

175th Meeting of SLBC of Andhra Pradesh

Agenda & Background Notes

**Date : 26.08.2011
Time: 04.00 PM**

**Venue : Jubilee Hall
Public Gardens , Hyderabad**

**STATE LEVEL BANKERS' COMMITTEE OF A.P
CONVENOR:  Andhra Bank**

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01. Adoption of the Minutes of 174th SLBC Meeting held on 26.05.2011 & Adoption of Minutes of Steering Committee and Other meetings of the SLBC held after 26.05.2011

The Minutes of 174th SLBC Meeting held on 26th May, 2011 were circulated to the members. The minutes may be approved/ adopted as no amendments/ changes were received by State Level Bankers Committee of Andhra Pradesh.

The Minutes of Steering Committee Meetings and other meetings held after 26.05.2011 were circulated on various dates to the members. These Minutes may be taken as noted as no amendments/ changes were received by SLBC of AP.

02. Banking Statistics:**BANKING KEY INDICATORS OF ANDHRA PRADESH**

S.No	PARTICULARS	As on 31.03.2009	As on 31.03.2010	As on 30.06.2010	As on 31.03.2011	As on 30.06.2011
1.	Number of Branches:					
	Rural	2733	2857	2881	2997	3029
	Semi Urban	1754	1941	1944	2107	2153
	Urban	1601	1922	1925	2030	2037
	Metro	911	956	973	1077	1099
	Total	6999	7676	7723	8211	8318
2.	Deposits (Rs.Crores)	2,05,899	2,45,686	2,47,479	2,83,600	2,92,305
3.	Incremental Deposits (% of increase)	44,909 (27.90%)	39,787 (19.32%)	1,793 (0.73%)	37,914 (15.43%)	8,705 (3.07%)
4.	Advances (Rs.Crores)	2,10,294	2,69,760	2,75,811	3,27,275	3,40,351
5.	Incremental advances (% of increase)	62,279 (42.08%)	59,466 (28.28%)	6051 (2.24%)	57,515 (21.32%)	13,076 (3.99%)
6.	C.D.Ratio (RBI Norm 60%)	102.13%	109.80%	111.45%	115.40%	116.44%

STATEMENT OF PRIORITY SECTOR ADVANCES

(Amount in crores)

S.No.	Particulars	As on 31.03.09	As on 31.03.10	As on 30.06.2010	As on 31.03.11	As on 30.06.11
1	Crop Production	28,665	33,986	34,896	41,752	42,929
2	Agri.Term Loans including allied activities	22,822	34,672	37,778	41,346	43,003
3.	Total Agri.Advances	51,487	68,658	72,674,	83,098	85,932
	% of Agri.advances to previous year's Net Bank Credit (18%)	34.78%	32.65%	26.35%	30.80%	26.26%
4.	SSI & Rural Artisans (% to Net Bank Credit)	21,128 (10.05%)	22,868 (8.48%)	23,628 (8.57%)	27,033 (8.26%)	27,386 (8.04%)
5.	Other Priority Sector Advances (% to Net Bank Credit)	27,710 (13.18%)	34,989 (12.97%)	35,553 (12.89%)	44,096 (13.47%)	44,322 (13.02%)
Total Priority Sector Advances		1,00,325	1,26,515	1,31,855	1,54,227	1,57,640
% of Priority Sector Advances to previous year's Net Bank Credit (RBI Norm 40%)		67.78%	60.16%	48.88%	57.17%	48.17%

Number of Branches:

CATEGORY :RURAL

As on 30.06.2010 : 2881

As on 31.03.2011 : 2997

As on 30.06.2011 : 3029

The number of branches opened from June 2010 to March 2011 is 116 and from March 2011 to June 2011 are 32.

CATEGORY :SEMIURBAN

As on 30.06.2010 : 1944

As on 31.03.2011 : 2107

As on 30.06.2011 : 2153

The number of branches opened from June 2010 to March 2011 are 163 and from March 2011 to June 2011 are 46.

CATEGORY :URBAN

As on 30.06.2010 : 1925

As on 31.03.2011 : 2030

As on 30.06.2011 : 2037

The number of branches opened from June 2010 to March 2011 are 105 and between March 2011 to June 2011 are 7.

CATEGORY :METRO

As on 30.06.2010 : 973

As on 31.03.2011 : 1077

As on 30.06.2011 : 1099

The number of branches opened from June 2010 to March 2011 are 104 and from March 2011 to June 2011 are 22.

TOTAL NO OF BRANCHES

As on 30.06.2010 : 7723

As on 31.03.2011 : 8211

As on 30.06.2011 : 8318

The number of branches opened from June 2010 to March 2011 are 488 and from March 2011 to June 2011 are 107.

DEPOSITS (Rs. In Crores)

As on 30.06.2010 : 2,47,479

As on 31.03.2011 : 2,83,600

As on 30.06.2011 : 2,92,305

Deposits registered a growth of Rs.44, 826 Crores from 30.06.2010 to 30.06.2011 with a growth rate of 18.11%.

ADVANCES (Rs. In Crores)

As on 30.06.2010 : 2,75,811

As on 31.03.2011 : 3,27,275

As on 30.06.2011 : 3,40,351

Advances registered a growth of Rs. 64,540 Crores from 30.06.2010 to 30.06.2011 with a growth rate of 23.40%.

CD RATIO

As on 30.06.2010 : 111.45

As on 31.03.2011 : 115.40

As on 30.06.2011 : 116.44

The CD Ratio is improved by 4.48% from 30.06.2010 to 30.06.2011 and the Incremental CD ratio is 143.98%.

TOTAL PRIORITY SECTOR ADVANCES (Rs. In Crores)

As on 30.06.2010 : 1,31,855

As on 31.03.2011 : 1,54,227

As on 30.06.2011 : 1,57,640

There is an increase of Rs. 25,785 Crores from June 2010 to June 2011 with a Growth of 19.56 % .

TOTAL AGRICULTURAL ADVANCES (Rs. In Crores)

As on 30.06.2010 : 72,674

As on 31.03.2011 : 83,098

As on 30.06.2011 : 85,932

Total Agricultural Advances increased by Rs.13,258 Crores from 30.06.2010 to 30.06.2011 a registering growth rate of 18.24%.

SHORT TERM CROP PRODUCTION LOANS (Rs. In Crores)

As on 30.06.2010 : 34,896

As on 31.03.2011 : 41,752

As on 30.06.2011 : 42,929

Short term crop production loans increased by Rs. 8,033 Crores from 30.06.2010 to 30.06.2011 registering a growth rate of 23.02%.

AGRICULTURAL TERM LOANS INCLUDING ALLIED ACTIVITIES (Rs. In Crores)

As on 30.06.2010 : 37,778

As on 31.03.2011 : 41,346

As on 30.06.2011 : 43,003

Agricultural Term Loans increased by Rs.5,225 Crores from 30.06.2010 to 30.06.2011 registering a growth rate of 13.83%.

NON - FARM SECTOR (Rs. In Crores)

As on 30.06.2010 : 23,628

As on 31.03.2011 : 27,033

As on 30.06.2011 : 27,386

Non Farm sector increased by Rs.3,758 Crores from 30.06.2010 to 30.06.2011 with a growth rate of 15.90%.

OTHER PRIORITY SECTOR (Rs. In Crores)

As on 30.06.2010 : 35,553

As on 31.03.2011 : 44,096

As on 30.06.2011 : 44,322

Other Priority sector increased by Rs. 8,769 Crores from 30.06.2010 to 30.06.2011 with a growth rate of 24.66%.

Bank-wise no. of branches as on 30.06.11 are given in Annexure I

Bank-wise Deposits, Advances & CD Ratio as on 30.06.11 are given in Annexure II

District-wise Deposits, Advances & CD Ratio as on 30.06.11 are given in Annexure III

Bank-wise Priority Sector Advances as on 30.06.11 are given in Annexure IV

Bank-wise Agricultural Advances (Direct & Indirect) as on 30.06.11 are given in Annexure V

03. Achievement of Annual Credit Plan 2011-12:

Achievement as on 30.06.2011

(Rs. In Cores)

Sl.No	Item	Target 2011-12	Achievement (Disbursements during 01.04.11 to 30.06.2011)	% of Achmt
1.	<u>Crop Loan</u>			
	Kharrif	20,285	10,803	53.25
	Rabi	10,700	--	--
	Total	30,985	10,803	34.86
2.	<u>Agri.Term Loans</u>			
	Kharrif	4,040	3,379	83.64
	Rabi	3,360	--	--
	Total	7,400	3,379	45.66
3.	<u>Allied to Agriculture</u>			
	Kharrif	5,131	2,209	43.05
	Rabi	4,484	--	--
	Total	9,615	2,209	22.97
	Total			
	Kharrif	29,456	16,391	55.64
	Rabi	18,544	--	--
	Total Agriculture	48,000	16,391	34.15
4.	Non-Farm Sector	8,198	2,066	25.20
5.	Other Priority Sector	17,118	3,282	19.17
	Total Priority Sector	73,316	21,739	29.65

Bank-wise achievement of Annual Credit Plan as on 30.06.11 are given in Annexure VI

District-wise achievement of Annual Credit Plan as on 30.06.11 are given in Annexure VII

Annual Credit Plan Achievements (last three years)

(Rs. in Crores)

S.No.	Sector	March 2010		March 2011		June 2011	
		Target	Achievement	Target	Achievement	Target	Achievement
1.	Crop Loans	23500	24845	26261	30229	30985	10803
2.	Agricultural Term Loans (including Allied Activities)	9000	12728	11574	17701	17015	5588
3.	Total Agriculture	32500	37573	37835	47930	48000	16391
4.	SSI & Rural Artisans	8000	7399	8150	11051	8198	2066
5.	Other Priority Sector	15000	12200	15700	13897	17118	3282
6.	Total Priority Sector	55100	57172	61685	72878	73316	21739

Short Term Crop Production Loans: Achievement is Rs.10,803 crores against the target of Rs.20,285 crores which is 53.25%

Agri Term Loans: Achievement is Rs. 3,379 crores against the target of Rs.4,040 crores which is 83.64%.

