilities, he informed that the scholarship amounts are released through five banks only. Though there is a possibility of College Managements availing bank finance from other banks, it is not possible to divert fee reimbursement through financing banks as some technical problems may arise.

President of SLBC and CMD of Andhra Bank said that the detailed information will be obtained from all the banks. Executive Director of Andhra Bank intervened and explained the requirement of Banks to safeguard the recovery of the funds given to the colleges. He also suggested that though the payments

are made from the five nodal banks, the amounts can be made payable to the colleges through the financing banks.

Principal Secretary said that money is being disbursed to the colleges whenever the funds are available with government. He does not have the system to cross check. Legal complications are involved in giving direct credit to loan accounts reimbursing the amount through Bank where the colleges are having loans.

CGM, SBI said that there is a need to streamline the system and till then requested to hold the disbursements. Principal Secretary informed that it is not possible because Government has committed to Supreme Court and they have to abide by the direction.

Dr. Ilyas Razvi, VC & MD, APSMC, said the achievement under minorities is 7.4% only against stipulation of 15% lending to minority communities. There is a lot of gap between the target and achievement. He also requested the bankers to complete the balance left over target for 2010 – 11 before 31.07.2011 along with the current year target. He has requested all the bankers to open Zero balance accounts to all the students in old city area before 31st July as this is the last date for submitting details for getting the scholarships by the students to respective Governments. He also requested the banks that the accounts opened with Zero balances to students are to be kept live even if it be a single transaction at least for one year so as to facilitate credits in subsequent years.

Mr. Raymond Peter, Principal Secretary Social Welfare Department said that Government is disbursing scholarships to various community students, because of freezing of accounts of these students accounts after six months for the reason that there are no operations in these accounts and students are becoming restless and bankers need to look into it and keep these accounts active at least for a minimum period of twelve months though there are no operations in these accounts. He also informed that Government is issuing Easy Pay Cards to students and the system is doing well.

The President of SLBC of AP and CMD of Andhra Bank informed that this is an operational issue and with the help of RBI the issue will be resolved.

Sri Sudhir, IAS, Spl. Chief Secretary felt that six months is too short for scholarship accounts.

Dr. M.V. Reddy, Director, Animal Husbandry informed that Animal Husbandry Department has come out with a MINI Dairy Scheme. Banks are requested to extend finance for at least 15000 units. The scheme is supported by 25% capital subsidy and Pavala Vaddi Scheme. Automation can also be included under the scheme. All integration is being made to make dairy scheme successful in the state .

Mr. T. R. Jagadish, Chief General Manager, AP State Housing Corporation informed that under ISHUP 5600 units were grounded against 10570 units sanctioned. All the banks were requested to put up the claims for interest subsidy immediately.

Mr. M. Raghunandana Rao Addl. CEO, SERP said that a meeting was conducted with NABARD on SHG-Bank Linkage Programme. He felt that there is a need to go back to basics to train all the SHG members

in the villages. During this year 2011-12, 700 mandals will be covered. Training programmes will also be conducted for the new branch managers. He informed that recovery is a primary performance indicator for the SERP staff and they are sensitizing all the ground level staff.

President of SLBC of AP and CMD of Andhra Bank, while appreciating the steps taken by the SERP on recovery front, felt that in reality things are not happening at the field level. There is a gap between the expectation & field level situation. In certain districts, overdues are very high. Positive steps are to be taken & overdues need to be contained. Review at ground level is necessary. Joint efforts of SERP and Banks are required. Otherwise it would be difficult.

Addl. CEO, said that Branch Managers and Local Village Organisations should effectively coordinate and the push from top level is to be taken advantage of data integration and sharing will also immensely help the cause.

Convenor said that all the Banks have accepted for sharing the data.

Sri K. Bhaskar, Mission Director, MEPMA

Mr. Bhaskar thanked Banks for the achievement of Rs.1498.00 Crores against a target of Rs.1400.00 Crores i.e. 107% for 2010 – 11 under SHG Bank Linkage for Urban. He informed that the target for the year 2011 – 12 is Rs.1600.00 Cr. and SLBC has approved revised scales of finance to SHGs and also TFI scheme for implementation in one identified ULB per district in the steering committee meetings held on 12.04.2010 and 04.06.2010 respectively. He said that SLBC and MEPMA have addressed separate letter to all Banks with a request to issue circular to their branches immediately. However, so far no bank issued circular. He requested SLBC to fix a date for issuing circular by all Banks.

Recovery Position: The recovery of SHG loans in urban areas is around 95% and more. The Banks are reflecting SHG portfolio by including SHG loans given in both Rural and Urban areas. As such urban recovery position is distorted. To overcome the problem, Mr. Bhaskar suggested to have a separate head called “SHG finance – Urban” in their general ledger which will help in monitoring SHG finance effectively both in Rural and urban areas separately.

Implementation of Total financial Inclusion was taken up in the year 2010-11 in 22 selected ULBs by all the banks operating in urban areas (Sircilla model) as per the approval of SLBC steering committee meeting on 04-06-2010. In all the 22 ULBs the banks have extended finance as per the MCPs

It is reported by some of PDs that banks are not continuing the same during this year i.e. 2011-12 in those ULBs for the groups which are approaching with MCPs saying that the scheme is for that year i.e. 2010-11 only.

All the banks are requested to instruct the branches that TFI will continue in those ULBs till all the groups are assisted with MCP in the subsequent years also.

MEMPA proposes to conduct a meeting shortly with all major Banks participating in Urban SHG bank Linkage to finalize the terms of MOU and request all the banks to cooperate in this matter

The RBI issued circular with all the revised guidelines under SJSRY.

Under USEP during 2010-11 Banks have issued sanctions to 8896 units and grounded 5370 units. Banks are request to complete the grounding of 2010-11 for which subsidy is already released.

For the year 2011-12 MEPMA proposed a financial target of Rs.1825 cr under SHG Bank Linkage including TFI, USEP and UWSP schemes and the district wise allocations are already given in the respective DCC Meetings.

For the year 2011-12, under Urban Women Self Help Programme under SJSRY (UWSP) 2500 units are projected with a financial outlay of Rs.125.00 Crores, with a subsidy of Rs.43.75 crs, Rs.6.25 crs margin and Bank loan of Rs.75.00 Crores. Banks are requested to implement the scheme.

All the Banks are once again re requested to issue circular / instructions to their branches on

- ✓ Revised scales of finance to various categories of SHGs
- ✓ Implementation of TFI in one identified ULB per district i.e. sanction of Rs.5 Lakhs to all eligible groups based on MCP
- ✓ Creation of separate ledger head for “SHG finance – Urban” in the General Ledger for effective monitoring of SHG finance and for arriving correct recovery position
- ✓ Sanction of loans to SHGs which have repaid earlier loans promptly within 15 days

Sri D. Kadmiel, Spl Commissioner, Land records said that it is a fact that Government has initiated the process of weeding out Fake Pattadar Pass books and introduce tamper proof Pattadar Pass Books in three districts. At present 13,000 bogus pattadar pass books stand weeded out. Tamper proof Pattadar Pass Books are being issued to all the farmers owing land.

President of SLBC of AP and CMD of Andhra Bank requested the Special Commissioner to expedite the process.

Executive Director of Andhra Bank requested that in the meanwhile Soft copies of land records may be given to bank branches.

Spl. Commissioner responded by stating that over 18,000 villages CDs were handed over to the Branch Managers and in balance villages it will be expedited.

LDM, Nizamabad informed that except survey numbers the details like extent of acreage and other particulars are not available in the CDs given to Bank branches.

Sp. Commissioner assured that he will look into the matter and rectify the position.