Agri. Allied Activities: Achievement is Rs. 2,209 crores against the target of Rs.5,131 crores which is 43.05%.

Total Agri.Advances: Achievement is Rs.16,391 crores against the target of Rs.29,456 crores which is 55.64%

Non Farm Sector: Achievement is Rs2,066 crores against the target of Rs.8,198 crores which is 25.20%.

Other Priority Sector Advances: Achievement is Rs.3,282 crores against the target of Rs.17,118 crores which is 19.17%.

Total Priority Sector Advances: Achievement is Rs21,739 crores against the target of Rs.73,316 crores which is 29.65 %.

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/ Government
<p><u>Pattadar Pass Books:</u></p> <p>Requested to issue to full proof Pattadar Pass Books</p>	<p>Responding to the request of Bankers, Government of Andhra Pradesh started issuing Security featured Pattadar Pass Books on Pilot Project basis in Four Districts in the State.</p> <p>Government of Andhra Pradesh is requested to speed up the matter and requested to implement in all the districts so that the bankers can finance for agriculture loans in a hassle free manner.</p>
<p><u>Small and Micro Enterprises</u></p> <p>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 few districts, the process is yet to commence 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></p> <p>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 & LDMs. Banks are requested to submit the accurate data to SLBC.</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 during the Steering Committee Meetings and SLBC Meetings that the amount due</p>	<p>Social Welfare Department, Government of Andhra Pradesh is requested to reimburse the</p>

will be released to respective banks within a short period.	service charges agreed upon to Banks at the earliest.
<p><u>Declarations of all the Districts as 100% Financially Include:</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>Lead District Managers concerned have to initiate steps for achieving 100% Financial Inclusion</p>
<p><u>Opening of FLCCs:</u></p> <p>FLCCs are to be opened in all districts in Andhra Pradesh State by the concerned lead banks.</p>	<p>Lead Banks are requested to take initiative and complete the task at the earliest in all their lead districts.</p> <p>FLCCs to be formed & function as per the guidelines issued by RBI.</p>

05. Agriculture - Credit Flow to Agriculture

Achievement as on 30.06.2011

(Disbursements during 01.04.2011 to 30.06.2011) (Rs. in crore)

Khariff, 2011					
Crop Loans		Term Loans		Total	
Target	Achievement	Target	Achievement	Target	Achievement
20285	10803	9171	5588	29456	16391

- The achievement under Khariff Crop Loans is 53.25%
- The achievement under Khariff term loans is 32.84%
- **Khariff total achievement 55.64%**

Progress in lending- Short term crop production loans- Khariff, 2011:

All Banks needs to take steps for achieving the target during the current Kharif season and the target should be completed by 15-09-2011.

As per the information given by the State Agriculture department, the achievement under crop loans is Rs.12,305 Crores as on 20.08.2011 as against the target of Rs.20,285 crores which is 60.66%.

Union Budget 2011 – 2012 - Focus on Agriculture:

In the Budget for 2011-12, Hon'ble Union Finance Minister had delineated a four-pronged strategy

- Agricultural production,
- reduction in wastage of produce,
- credit support to farmers and
- A thrust to the food processing sector.

Though these initiatives taken by GoI started showing results, the recent spurt in food prices was driven by increase in the prices of items like fruits and vegetables, milk, meat, poultry and fish, which account for more than 70 per cent of the Whole Price Index basket for primary food items.

Removal of production and distribution bottlenecks for these items will be the focus for allocations for these schemes under the ongoing Rashtriya Krishi Vikas Yojana (RKVY) for an early take off and for that GoI has provided Rs.7800 Crores.

Integrated Development of 60,000 pulses villages in rainfed areas:

Government's initiative on pulses has received a positive response from the farmers. As per the second advance estimates, a record production of 165 lakh tonnes of pulses is expected this year as against 147 lakh tonnes last year. While consolidating these gains, effort should be made for attain self-sufficiency in

production of pulses within next three years. For increase pulses production Union Government has provided an amount of Rs.300 crore to promote 60,000 pulses villages in rainfed areas for increasing crop productivity and strengthening market linkages.

Promotion of Oil Palm:

The domestic production of edible oil meets about 50 per cent demand only. The gap in supply is being met through imports, which are often at high prices. Govt. of India's recent interventions and good rains are expected to result in a higher oilseeds production of 278 lakh tonnes in 2010-11 as against 249 lakh tonnes in 2009-10. To achieve a major breakthrough, Govt. of India has given special focus by providing oil palm as it is one of the most efficient oil crop and an amount of Rs.300 crore to bring 60,000 hectares under oil palm plantation, by integrating the farmers with the markets. The initiative will yield additions about 3 lakh metric tonnes of palm oil annually in 5 years.

Initiative on Vegetable Clusters:

The growing demand for vegetables has to be met by a robust increase in the production and market linkage. An efficient supply chain, to provide quality vegetables at competitive prices will have to be established. GoI provided an amount of Rs.300 crore for implementation of vegetable initiative to set in motion a virtuous cycle of higher production and incomes for the farmers. To begin with, this Programme has been launched near major urban centres.

Nutri-cereals:

As per the Govt. of India assured food for all, it is to promote balanced nutrition, like Bajra, Jowar, Ragi and other millets which are highly nutritious and are known to possess several medicinal properties. The production and consumption of these Nutri – cereals is, however, low and has been steadily declining over recent years. A provision of Rs300 crore is being made to promote higher production of these cereals, upgrade their processing technologies and create awareness regarding their health benefits. This initiative would provide market linked production support to ten lakh millet farmers in the arid and semi-arid regions of the country. The programme would be taken up during 2011 – 12 in 1000 compact blocks covering about 25,000 villages. This will help improve nutritional security and increase feed and fodder supply for livestock.

National Mission for Protein Supplements:

The consumption of foods rich in animal protein and other nutrients has increased, with demand growing faster than production. The National Mission for Protein Supplements is being launched in 2011-12 by GoI with an allocation of Rs300 crore. It will take up activities to promote animal based protein production through livestock development, dairy farming, piggery, goat rearing and fisheries in selected blocks.

Accelerated Fodder Development Programme:

Adequate availability of fodder is essential for sustained production of milk. It is necessary to accelerate the production of fodder through intensive usage of technology to ensure fodder availability throughout

the year. GoI provided Rs.300 crore for Accelerated Fodder Development Programme which will benefit farmers in 25,000 villages.

National Mission for Sustainable Agriculture:

While the need to maximize crop yields to meet the growing demand for food grains is critical, we have to sustain agricultural productivity in the long run. There has been deterioration in soil health due to removal of crop residues and indiscriminate use of chemical fertilizers.

To address these issues, the Government of India has drawn schemes promoting organic farming methods, combining modern technology with traditional farming practices like green manuring, biological pest control and weed management.

Agriculture Credit:

To get the best from their land, farmers need access to affordable credit. Banks have been consistently meeting the targets set for agriculture credit flow in the past few years. For the year 2011-12, GoI target of credit flow to the farmers is Rs.4,75,000 crore. Banks have been asked to step up direct lending for agriculture and credit to small and marginal farmers.

GoI has fixed a target of Rs.48000 crs to Andhra Pradesh for Agriculture Loans for the year 2011 – 12 and the same has been distributed as targets to all the banks in the state by SLBC.

Interest Subvention Scheme:

The existing Interest Subvention Scheme of providing short term crop loans to farmers at 7 per cent interest is continued for the year 2011-12. In the last budget, GoI had provided an additional 2 per cent interest subvention to those farmers who repay their crop loans on time. The response to this scheme has been good. In order to provide further incentive to these farmers, GoI enhanced the additional subvention to 3 per cent in 2011-12. Thus, the effective rate of interest for such farmers will be 4 per cent per annum.

In view of the enhanced target for flow of agriculture credit, GoI proposed to strengthen NABARD's capital base by infusing Rs.3000 crore, in a phased manner, as Government equity. This would raise its paid-up capital to Rs.5,000 crore, which enables NABARD to refinance the short-term crop loans of the cooperative credit institutions and RRBs at concessional rates, GoI proposed a contribution of Rs.10,000 crore to NABARD's Short-term Rural Credit Fund for 2011-12 from the shortfall in priority sector lending by Scheduled Commercial Banks.

Mega Food Parks:

Despite growing production of vegetables and fruits, their availability is inadequate due to bottlenecks in retailing capacity. An estimated 40 per cent of the fruit and vegetable production in India goes waste due to lack of storage, cold chain and transport infrastructure. To address these issues, the Eleventh Plan target for number of Mega Food Parks was set at 30. So far, 15 such parks have been sanctioned. During 2011-12, approval is being given to set up 15 more Mega Food Parks.

Agriculture Produce Marketing Act:

The recent episode of food inflation in vegetables and fruits has exposed serious flaws in our supply chains. The government regulated mandis to prevent retailers from integrating their enterprises with the farmers. There is need for the State Governments to review and enforce a reformed Agriculture Produce Marketing Act urgently.

Strategy for increased co-ordination between Banks and State Government, Department of Agriculture:

There is good coordination between the Agriculture department, Government of Andhra Pradesh and Banks at State Level. This coordination needs to be at the district level for better results. The Crop Loans of 2007 – 08 are still outstanding. The benefits of Pavalu Vaddi, insurance are to be popularised among the farmers by Banks and Agriculture Department officials. Steps to be taken in this regard may be deliberated. Agriculture department is to launch propaganda campaign explaining the benefits of prompt repayment of bank dues.

Scales of Finance for Crop Loans:

The State Level Technical Committee of Andhra Pradesh has revised the Scales of Finance for all the crops in all the districts for both Khariff and Rabi seasons of 2011 – 12. As per the existing guidelines all the banks are to adhere to the scales of finance without any exception. If the Branch Manager is satisfied, additional finance can be made on case by case basis. Tenant Farmers are also equally eligible for the crop loans as per the scales of finance.

Fixation of Unit Costs:

In the 174th SLBC, the CGM of NABARD has informed that with regard to fixation of unit costs, as per the request made by the SLBC, it has been communicated to their Head Office. SLBC is thankful to NABARD, Hyderabad for taking up the matter with their Head Office and resolving the issue.

NABARD recently convened State Level Unit Cost Committee Meeting to finalise the unit costs for various activities.

Human Resources Planning in Rural Branches of Banks :

Need based deployment of staff in Rural Branches of Banks is to be done to facilitate achieving the target as per schedule.

Agri Clinic and Agri Business Centres (ACABCs):

Agri Clinics and Agri Business Centres was launched with the objective of supplementing the efforts of Government extension system on fee for service basis through economically viable ventures by employing Agriculture Graduates. The same has received positive response and during a survey conducted by National Institute of Agriculture Extension Management (MANAGE), it is revealed that the promotion of private extension services has been helpful and reducing in meeting the needs and reducing the gap between the extension needs and challenge. It is well understood that private extension in agriculture is relatively new and most of the qualified personnel are reluctant to agripreneurship and to take bank credit due to interest burden and perceived risk.

In this background, it has been decided by Government of India to launch a subsidy based Credit Linked Scheme for establishment of Agri Clinics and Agri Business Centres (ACABCs).

Objectives of the scheme

- To provide extension and other services to farmers on payment basis.
- To support agriculture development and entrepreneurship:
- To promote self-employment

Agri-Clinics are envisaged to provide expert advice and services to farmers on technology, cropping practices, protection from pests and diseases, market trends, prices of various crops in the markets and also clinical services for animal health, etc. which would enhance productivity of crops/animals and increased income to farmers.

Agri- Business centers are envisaged to provide farm equipments on hire, sale of inputs and other services.

The scheme is open to agriculture graduates /graduates in subjects allied to agriculture like horticulture, Animal Husbandry, Forestry, Dairy, Veterinary, Poultry farming and Pisci-culture.

The agriculture graduates who were trained on or after 1st April 2004 and had availed of loan earlier for ACABC project, would also be eligible for subsidy for expansion / additional to existing units or for fresh investments, only if the earlier loan is not closed prematurely.

Assistance under the scheme would be purely credit linked and subject to sanction of the project by Commercial / Cooperative / Regional Rural Banks based on economic viability and commercial considerations.

Each unit will be provided with two types of subsidies under the scheme

i) Capital Subsidy for ACABCs:

- a) Credit linked capital subsidy @ 25% of the capital cost of the project funded through bank loan would be eligible. This subsidy would be 33.33% in respect of candidates belong to SC, ST, Women and other disadvantaged sections and those from North-Eastern and Hill States.
- b) The ceiling of project cost for individual projects will be Rs.10.00 lakh. The ceiling of project cost for group projects would be Rs.10.00 lakh per trained graduate, subject to an overall ceiling of Rs.50.00 lakh. In case of groups having five persons, of which one is non-agriculture graduate, the ceiling of such group projects would also be Rs.50.00 lakh.
- c) In case of loans upto Rs.5.00 lakh, no margin money is required as per present norms. The margin money to be contributed by the general category entrepreneur will be as per prevailing norms.

- d) However, concessions would be made in respect of SCs /STs, women and beneficiaries of North-Eastern States, Hill areas. In such cases, a maximum of 50% of the margin money prescribed by banks could be given by NABARD to meet the shortfall in borrower's, if the bank is satisfied that the borrower is unable to meet the margin money requirements. Such assistance to banks by NABARD will be without any interest. The banks may, however, levy a service charge upto 2% per annum from the borrowers.
- e) The term loan would be composite in nature and participating bank (s) would extend bank loan as per the project cost, which would be inclusive of subsidy amount eligible, as capital subsidy is back-ended, but exclusive of margin money as stipulated.

ii) Interest Subsidy for ACBAS:

Interest Subsidy on the Bank loan portion will be provided to banks on annual basis for crediting to the account of the Agripreneurship. For this purpose, financial year (April-March) will be reckoned for calculation of interest. Interest subsidy will be released to the banks on the balance outstanding in account against principal amount of loan, net of capital subsidy released. The same will be claimed after completion of one year, for the first year and after completion of two years, for the second year.

General Awareness and Training Programme:

- i) General Awareness, publicity and training programmes for eligible candidates and hand holding support would be undertaken by National Institute of Agriculture Extension Management (MANAGE) and Nodal Training Institutions as per the Scheme.
- ii) MANAGE will be responsible for providing training to eligible candidates, through its nodal institutes and motivating them for setting up of Agri-Clinics and Agri-Business Centres.
- iii) MANAGE will ensure sponsoring of sufficient number of cases to the participating banks for financing under the scheme and arrange to establish required number of units at ground level, as envisaged, to make the scheme a success.

The performance under the scheme is very low in our state. All the Banks are requested to popularise the scheme and ensure that Agri – entrepreneurship is promoted.

Storage Structures:

There are many press reports that in Andhra Pradesh especially in the districts / mandals where the Paddy crop is cultivated two times in a year, farmers are experiencing difficulties in storing produce and are resorting to distress sales. They have also planned for CROP HOLIDAY for the Kharif 2011 – 12, stating the following reasons.

- No proper market rate for the paddy produced by the famers.
- No storage capacity with the farmers for keeping the produce without affecting the quality and quantity.
- No storage facilities on hire for farmers in mandals / districts

As per the Economic Survey report the following is the national scenario including Andhra Pradesh.

- ✓ For four consecutive years from 2005-06 to 2008-09, foodgrains production registered a rising trend and touched a record level of 234.47 million tonnes in 2008-09.
- ✓ The production of foodgrains declined to 218.11 million tonnes during 2009-10 (final estimates) due to the long spells of drought in various parts of the country in 2009. The productivity of almost all the crops suffered considerably, which led to decline in their production in 2009.
- ✓ As per the second advance estimates released by Ministry of Agriculture on 9.2.2011, production of foodgrains during 2010-11 is estimated at 232.07 million tonnes compared to 218.11 million tonnes last year. This is only marginally below the record production of 234.47 million tonnes of foodgrains in 2008-09.
- ✓ The country is likely to achieve record production of wheat (81.47 million tonnes), pulses (16.51 million tonnes) and cotton (33.93 million bales of 170 kg. each) this year.
- ✓ This high level of production has been achieved despite crop damage due to drought in Bihar, Jharkhand, Orissa and West Bengal and the effects of cyclones, unseasonal and heavy rains, and cold wave and frost conditions in several parts of the country.
- ✓ Growth in the production of agricultural crops depends upon acreage and yield. Given the limitations in the expansion of acreage, the main source of long-term output growth is improvement in yields.
- ✓ The price policy for agricultural commodities seeks to ensure remunerative prices to growers for their produce with a view to encouraging higher investment and production and safeguarding the interest of consumers by making sure that adequate supplies are available.
- ✓ The price policy also seeks to evolve a balanced and integrated price structure in the perspective of the overall needs of the economy. With this aim, the Government announces minimum support prices (MSPs) for major agricultural commodities each season and organizes purchase operations.

Union Budget for 2011 – 12 initiatives for Storage Structures:

The years 2008 to 2010 saw very high levels of foodgrain procurement. On January 1, 2011, the foodgrain stock in Central pool reached 470 lakh metric tonnes, 2.7 times higher than 174 lakh metric tonnes on January 1, 2007. The storage capacity for such large quantities requires augmentation. Process to create new storage capacity of 150 lakh metric tonnes through private entrepreneurs and warehousing corporations has been fast tracked. Decision to create 20 lakh metric tonnes of storage capacity under Public Entrepreneurs Guarantee (PEG) Scheme through modern silos has been taken. While GoI will be able to add about 2.6 lakh tonnes of capacity by March 2011, based on existing sanctions, the addition will reach 40 lakh tonnes by March 2012. During 2010-11, another 24 lakh metric tonnes of storage capacity has been created under the Rural Godown Scheme.