Dr. A. Krishna Reddy, Manager SADHAN said that after promulgation of AP Micro Finance Act, the SHG movement got affected and Rephasing of loans of MFIs is necessary as there are no repayments coming forward and recycling of funds is difficult. Small MFIs are worst sufferers.

President of SLBC of AP & CMD of Andhra Bank said that Smaller MFIs issues will have to be resolved at individual bank level . However, the concerns expressed by SADHAN are noted by SLBC.

Dr. Krishna Reddy said that community based MFIs are facing problems.

Sri Sudhir, IAS Special Chief Secretary, said that the MFIs have to follow the law of the land and this is not the forum to discuss the issues raised by SADHAN.

Mr. A.V.V. Prasad, Addl. Commissioner, Rural Development thanked all the Banks for the performance under Smart cards. Andhra Pradesh state is implementing Smart Card scheme in 15091 villages. There is no full time officer for supervision of the project in the banks and there is every need to monitor at district level. Hence, district level full time officers may be appointed, by all Banks.

Sri Sudhir, IAS Special Chief Secretary, said that proposal of NABARD for placing of deposits with RRBs will be examined. With regard to Debt waiver, Government cannot respond to the rumors and as such there is no such proposal, of another debt waiver on hand. With regard to recovery of the loan amounts from the borrowers, Government will extend its full support, he assured.

He suggested that main action points emerged in the meeting of Union Finance Ministry with CMDs is to be kept as agenda in all the meetings for discussion.

President of SLBC of AP and Chairman and Managing Director of Andhra Bank said that Positive Publicity is required from Government of Andhra Pradesh. There should be some pressure from Government side also for the recovery. The present culture of non-payment of loans from borrowers is to be arrested. The Government of Andhra Pradesh is implementing Pavala Vaddi Scheme and scheme is to be publicized in all the rural areas.

Sri Sudhir, IAS Special Chief Secretary, assured that the Government will extend all the required support for improving recovery.

Vote of thanks proposed by Lead District Manager, Krishna.

Action Points emerged in the meeting

Agriculture - Credit Flow to Agriculture

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

- ✓ Banks may take up the reschedulement of crop loans allowed from 01.04.2010 to 30.11.2010 in 680 Mandals of Floods / Heavy Rains affected mandals in Andhra Pradesh as declared in the GOs by Govt. of AP.

(Action: All Banks operating in affected 680 Mandals and LDMs of 16 affected districts)

Interest waiver of GoAP on crop loans extended upto 30.11.2010 for 680 Mandals:

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.

- ✓ All the banks are requested to send the details to Agriculture department immediately as the process of reimbursement will commence from 6th June, 2011.
- ✓ All the LDMs are advised to coordinate with Banks and Agriculture department and ensure that task is completed immediately.
- ✓ Agriculture Department, Govt. of AP is requested to speed up the process of reimbursement of interest to banks.

(Action: All Banks operating in affected 680 Mandals and LDMs of these Mandals)

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 Khariff 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 as per the guidelines of Kisan Credit Card Scheme.

(Action: Agrl. Dept., Govt. of AP)

Input subsidy payment to the farmers

- ✓ Agriculture department may review the present system of payments of subsidy to the farmers and technology oriented effective system may be adopted (RTGS and NEFT).

(Action: Agrl. Dept., Govt. of AP)

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

All the 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 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. All LDMs were advised to be in regular touch with Joint Directors of Agriculture. 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 Gol.

- ✓ All the Banks are advised to ensure the participation of Branch Managers in the Rythu Sadassu and take up Financial Inclusion Campaign among farmers.

(Action: Agrl. Dept., Govt. of AP, LDMs & Banks)

Loan Eligibility Cards

- ✓ Government of Andhra Pradesh is requested to issue `Loan Eligibility Cards (LECs) to start financing to New Non Loanee Farmers & Tenant Farmers (Including Joint Liability Groups), so that the scheme can be commenced from Kharif 2011 onwards.
- ✓ Banks may advise the rural and semi urban branches to finance a minimum 100 new non loanee farmers per each rural and semi urban branch during this year.
- ✓ Bank credit needs to be extended to farmers not so far covered. 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.
- ✓ All Banks may instruct their branches that JLGs of persons engaged in Sheep and Goat rearing can also be promoted and financed by the Banks as per the guidelines of NABARD.