Investment in cold storage projects is now gaining momentum. During this year, 24 cold storage projects with a capacity of 1.4 lakh metric tonnes have been sanctioned under National Horticulture Mission. In addition, 107 cold storage projects with a capacity of over 5 lakh metric tonnes have been approved by the National Horticulture Board.

To attract investment in this sector, henceforth, capital investment in the creation of modern storage capacity will be eligible for viability gap funding scheme of the Finance Ministry. It is also proposed to recognize cold chains and post-harvest storage as an infrastructure sub-sector.

Loan Eligibility Cards issued to Tenant Farmers – Ordinance issued by GoAP:

The GoAP promulgated an Ordinance to provide loan and other facilities eligibility card to the farmers, who raise crops with express or implied permission of the owner or Pattadar of land, but have no record for such enjoyment without effecting the rights of the owners, enabling them to access credit from the Public Financial Institutions and to claim benefits of input subsidy, crop insurance, compensation for damage of crops and for matters connected therewith and incidental there to.

Issue of Loan Eligibility Card – Procedure stipulated by the Government.

3(1) On and from the date of commence of Ordinance, every licensed cultivator, who requires a Loan and Other Benefits Eligibility Card, shall be entitled to enter his name in the register for loan and other benefits in respect of concerned land, maintained for such period and in such a manner may be prescribed.

(2) On such entry in the records, every licensed cultivator shall be entitled for a Loan and Other Benefits Eligibility Card, to be issued by the Revenue Officer.

(3) The Eligibility Card issued to a cultivator shall create only a right on the crop raised therein and no rights whatsoever shall accrue on the land.

(4) The licensed cultivator may be entitled to secure crop loan from any Public Financial Institution, Crop Insurance, Input Subsidy in his name and other claims of damage to the crop raised over the said land on the production of the Eligibility Card, subject to the norms governing these benefits, but it does not create or confer any right of possession, tenancy or interest or whatsoever nature over the land under the licensed cultivation.

(5) The licensed cultivators whose names are entered in the said record, specified in this section are entitled to possess Eligibility Card ordinarily for the concerned year only but it may be extended for a further period depending on the duration of the crop raised together with the explicit or implicit permission of the owner of the land enabling them to get benefits specified in the said card.

(6) The Public Financial Institutions may sanction crop loans only on the production of Eligibility Card without insisting for the production of any revenue record.

(7) The farmers, who had occupancy right in land either under Tenancy Laws or under the Andhra Pradesh Rights in Land and Pattadar Pass Book Act, 1971 or other revenue laws and got their names recorded in concerned registers are expected to derive benefit under this Ordinance.

(8) The Eligibility Card issued shall ordinarily be valid for one agriculture year but it may be issued for longer period or renewed where long duration crops are taken up.

(9) The Revenue Officer shall furnish the list of card holders prepared in sub-section (2) to the Public Financial Institutions in advance for sanctioning of Crop Loans.

(10) The Owner or Pattadar of land in spite of the land given on licensed cultivation is entitled to get loans other than the crop loan from Public Financial Institutions on the security of said land.

Extending finance to LEC holders (Tenant farmers) :

Banks are to extend full support in extending finance where the genuine tenant farmers got LECs. Since it is first year of implementation, among vast majority of tenant farmers only a limited percentage have applied and got LECs.

Banks to view it as normal financing of tenant farmers, which the bankers are doing since long and the Government of AP is only facilitating the tenant farmers to get loans through LEC scheme.

The scheme may get popularized in the years to come as other benefits like Crop Insurance, input subsidy etc. are linked to it.

Progress in lending under Loan Eligibility Cards Scheme:

(Rs. In Crores)

LEC holders applied for Loans	Loans sanctioned to LEC holders		Amount disbursed to LEC holders	
Number	Number	Amount	Number	Amount
91768	15325	81.41	8622	16.35

Pattadar Pass Books :

Affixing of Unique Machine Serial Number on the PPBs to eliminate / check the circulation of unauthorized books:

The District Collector, Khammam has sent a communication to the Lead District Manager, Khammam advising

- i. Implementation of Sri Koneru Ranga Rao Committee Recommendation No. 2.9 regarding affixing of Unique Machine Serial Number on all the PPBs / TDs already issued;
- ii. As per the instructions issued by CCLA, necessary instructions have already been issued to all the Tahsildars in the district for completion of this work, duly supplying the two Rubber Stamps for each Mandal. Most of the Tahsildars have commenced this work in Khammam District.

All Lead District Managers are requested to ensure such type of exercise has been taken up in their districts.

Government of Andhra Pradesh decision to replace old Pattadar Pass Books in Four Districts:

Government of Andhra Pradesh started implementation of Security featured Pattadar Pass Books on Pilot Basis in Four Districts of Andhra Pradesh. Government is requested to speed up the matter and implement in all the districts.

Uncovered Farmers / New Non Loanee Farmers - Strategy:

As per the information of Agriculture Department, Government of Andhra Pradesh, 21 lakh farmers are not having any crop loan with any of the bank branch. As per the decision of the Steering Committee of Andhra Pradesh all these farmers are to be covered and it is advised that each rural / semi urban bank branch is to finance a minimum of 200 Uncovered farmers / New Non Loanee Farmers so as to ensure coverage of this segment.

Action plan for improving Agri Credit - IBA suggested:

The meeting of the "Indian Bankers Association Standing Committee on Agro Business & MSME" was held on 13th June, 2011, Mumbai.

Dr. K. Rama Krishnan, Chief Executive, IBA, informed the members the RBI had requested IBA to come out with a discussion paper on 'Bank's role in improving finance to enhance production, productivity and diversification in the Agriculture sector'. Accordingly, IBA has prepared a detailed discussion paper providing therein appropriate action plan for banks for achieving the set objectives. The RBI desired that Best Practices introduced by banks together with their impacts be captured in the discussion paper for a holistic approach and paper resubmitted.

Accordingly, feedback on Best Practices, Success stories etc., was sought from banks on an urgent basis.

For improving Bank Finance to Enhance Productivity and Diversification under Agriculture sector, the following suggestions were made:

1. Branch Network to be expanded.
2. More focus on rainfed areas.
3. The crop loans routed through companies to be treated as direct agriculture, for RBI to consider.
4. Cluster approach to be encouraged.
5. SHG forum to cover diary and agriculture.
6. Joint Liability Groups to be strengthened.
7. MFIs to be encouraged for on lending to farmers.
8. BC/ BF Model to be strengthened.
9. Support to Small & Marginal Farmers through JLGs.
10. Focussed KCC camps.
11. Insurance to be provided for non-cereal items.
12. Opening of Credit Processing Centres.

13. Conversion of Crop Loans to term loans due to natural calamities.
14. Farm mechanization.
15. Direct Finance to milk co-operatives
16. KCC for Small & Marginal Farmers with provision for flexi loans
17. Produce Loan Scheme for post harvest.
18. Branches of banks to adopt holistic approach towards term loans and working Capital requirements.
19. Career path for RDOs.
20. Agri Thrust Branches to be opened.
21. Drip irrigation to be encouraged.

Knowledge Support:

1. More Farmers' Clubs to be opened.
2. Village meetings to be held regularly.
3. Training at RSETIs
4. FLCCs to be opened
5. Films to be prepared by NABARD.

Agri Diversification:

1. Encouragement to non-food grain crops
2. Diversification to Horticulture and Diary, Poultry, Fishery, Sericulture, Bee Keeping etc., as supplementary activity for farmers.

Staffing:

1. Sensitization of Staff.
2. Recruitment of qualified agriculture officers
3. Posting of the right staff to rural branches.

Operational:

1. Financing through contracting companies to be treated as direct finance.
2. NABARD to organize workshop for Joint Liability Groups.
3. Govt. Sponsored Schemes to be hosted in IBA Website for wider dissemination
4. Proper connect with Agriculture Field Officers.

Govt. Support:

1. Interest subvention for "Term Loans" representation to be made to Govt.
2. State Govt. to prepare list of non – KCC holders.
3. State Recovery Act to be implemented.
4. Representation to Ministry of Food & Suppliers for appropriate Tie-ups.
5. Computerisation of land records.
6. All tenant farmer to be given "Loan Eligibility Cards", for being eligible for all the subsidies released by the Govt. (appropriate recommendation to be made to Govt.)

7. Loading of limits in the KCC for various requirements like production credit, personal loans, term loans etc. (recommendation to be made to Govt. / RBI).
8. JLGs to be legalized.
9. Watershed projects, canal irrigation to be given boost.

All the Banks are advised to take note of the above strategies suggested and initiate steps for augmenting agricultural credit.

National Agriculture Insurance Scheme (NAIS) / Modified National Agriculture Insurance Scheme (MNAIS) / Weather Based Crop Insurance Scheme (WBCIS) – Limitations and steps to be taken:

National Agriculture Insurance Scheme (NAIS):

National Agriculture Insurance Scheme coverage is based on the disbursements of the crop loans.