(Action: Govt. of AP and Banks)

Kisan Credit Card scheme:

All the Banks may advise their branches to ensure increase of minimum 20% in Kisan Credit Cards, both in quantum of finance as well as number of farmers covered during this financial year.

(Action: All the Banks)

Pattadar Pass Books:

- ✓ Government of Andhra Pradesh, Revenue Dept., is requested to speed up the issuing tamper proof Pattadar Pass Books in all the districts so that the Banks can finance hassle free finance to the farmers.
- ✓ In the meanwhile Govt. of AP, Revenue Dept., is requested to handing over soft and hard copies of revenue records to the branch managers for their cross verification.

(Action: Revenue Dept. Govt. AP)

ADW&DRS2008

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

(Action: All Banks)

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

- ✓ The revised allocation to different sectors is enclosed in the State Credit Plan 2011 – 12 as per the Government of India directions. All the Banks and LDMs are requested to note the same and ensure that allocated targets are achieved.

The details are as follows:

- ✓ Crop Production Loans - Rs. 30,985.43 crores; Agri.Term Loans - Rs. 7,399.52 crores; Agri. Allied activities - Rs. 9,615.05 crores; Total Agricultural Credit Plan - Rs. 48,000.00 crores

(Action: All Banks & LDMs)

Financial Inclusion:

The Lead District Managers of the Karimnagar, Krishna, Mahabubnagar, Nalgonda, .Visakhapatnam, Khammam, East Godavari and West Godavari districts are requested to complete the task opening of No Frills accounts before 30th Sept., 2011.

(Action: LDMs of above eight districts)

Progress in Smart Card Project under EBT Scheme:

- ✓ All the Banks may speed up the issuance of Smart Cards for making payments to MGNREGA and SSPs.
- ✓ All the Banks are requested to find out a mechanism for regular payments process is continued.
- ✓ To avoid complaints, all the Banks are requested to develop a system to plug loopholes for avoidance of misappropriation at all levels.
- ✓ Banks to issue strict instructions 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.

(Action: All Banks)

RBI Outreach Activity:

- ✓ All the Banks are requested to extend the necessary cooperation to RBI in conducting outreach programmes.

(Action: All Banks)

Financial Literacy and Credit Counseling Centers (FLCCCs)

- ✓ All the Lead Banks are requested to establish the Financial Literacy Counselling Centres in their Lead Districts before 30th Sept., 2011 as per RBI guidelines.

(Action: All Lead Banks)

Rural Self Employment Training Institute:

- ✓ As per SLBC resolution all banks may ensure sanction of at least one self employment loan to RSETI trainee per quarter per each rural/semi-urban branch in the state.

(Action: All Banks)

Financial Inclusion Plan:Providing Banking Services in all Villages with Above 2000 - Population by March, 2012

- ✓ Banks who are involved in the Financial Inclusion Plan for the villages with the population of 2000 and above are requested to complete the implementation of the scheme before 30.09.2011.
- ✓ Steps are to be taken for coverage of villages with population of below 2000 also simultaneously.
- ✓ By this time all the LDMs would have allocated the villages where the population is below 2000. If not allotted by this time LDMs are requested to allot the same immediately by convening a special DCC meeting for this purpose.
- ✓ 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.

(Action: All Banks & All LDMs)

Campaign for Financial Inclusion:

- ✓ All Banks may take up effective campaign for Financial Inclusion
- ✓ Publicity through Press, TV and radio may be planned jointly on cost sharing basis in proportion to the no. of villages as adopted at national level campaign. Village level campaign may be taken up by Banks themselves individually.