Limitations of NAIS:

- Large insurance unit area
- Delay in payment of claims due to late submission of yield data & availability of Govt. funds
- Pre-sowing / Planting Risk is not covered.
- Unattractive basis of calculation of threshold yield
- Low indemnity level
- Localized calamities are not covered
- Post Harvest Losses are not covered
- Different seasonality discipline for loanee & non- loanee farmers
- Lack of competition

National Agriculture Insurance Scheme is yield based. It is based on non-actuarial premium except horticultural crops / annual commercial crops. Loses are being underwritten by Central & State Govt.s on 50:50 ratio.

NAIS Crops and Areas (District wise) under “Villages as Insurance unit” Scheme for implementation of the scheme.

Modified National Agriculture Insurance Scheme (MNAIS):

Modified National Agriculture Insurance Scheme coverage is based on Sanction of Loan during particular period:

Implementation of MNAIS on pilot basis in Nellore, Prakasham and Warangal Districts during Kharif 2011:

Revenue Department, which is concerned authority for land records, is not updating the cropped areas every year in the Adangals. MNAIS is having additional features covering the area as one of the parameters for settlement of insurance claims. If the updation of Adangals is not done within the time schedule, it is not possible to furnish the area figures to the Insurance Company.

In the event of adverse seasonal conditions, the genuine farmers will be affected due to non – updation of village records. As such, the main purpose of the MNAIS will not be served. Dept. of Economics & Statistics (DE&S) may be strengthened to take up the additional workload by providing sufficient staff.

Weather Based Crop Insurance Scheme (WBCIS):

- WBCIS coverage is based on availed / sanctions of the loans.
- WBCIS: weather based; actuarial premium with premium subsidy shared equally by Central & State Govt.

Reasons for shifting to Weather Based Crop Insurance Scheme:

- Resistance of the Department of Economics & Statistics to conduct more number of Crop Cutting Experiments for Modified NAIS.
- Late reporting by Banks.
- Absence of manpower to assess and estimate the crop losses on account of Hailstorm and post harvest damage at District / Mandal level in time etc.

WBCIS Limitations:

- The Scheme is not a Yield Guarantee Scheme.
- It is based on Area approach as opposed to individual approach – whereby assessment of compensation would be made on Reference Unit Area Basis and not on the basis of every individual insured who might have suffered a loss.
- The Scheme shall be null and void and no benefit shall be payable in the event of untrue or incorrect statements, misrepresentation or non-disclosure in any material fact in the proposal form / personal statement / declaration and connected documents, or any material information having been concealed, or a claim being fraudulent or any fraudulent means or devices being used by the insured or any one acting on his behalf to obtain any benefit under this scheme.

Responding to the above AIC of India vide their letter communicated the clarifications with regard to the insurance coverage and reporting under MNAIS and WWBCIS which are as follows.

Pilot Modified National Agriculture Insurance Scheme (MNAIS) – Implementation in Nellore, Prakasham and Warangal Districts – Seeking extension of cut – off date for submission of declarations:

Andhra Pragathi Grameena Bank informed that the time given for receipt of declarations by AIC of India Ltd., i.e. just 15 days from the cut-off date fixed for sanction of loans to farmers is not sufficient to Nodal Points for obtaining of declarations from all branches, consolidating the data and submitting to the AIC of India Ltd., on or before 31.08.2011 for the following reasons.

01. The notification has been received by the Nodal Points just one week before the cut-off date fixed for coverage.
02. The operational guidelines are yet to be received from the AIC of India Ltd.,

03. Branches have to prepare the registers manually with the village-wise data in the case of Rice Crop and Mandal-wise data in the case of other crops.
04. Crop Loans advanced against pledge of gold ornaments, which are eligible for coverage, are to be segregated and premium is to be calculated manually and remitted to AIC OF India Ltd.
05. Nodal Points have to obtain the declarations along with the premium from all branches, consolidate and submit the error free declarations along with the premium to the AIC of India Ltd., on or before 31.08.2011, which is a difficult task.
06. The Nodal Points viz., Regional Offices has already submitted declarations upto June, 2010 to the AIC of India Ltd., under NAIS. They have, therefore to again prepare revised declarations and submit to AIC of India Ltd.,

In view of the above, the extension of cutoff dates upto 31.08.2011 and 30.09.2011 for coverage and submission of declarations along with the premium, respectively, may be considered.

Compulsory Coverage of Crop Insurance for Loanee farmers:

It is brought to the notice of SLBC that some of the bank branches are not adhering to the guidelines of Crop Insurance Scheme viz National Agriculture Insurance Scheme (NAIS), Modified National Agriculture Insurance Scheme (MNAIS) and Weather Based Crop Insurance Scheme (WBCIS).

1. When all the above schemes are compulsory for all loanee farmers in respect of insurable crops, some of the bank branches are not covering all the loans allowed.
2. There are delays in respect of submission of declarations to AIC of India by Nodal Offices in certain cases.
3. Many mistakes are being observed in filling up of declarations.

On many occasions SLBC has to make special requests to AIC of India to settle claims in such cases. Of late, it is being observed that some of farmers are approaching Banking Ombudsman to redress the grievances with regard to coverage of insurance and the Concerned Banks / Staff are being penalized.

All the Banks are requested to sensitize their branches in strictly adhering to guidelines of Crop Insurance Scheme.

Pavala Vaddi Scheme for crop Loans disbursed during 2011-12:

The Government of Andhra Pradesh is extending Pavala Vaddi scheme for the year 2011-12 and the cut of date for repayment of Kharif loan is 31.03.2012 and for Rabi is 30.06.2012.

The existing Interest Subvention Scheme of GOI for providing short term crop loans to farmers at 7 per cent interest is continued for the year 2011-12. In the last budget, GOI had provided an additional 2 per cent interest subvention to those farmers who repay their crop loans on time. The response to this scheme has been good. In order to provide further incentive to these farmers, GOI enhanced the additional subvention to 3 per cent in 2011-12. Thus, the effective rate of interest for farmers, who repay before stipulated due date, will be 4 per cent per annum.

As per the decision taken in the Steering Committee Meeting held on 23.06.2011 a subcommittee meeting was conducted on 24.06.2011 and the following modalities in implementation of Pavala Vaddi scheme was suggested to GoAP.

Operation of Pavala Vaddi Scheme of GoAP for farmers:

GoAP is implementing Pavala Vaddi Scheme for the farmers on the crop loans being allowed by Bank from 2008-09. On analysis of the operation of the scheme, the Banks are collecting eligible interest from the farmers and GoAP is reimbursing the difference of interest collected by Banks over and above Pavala Vaddi (3%) to farmers by way of cheques. The Department of Agriculture is collecting the claims from bank branches and aggregating at District level and on getting claim reimbursement, disbursing the amount to farmers. This procedure is felt very cumbersome and it is observed that claims pertaining to 2008-09 year also were not settled in full.

The members on discussing the above and on analysis of Gol incentive scheme to farmers @2.00% for prompt repayment, the following suggestions were given:

1. Due Date: The G.O. released under Pavala Vaddi scheme stipulated repayment of Khariff Loans by March end and Rabi Loans by June end, based on prevailed guidelines at that time. As per the RBI circular, the due date can be upto a maximum of one year from the date of disbursement and many banks are implementing the same at present. There is need to synchronize the due dates under Pavala Vaddi Scheme with that of due dates fixed by Banks.
2. Giving incentive to farmers on the lines of Gol Scheme: Banks are passing on the benefit of additional interest subvention to the farmer while repayment by adopting internal system (may vary from Bank to Bank) and claiming the interest from Gol annually, in respect of Gol scheme. To facilitate similar treatment to the farmer in respect of Pavala Vaddi Scheme, it was felt that GoAP may park estimated advance amount during December/January months, every year. This will enable the Banks to pass on the benefit of Pavala Vaddi, while repaying the loan by the farmer. It is understood that in Tamilnadu, this system is being followed.
3. Claim procedure: Banks are annually preparing the statement claiming the interest amount from Gol. The same format with 1 or 2 additional columns will be used for submission to GoAP. This will be submitted by State Level Controlling Office to Agriculture / Finance Departments of GoAP. Along with the statement, Bank will also submit Utilization Certificate for the amount used and balance available will be indicated.

Case for full waiver of interest: Over the last 4 years, the following is the position of interest to the farmers under crop loans.

Year	Interest charged to farmer by Bank	Interest Subvention to Bank	Incentive to farmer for prompt repayment	Ultimate ROI to farmer who repays promptly
2008-09	7.00%	2.00%	--	7.00%
2009-10	7.00%	2.00%	1.00%	6.00%
2010-11	7.00%	1.50%	2.00%	5.00%
*2011-12 (proposed)	7.00%	1.50%	3.00%	4.00%

* The guidelines for 2011-12 are yet to be received.

It is understood that the above proposal is under active consideration of GoAP.

Reschedulement of crop loans allowed during 2010 in flood / heavy rain affected areas in Andhra Pradesh - Progress:

It is observed that across the State of A.P. rainfall is improving and the farmers need money for their investment. Rescheduling of earlier crop loans in the flood/ heavy rain affected mandals and timely providing of further credit helped the farming community.

The following is the position of Reschedulement:

Total Eligible loans for reschedulement	Rs. 7756.52 Crores in 22,56,785 accounts
Of the above, repaid and/or renewed	Rs. 3696.78 Crores in 12,23,509 accounts
Beneficiaries unwilling for reschedulement	Rs. 612.03 Crores in 1,21,320 accounts
Net Eligible Loans for reschedulement	Rs. 3,447.71 Crores in 9,11,956 accounts
Position of reschedulement	Rs. 2,866.05 Crores in 6,13,633 accounts
Pending for reschedulement	Rs. 581.66 Crores in 2,98,323 accounts

Submission of interest waiver claims to GoAP in respect of beneficiaries in the natural calamity affected areas:

Agriculture Department, GoAP informed that Government has released Rs.352.00 crore on the claims received from banks. Lead Banks to contact their LDMs and ensure that all the claims are submitted by Banks. The LDMs are advised to follow up with the Agriculture Department and ensure that the amount is credited to the respective branches.

Press and Media Reports - Crop Holiday being declared by some farmers:

It is reported by the Press and Electronic Media that in Andhra Pradesh State Crop Holiday is being observed by some farmers in Allavaram, Uppaguptham, I Polavaram Katrenikona Mandals of East Godavari district.

At present in 90,000 Acers, cultivation is not taken up in East Godavari District. Declaration of Crop Holiday by farmers will reduce lending under crop loans and also may have adverse impact on recovery.

Waiver of Stamp Duty for Agricultural Loans:

At present stamp duty is exempted in respect of Small and Marginal Farmers up to Rs.3.00 lakh loan amount. Consequently some of the farmers who are in other category are showing reluctance to avail/ renewal/ enhancement loans above Rs.1.00 lakh, where creation of mortgage is required.

GoAP may consider the above and waive the stamp duty upto 3.00 lakhs in respect of all the categories of farmers.

06. 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 subject matter was discussed in many Steering Committee / SLBC of AP meetings and extended the cutoff date many times. 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
8. West Godavari

The Lead District Managers of Karimnagar, Krishna, Mahabubnagar, Nalgonda, Visakhapatnam, Khammam, East Godavari and West Godavari Districts may take suitable steps for completion of the task, immediately.

Financial Literacy and Credit Counseling Centers (FLCCCs)- Position in A.P.

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 "FLCCCs may be set up at all levels in 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 FLCCCs at different levels in a phased manner. However, to begin with, Lead Banks may take the initiative of setting FLCCCs 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 FLCCCs in all their Lead districts as per the Model Scheme of RBI.

At present Six FLCCCs are functioning in Andhra Pradesh. Andhra Bank opened four FLCCCs 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.

Reserve Bank of India constituted a committee to monitor functioning of “Financial Literacy and Credit Counselling Centres (FLCCs) in Andhra Pradesh and a meeting was held on 13th June, 2011, at RBI, Hyderabad and advised all Lead Banks to constitute FLCCs at their respective Lead Districts before 30.09.2011.

All the Lead Banks are advised to take steps for establishing FLCCs in their lead districts as per RBI guidelines before 30.09.2011.

Rural Self Employment Training Institutes / Rural Development & Self Employment Training Institutes in Andhra Pradesh & Andhra Pradesh Bankers Institute of Rural Entrepreneurship Development

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

Performance of RSETIs during the year 2011-12:

No.	District	Organisation	Sponsoring Banks	As on 30.06.2011	
				No. of Programmes	No. of Candidates
1	Anantapur	RUDSETI	SYNB / CNB	6	35
2	Prakasam	RUDSETI	SYNB / CNB	4	36
3	Chittoor	ABIRD /TPTY	Andhra Bank	1	10
4	East Godavari	ABIRD/ RJY	Andhra Bank	3	19
5	Guntur	ABIRD /GTR	Andhra Bank	16	336
6	Krishna	PMIRD	Andhra Bank	12	196
7	Nellore-Venkata	SIREN – VENKATA	Andhra Bank	4	101
8	Srikakulam	ABIRD	Andhra Bank	3	11
9	Srikakulam –Rajam	NIREN – RAJAM	Andhra Bank	1	15
10	West Godavari	ABIRD – ELR	Andhra Bank	23	267
11	Medak	SBRSETI	SBI	2	58
12	Mahaboobnagar	SBRSETI	SBI	4	14
13	Vijayanagaram	SBRSETI	SBI	3	0

14	Visakhapatnam	SBRSETI	SBI	3	0
15	Adilabad	RISET – UTNOOR	SBH	3	33
16	Khammam	RISET – KHM	SBH	3	0
17	Nalgonda	RISET – NLG	SBH	2	55
18	Nizamabad	RISET – NZB	SBH	3	0
19	Ranga Reddy	RISET	SBH	2	26
20	Warangal	RISET – HASAN	SBH	3	0
21	Karimnagar	RSET	SBH	3	0
22	Kadapa	SIRD / KADAPA	Syndicate Bank	4	31
23	Kurnool	SIRD / KUR	Syndicate Bank	2	52
24	Chittoor	INDSETI, CTR	Indian Bank	3	0
	Total			113	1295
APBIRED	Govt. of AP, NABARD, Andhra Bank, Canara Bank, Corporation Bank, IOB & SBH			5	54
Grand Total				118	1349

In the latest monthly review meeting on RSETIs conducted on 17.08.2011, the following issues were emanated.

1. All RSETIs functioning in the State are required to Sign MOU with concerned P.D., DRDA for conducting trainings with candidates sponsored by DRDA along with other infrastructure facilities
2. All RSETIs also advised to furnish the names and other details as per the data. DATA base sheet to the concerned PD, DRDA for claiming the training expenditure and providing suitable opportunities for establishing Self Employment units. (Copy of the format enclosed).
3. All RSETIs are to submit their advance training Calendar immediately to the EGMM office so that they can direct DRDA officials to sponsor Trainees as per the requirement.
4. Each RSETI should conduct more number of training programmes and train more number of candidates with a minimum of 750 candidates per Institute in the current year with more concentration on ONSITE TRAINING PROGRAMMES.
5. District / Area specific training needs / programmes should be identified and furnish to the EGMM office immediately.
6. List of Resource persons of each institute should be furnished to the EGMM office.

07. Financial Inclusion Plan (FIP)

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 3338 villages by the end of June, 2011 against the target of 6661 villages. 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 30.06.2011 is given below.

Bankwise Financial Inclusion Plan Achievement as on June, 2011.

Name of the Bank	No.of villages allotted	Cumulative achievement upto June2011	To be Achieved
Allahabad Bank	12	0	12
Andhra Bank	1060	670	390
APGB	546	81	465
APGVB	869	378	491
Bank of Baroda	48	33	15
Bank of India	33	33	0
Bank of Maharashtra	10	0	10
Canara Bank	129	52	77
Central Bank of India	101	24	77
CGGB	128	0	128
Corporation Bank	66	65	1
Dena bank	7	0	7
DGB	252	0	252
Indian Bank	262	204	58
Indian Overseas Bank	142	124	18
ING Vysya Bank	110	26	84
Karnataka Bank	5	0	5
Punjab National Bank	28	14	14
Sapthagiri Grameena Bank	169	2	167
South Indian Bank	1	1	0
State Bank of Hyderabad	703	600	103
State Bank of India	1381	649	732
Syndicate Bank	368	223	145
UCO Bank	20	0	20
UNION BANK OF INDIA	164	159	5
Vijaya Bank	47	0	47
Grand Total	6661	3338	3323

SLBC originally identified 6699 villages of above 2000 population, and the district wise villages list were sent to respective Lead District Managers to allot them to respective Banks in the Districts by the sub-Committee headed by District collector as Chairman, constituted for the purpose.

All the LDMs have distributed the villages in the respective Districts to the Banks concerned and the details were submitted to SLBC.

SLBC has collected details of villages allotted to respective Banks district wise and consolidated.

However, while furnishing the progress report for June, 2011, Banks have given data for 6661 villages; While the villages allotted by the Lead District Managers are 6699. Hence there is a difference of 38 villages.

Road map for providing banking Services in Villages with Population above 2000 under Financial Inclusion Plan (FIP):

S.No	District	Villages Allotted in the Beginning	Allotment as per June 2011 Progress Report (Submitted by Banks)	Variance
1	Adilabad	144	141	-3
2	Anantapur	387	392	5
3	Chittoor	411	435	24
4	Cuddapah	230	226	-4
5	East Godavari	429	439	10
6	Guntur	374	383	9
7	Karimnagar	436	433	-3
8	Khammam	252	249	-3
9	Krishna	302	307	5
10	Kurnool	394	320	-74
11	Mahabubnagar	431	437	6
12	Medak	262	274	12
13	Nalgonda	343	373	30
14	Nellore	226	214	-12
15	Nizamabad	222	221	-1
16	Prakasham	200	183	-17
17	Ranga Reddy	165	160	-5
18	Srikakulam	236	234	-2
19	Visakhapatnam	246	246	0
20	Vizianagaram	187	202	15
21	Warangal	488	455	-33
22	West Godavari I	334	337	3
	TOTAL	6699	6661	-38

This should be reconciled by the LDMs in consultations with respective banks.