(Action: All Banks)

09. Housing LoansISHUP Scheme:

- ✓ All the banks are requested to advise the branches to take steps for implementation of Interest Subsidy Scheme of Gol and ensure that there are no gaps between sanctions and grounding, Grounding & claiming subsidy.

(Action: All Banks)

Scheme 1% Interest Subvention on the Housing Loans:

- ✓ All the Banks may communicate the change in the existing scheme of interest subvention of 1% on housing loans is extended up to Rs.15.00 lakhs where the cost of the house dose not exceed Rs.25.00 lakhs from the present limit of Rs.10.00 lakhs and Rs.20.00 lakhs respectively to all the branches.

(Action: All Banks)

Implementation of GO Ms. No. 42 Dt. 29.11.2008

- ✓ APSHCL may resolve the operations problems in implementing the GO Ms. No. 42

(Action: APSHCL)

Small & Micro Enterprises (SME)

- ✓ All the major banks are requested to open specialized SME branches in the industry clusters and in potential centers in all the Districts to increase the credit flow to SME.

(Action: All major Banks)

Conduct of viability studies of sick units by banks

- ✓ All the banks may undertake viability study of sick units and submit the report to RBI on monthly basis.

(Action: All Banks)

Central Registry

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:

- ✓ All the banks to note the same.

(Action: All Banks)

Information of CGTMSE Scheme

- ✓ All the Banks may advise their branches to give thrust for implementation of CGTMSE scheme.
- ✓ SLBC may allocate the 15000 units among all Banks in proportion of their branch net work.

(Action: All Banks & KVIC)

GoI Scheme for Micro, Small & Medium Enterprises:

- ✓ All the Banks are requested popularize GoI schemes for MSME sector.

(Action: All Banks)

Handloom Weavers:

- ✓ All the Bank may confirm to SLBC that in respect of all the eligible claims are submitted to Government.
- ✓ Government may inform their decision on extending the cutoff date immediately.

(Action: Handlooms & Textiles Dept., Govt. of AP)

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

- ✓ Banks may open the bank accounts for the above mentioned categories without any hassles.

(Action: All Banks)

Reimbursement of service charges on account of ATM Cards issued on account of scholarships by Government of Andhra Pradesh to Banks:

- ✓ Social Welfare Department, Government of AP is requested to reimburse the service charges to Banks under Social Welfare Scholarship scheme.

(Action; Social Welfare Dept. GoAP)

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

- ✓ All banks to send details of loans taken by Colleges, so that the same may be represented to Government.

(Action: All Banks)

Lending to Minority Communities under Priority Sector Lending:

- ✓ All the banks are advised to take steps for achieving 15% target during 2011 – 12 without exception and also for achieving the target gap for 2010 – 11 by 31st July, 2011.

(Action: All Banks)

Lending to Weaker Sections & Women:

- ✓ All Banks to continue to maintain RBI stipulation of 10% of NBC to Weaker Sections and minimum 5% of NBC to Women borrowers.

(Action: All Banks)

Credit Flow to Scheduled Castes /Scheduled Tribes:

- ✓ All the banks are advised to give adequate thrust for credit to SC/ ST while sanction the loans.

(Action: All Banks)

Lending under DRI:

- ✓ All banks may take steps to lend under DRI scheme minimum of 1% of their aggregate advances as at the end of the previous year.

(Action: All Banks)

Self Help Groups:Issues relating to Recovery:

- ✓ Government may sensitize their field level functionaries for assisting Banks in Recovery.
- ✓ All the Banks may effectively use CBRM mechanism introduced by the SERP for recovery purpose.

(Action: All Banks and SERP)

Financing Mandal Mahila Samakhya (MMS)

- ✓ The clarifications given by SERP on the legal aspects for financing Mandal Mahila Samakhya will be placed before Sub Committee / Steering Committee meeting of SLBC to study all aspect of financing by banks.