Implementation in the villages with population below 2000:

IBA has advised all the Banks to take steps for covering villages with below 2000 population also simultaneously. They have also advised to allocate villages in the population range of >1000 and upto 2000 to Banks. Accordingly SLBC completed the exercise.

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 review and re-allocation of villages wherever required.

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

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

The district wise position of villages with population in between 0-500; 501-1000; 1001-2000 and above 2000 along with the Implementation up to June, 2011:

S.No.	District	Population Size as per 2001 Census				Total Villages	Out of Which >2000 FIP implemented
		<=500	>500 <=1000	>1000 <=2000	>2000		
1	Adilabad	522	450	382	232	1586	141
2	Anantapur	84	112	220	509	925	392
3	Chittoor	273	297	378	532	1480	435
4	Cuddapah	157	192	219	308	876	226
5	East Godavari	467	120	158	578	1323	439
6	Guntur	20	35	110	529	694	383
7	Karimnagar	81	124	290	552	1047	433
8	Khammam	353	206	214	328	1101	249
9	Krishna	77	135	268	468	948	307
10	Kurnool	55	110	252	467	884	320
11	Mahaboobnagar	143	252	531	551	1477	437

12	Medak	110	262	496	357	1225	274
13	Nalgonda	94	160	356	514	1124	373
14	Nellore	263	253	278	316	1110	214
15	Nizamabad	93	172	255	334	854	221
16	Prakasham	131	154	254	453	992	183
17	Ranga Reddy	117	214	271	258	860	160
18	Srikakulam	542	403	445	325	1715	234
19	Visakhapatnam	2189	303	299	317	3108	246
20	Vizianagaram	499	315	375	266	1455	202
21	Warangal	113	110	248	513	984	455
22	West Godavari	97	87	171	490	845	337
	Total	6480	4466	6470	9197	26613	6661

Financial Inclusion Plan Review meeting was held under the chairmanship of Deputy Governor Dr. K. C. Chakrabarty on 1st June, 2011.

The action points emanated from the discussions are mentioned here under.

- The review of coverage of villages indicate that the focus of banks has been towards opening of banking outlets in the villages having Population of more than 2000. Out of a total of 6 Lakh villages in the country, only about 1 lakh villages are with population of more than 2000. Thus while covering these villages; they should also make it a point to cover the surrounding villages having population of less than 2000. This is important from the point of view of getting business and making financial inclusion a part of the core business of banks.
- In the scenario of providing door step banking through BCs in remote villages, it is desirable to have an intermediary brick and mortar structure to support the BC operations. Hence focus, in future, should be more towards opening of Brick & Mortar branches between the present base branch & BC locations. It may be a low cost intermediate simple structure comprising minimum infrastructure like a CBS terminal linked to a pass book printer & a safe for cash retention for operating small customer transactions and supporting upto 8-10 BCs at a reasonable distance of 2-3 kms. This will lead to efficiency in cash management, documentation, redressal of customer grievances etc and better monitoring of BC operations.
- As mentioned earlier, financial Inclusion should not be treated as an obligation but a normal business function of the bank. Hence, mere opening of No Frill accounts by banks is not sufficient. Banks have to strive towards increasing the number of transactions in these accounts, especially in ICT based accounts by providing in built OD, entrepreneurial credit like KCC/GCC and a variable recurring deposit account etc.
- Banks need to formulate accounting system for booking transactions done through BC channel. As cash of customers with BC is banks cash, banks must ensure that it is reflected as cash in banks books and is reported accordingly. Care should also be taken to ensure that the BCs transaction account is separated from his account maintained with the bank as a customer.

- Banks need to encourage routing of EBT based payments under NREGA etc., through ICT based solutions with the support of state Governments. This will ensure direct credit to the beneficiaries account and eliminate unnecessary leakages in the process.
- There is no issue of overlap of villages between road map allotment by respective SLBCs and EBT allotment by State Governments. The objective of allotment of unbanked villages of population more than 2000 is to ensure provision of doorstep banking to all such villages by March 2012. It does not deny business opportunity to any other banks who would also like to operate in the same village. Further, no single bank may be in a position to provide EBT payments at door step and therefore it is important that through SLBC for a, banks should devise an arrangement that even if a single bank gets the EBT amount from District authorities, it should be possible to disburse this amount to the ultimate beneficiary through different banks by transferring it electronically to the different banks with whom customers accounts are maintained in various villages. Also the customer should have a choice of the bank with whom he wants to maintain the account and hence, EBT payments may be routed through the bank with whom customer wishes to maintain the account, thus one district –Multiple Bank approach may be desirable for EBT implementation. However ,for administrative convenience for district authorities, they may designate one bank as the leader bank at the district level who may get funds from District authorities, and in turn will arrange to transfer funds through interbank transfer to other banks in the district for credit to the ultimate beneficiaries accounts
- Banks need to expand their financial inclusion initiatives in urban and semi urban areas by targeting pockets of migrant workers and small vendors.
- Appointment of IT service providers for providing services under ICT based FI should be through a proper due diligence process. In case of end to end solution, there should be clear demarcation of the technology related activities and BC related activities. An effective monitoring mechanism needs to be put in place to monitor the quality of service provided, as also to ensure that ultimate BCs manning the customer service points are remunerated reasonably. If this is not ensured, they will not bring business to banks & this model will not be sustainable &scalable itself. Even technology service providers need to be paid in time by banks.
- Banks to ensure seamless integration of the Financial Inclusion Server with its internal CBS system i.e. there should be no manual intervention in the data flow from FI server to CBS server and vice versa.

Action Points:

- Banks itself being financial intermediaries should try and practice direct financing instead of having large exposure through indirect financing. This strategy will give an opportunity to banks for banks increasing revenue and at the same time banks will be well aware of the risks associated with their lending portfolio.
- Banks to work towards achieving full computerization of all its operations. This should include CBS of all its branches as well as of all branches of the sponsored RRBs.

- Banks to develop a system that will ensure that all regulatory and supervisory returns are system generated either through the CBs or through a MIS server within a period of 3 months. They need to send a confirmation to RBI in this regard.

Discussions of Secretary (FS) on Financial Inclusion with CEOs Public Sector Banks/ Financial Institutions held at New Delhi on 8th July, 2011:

Detailed review of the progress under Financial Inclusion Plan and the plan to cover the remaining habitations was held in the afternoon session by Secretary (Financial Services).

- During review of bank-wise progress on Financial Inclusion, it was emphasized that the PSBs will need to ensure that their sponsored RRBs achieve their targets.
- It was mentioned by some banks that private banks were not participating in the SLBC meetings, it was decided that the RBI may also advise the private Banks to be represented in these meeting at appropriate level. Chairman NABARD suggested that RRBs should submit their proposal for funding under FITF on a full scale and not in the nature of pilots.
- Secretary (FS) mentioned that Financial Inclusion programme would in a phased manner, cover all habitations in the country. In view of the proposed direct transfer of subsidies to the beneficiaries account, the strategy for financial inclusion would need to be modified and apart from covering the habitation in priority of their population, coverage of specific geographical areas and target beneficiaries would be required. It was emphasized that there was need for closer coordination between the Department of Financial services and UIDAI.
- It was informed that allocation of over 1.2 lakhs villages with population of over 1000 has been made to the banks in all states except in J&K, IBA was advised to finalise the work plan to cover these villages.
- It was highlighted that since the banks have already mobilized the BCs and the process of appointing agents was in place, it should be possible to cover the remaining villages in a much shorter period, particularly as many banks had already covered either all or most of the 2000+ villages and can start with the 1000+ villages. Additional secretary (FS) mentioned that the IBA should come up with a time frame within a month ,for covering villages having population of 1000 to 2000. It was also suggested that gram panchayats being the operational unit for most government programmes, the banks while allocating geographical area to the BCs/agents may consider assigning the responsibilities taking the area under a gram Panchayat as a unit.
- The need of ensuring transaction in the newly opened bank accounts was also emphasized. PSBs were asked to ensure availability of banking agents in their respective areas as per predetermined schedule.
- PSPs were also advised to consider engaging the common service centres set up under the programme of Department of IT as their agent, since dovetailing of activities would contribute to the viability of the BCs.
- Chairman, SBI suggested that some of the leading players like AIRTEL do not want to be associated as a BC and instead were looking to be partners in joint venture. It was decided that such modalities could be examined.

Review made by Principal Secretary, Finance (IF), GoAP:

The Sub – Committee on Financial Inclusion has met on 29.07.2011 under the Chairmanship of Principal Secretary, Finance (IF) Department, GoAP.

The following points which needs urgent attention of all the banks implementing Financial Inclusion Plan:

It is informed that reallocation of villages is still pending in some districts. All the references made to SLBC were promptly sent to LDMs for placing before District Level Sub Committees for making reallocation in consultation with banks. The pending issues, if any are to be immediately referred to SLBC by the concerned Banks to have a comprehensive view and if need be by calling for a special meeting of banks concerned, to resolve the issues.

It is also advised that all such pending references be sent before 03.08.2011 to SLBC.

It is also suggested that steps should be taken for completion of providing banking services in the villages with above 2000 population before 30.09.2011.