(Action: Banks & SLBC)

Lead Bank Schemes:

- ✓ All the Banks are requested to implement the High Level Committee recommendations in the true spirit and ensure that Lead Bank Scheme is implemented effectively.

(Action: All Banks)

Government Sponsored Schemes:

- ✓ All the banks may send a communication to their branches for achieving the target under Gol & GoAP without exception.
- ✓ All the Government Departments are requested to send the applications in phased manner so that the branches can take up implementation of the schemes smoothly.

(Action: All banks & Government Departments)

Study Report on the verification of borrowers and end use of funds under Government sponsor schemes:

- ✓ All the banks are requested look into the qualitative aspects of the implementation of the Government sponsored schemes apart from achieving targets.
- ✓ LDMs are advised to physically verify the units under Government Sponsored Schemes in atleast two branches in the district and submit their observations to SLBC for placing before meeting.

(Action: All Banks & LDMs)

Overdues / NPAs under various sectors:

- ✓ All the banks are requested to send the information regularly to SLBC to have a meaningful review.
- ✓ GoAP may advise all the field level functionaries to help the Banks in recovery.

(Action: All Banks)

Regional Rural Banks:

- ✓ All the Regional Rural Banks are advised to keep the same tempo in reaching the targets for 2011 – 12.

(Action: All RRBs)

Banks Sponsored Farmers' Service Coop. Societies – Payment of Salaries to MD deputed from banks and others.

All the banks to note the clarifications on Bank sponsored FSCS on adoption of the model Bye – Laws given by the Registrar of Cooperative Societies.

(Action: All Banks with sponsored FSCS)

Flow of Information:

All the Banks, LDMs and Government departments are requested to ensure submission of returns as per the stipulated time norms and ensure consistency in the information submitted to SLBC.

(Action: All Banks, LDMs & Govt.Depts.)

Major Action Points of earlier SLBC / Steering Committee Meetings pending for Implementation**Pattadar Pass Books:**

- ✓ Introduction of fool proof Pattadar Pass Book system is under way in three districts of Anantapur, Prakasham and Warangal Districts. Revenue and Agriculture Department is requested to speed up and implement in all the districts.

(Action: Revenue & Agriculture Dept.)

Preparation of Model Project at District Level as per K. C. Chakrabarthy Committee recommendations:

- ✓ Lead District Managers where the process is yet to be commenced are requested to prepare the project file at District Level under SME sector involving DICs, Banks and KVIC/KVIB.

(Action: All LDMs, Industries Dept. & KVIC/ KVIB)

Central Registry Under SME:

- ✓ Establishment of Central Registry as per the recommendations of Chakrabarthy Committee recommendations.

(Action: Finance (IF) Dept. Govt.of AP & Industries Dept.)

Flow of Information to SLBC and RBI:

- ✓ All the Controlling authorities of banks and Government departments to ensure timely submission of accurate data to SLBC and RBI.

(Action: All Banks & Government Departments)

Social Welfare Scholarships:

- ✓ Government of Andhra Pradesh, Social Welfare Dept. is requested for reimbursement of service charges to Banks under Social Welfare Scholarships.

(Action: Social Welfare Dept., GoAP)

Declarations of all the Districts as 100% Financial Inclusion:

- ✓ The Lead District Managers of eight districts Karimnagar, Krishna, Mahabubnagar, Nalgonda, Visakhapatnam, Khammam, East Godavari and West Godavari have to initiate steps for achieving 100% Financially Inclusion.

(Action: LDMs of above eight districts)

Interest Subsidy for Housing Urban Poor (ISHUP):

- ✓ All the Banks are requested to claim interest subsidy in respect of loans disbursed under ISHUP without any time lag.

(Action: All Banks)

Opening of FLCCs:

- ✓ The Lead Banks which are yet to open the FLCCs are requested to initiate steps for doing the needful and complete the task before 30th Sept., 2011.

(Action: SBI, SBH, Indian Bank & Syndicate Bank)

CONCLUDED.