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 19th 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 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

All the Banks are advised to note the above and initiate necessary action on the Action points emerged in various meetings.

Aadhaar based Financial Inclusion:

The Government of India (GoI) has embarked upon an ambitious initiative to provide a Unique Identification, Aadhaar, to every resident of India and has constituted the Unique Identification Authority of India (UIDAI) for this purpose.

The timing of this initiative coincides with the increased focus of the GoI on social inclusion and development through massive investments in various social sector programs and transformation in public services delivery through e- Governance programs.

Aadhaar is Brand name associated with UID (Unique Identification), issued by – Unique Identification Authority of India (UIDAI).

Aadhaar has been envisioned as a means for residents to easily and effectively establish their identity, to any agency, anywhere in the country, without having to repeatedly produce identity documentation to agencies.

Aadhaar would thus ensure that residents across India – including the poorest and the most marginalized – can access the benefits and services that are meant for them.

Aadhaar would thus be critical to the government in achieving its goals of social justice and inclusion over the next decade.

The widespread implementation of the Aadhaar project provides a one of its kind opportunity for financial service providers to ride on the platform and reach the masses at minimal cost. As part of Aadhaar enrolment process, UIDAI will be collecting the resident's demographic and biometric information which can also be used for opening bank account for every resident.

RBI modified the KYC regulation to include Aadhaar authentication and / or documentation in the list of acceptable KYC.

In this context, UIDAI plans to partner with banks across the country to facilitate opening of bank accounts for the targeted group during the Aadhaar enrolment process.

All the Banks are requested to coordinate with UIDAI in the enrollment process.

Financial Inclusion Plan – Minority Communities:

The Government of India is focusing for upliftment of Minority Communities (Minority Communities includes not only Muslims but also Christians, Sikhs and Buddhists & Zoroastrians) and other weaker section through inclusive growth as well as Financial Inclusion. The Prime Ministers' New 15 Point Programme for the welfare of the minority communities envisages enhanced credit support for economic activities of the minorities through various agencies at National Level and State Level by providing bank credit for self employment generation.

The Prime Ministers' New 15 Point Programme specifically targets an "appropriate percentage" of Priority Sector Lending (PSL) in all categories for minorities. A target of 40% of Net Bank Credit to Priority Sector Lending includes agriculture loans, loans to small – scale industries and small business, retail trade, professional and self employment persons, educational loans, housing loans and micro-credit.

As per RBI master circular for the year 2009 – 10 an overall target of 15% of Priority Sector lending was set for the Minority Communities and it was advised to maintain the same percentage of lending for the financial year 2011-12, 2012-13 and 2013 - 14 also.

Banks were advised to open more number of branches in 121 identified Minority Community Districts (MCD) all over India. With regards to Andhra Pradesh state the MCD is Hyderabad District only and all banks have opened number of branches.

The State Level Bankers Committees are entrusted with the task of monitoring credit flow to minorities in all minority concentrated districts, cities and blocks across the country to ensure that these communities receive an equitable portion of credit within the overall target of Priority Sector. Accordingly SLBCs are preparing districts credit plans duly observing RBI norms.

In Andhra Pradesh state, the Priority Sector Lending to minorities increased from Rs.4,105 crores in 2007 – 08, to Rs.11,727 crores against the target of 14,776 crores in the year 2010 – 11. This is only 7.60% of total Priority Sector Lending of Rs.1,54,227 crores indicating a shortfall of almost 50% .

The Bank wise position of lending to Minority Communities is enclosed.

All the Banks are advised to concentrate on lending to Minority Communities and strive to achieve mandatory 15% of lending to minorities.

Implementation of Financial Inclusion Plan – Cash Management and Commission structure:

On the report of IBA working group on Management of Cash held by Business Correspondents - June 2011, the following are discussed.

Hon'ble Finance Minister in his opening remarks on launching of 'Swabhiman' said that the Business Correspondents (BC) – Bank Sathi are the face of the bank and therefore banks should be conscious of the reputational risk, which could arise if the wrong king of BCs are selected. BCs are organizations / persons who help the rural people open bank accounts, assist them in carrying out banking transactions and that is the reason, they are rightly called as 'Bank Sathies'. Bank has to hand over cash to the BCs

to enable them to carry out the banking transactions and in the process; they also keep some amount of banks' cash overnight.

IBA working group suggested four models Centralized Model, Quasi – Centralised Model, Decentralized Model and Dual Control Models. The cash advance to BCs process and the regulation of drawing power (DP) and insurance for cash in hand with the BCs / CSPs are also included in these models.

1. Centralised Model:

In this model the agency or corporate (Section25 Company) / `for profit' companies (as recently permitted by RBI) or a company registered with the Registrar of Companies or a Trust (hereinafter called Corporate BC) with whom the bank has entered in to a Memorandum of Agreement would be responsible for the cash management and they would disburse or collect cash from the individual Business Correspondents (BCs) or Customer Service Points (CSPs – touch points) depending upon the need and the time frame as agreed with the bank.

The arrangement of managing cash would be similar to the replenishment of cash to the outsourced agency from a single branch for replenishment of cash at the individual ATMs.

Detailed Methodology, Verification of cash held with CSPs is given in detailed in the report.

2. Quasi- Centralized Model:

In this model, the bank can decide to have a link branch where the Corporate BC can draw the cash required by all the CSPs. However, the CSPs should maintain a settlement account with the base branch of the bank to which they are attached.

The other details, methodology is given in the report.

3. Decentralized Model:

This model is suitable where individual BCs are appointed by the bank / branch. Bank has to come out with a Board mandated policy for appointment of individual BCs by the branches. Branches will appoint the individual BC from that village / area complying with the Board mandated policy of the bank.

In this model branch has to regularly assess the cash holding limit of the individual BC and also monitor the cash held by BC periodically.

The other details along with methodology are in given in the report.

4. Dual Control Model:

A Dual Control Model which is a hybrid model combining both the centralized as well as decentralized model.

The model works details are given in the report.

*The full report is enclosed. Banks at liberty to adopt / follow any one of the above models depending upon the technology platform they use, scale of their operations and skill set of the employees and BCs.

Points for Discussion:

Banks may deliberate on this.

Financial Inclusion through the A.P. Smart Card Project – a note by GoAP:

The Government of Andhra Pradesh is spreading the financial inclusion to the poorest of the poor in the State by implementing the A.P. Smart Card Project with the partner banks. The Smart Card Project has also created an excellent electronic platform for the delivery of banking services to even the most far flung village of the State.

The Andhra Pradesh Smart Card Project has been started by the Rural Development Department, Govt. of AP., with an ultimate objective of having banking outpost, branch less banking infrastructure, in every Gram Panchayat to increase the outreach of financial services to the poorest of the poor at affordable cost by using technology based solutions. To begin with Social Security Pensions and MGNREGS payments are targeted under this.

Out of the 22767 GPs in the state enrollments have been completed in 22087 GPs, payments have commenced in 16424 GPs and an amount of Rs.3154 crores has been disbursed. Very soon all the GPs in the state will be covered under Smart Card project. As the project is being implemented by both public sector and private sector banks the cash management is becoming difficult where the amount is being delivered through the Mandal Coordinators and the particular Smart Card bank is having low network of branches in the particular area.

Effective cash management is the key aspect for the successful implementation of the Smart Card Project and cash movement from the disbursing branches to the Customer Service Providers (CSPs) by the medium of the Mandal Coordinators appointed by the Business Correspondents has been identified as a significant bottleneck and a possible security hazard.

This weakness can be obviated if the banks mandate the CSPs to open bank accounts in the nearest available CBS bank and channelise the funds for payments to be made through this account. This will significantly reducing the turnaround time and also substantially mitigate risk.

Permission for the Business Correspondent to work beyond 30 KM for disbursing Agricultural Credit to farmers in the A.P. State for Crop Production:

Principal Secretary to Government of Andhra Pradesh communicated that Union Bank of India, A.P.R.O. has been facing impediments in the sanction of Top-up loans to the members of the Primary Agricultural Co-operative Societies, especially since number of PACS are falling beyond the stipulated distance of 30 kms set by RBI, from the financing bank branches, under the Business Correspondence model.

In Andhra Pradesh state the villages in the population range of >2000 and >1000 upto 2000 were already allocated to Banks for providing banking services. The process of allocation of below 1000 population villages is also underway. All the banks have started implementation of the scheme and scheduled to be completed by March, 2012.

As per RBI/ 2010-11 /217 DBOD.No.BL.BC.43/ 22.01.009/ 2010 -11 Programme. 28.09.2010 - point no. 8. Distance Criteria:

With a view to ensuring adequate supervision over operation and activities of the retail outlet / sub-agent of BCs by banks, every retail outlet / sub- agent of BC is required to be attached to and be under the oversight of a specific bank branch designated as the base branch. The distance between the place of business of a retail outlet / sub – agent of BC and the base branch should ordinarily not exceed 30 kms in rural, semi- urban and urban area and 5 kms in metropolitan centers. In case there is a need to relax the distance criterion, the District Consultative Committee (DCC)/ State Level Bankers Committee (SLBC) could consider and approve relaxation on merits in respect of under-banked area etc.

In the present instance, there is no case for relaxation of distance norm as already almost all the villages in the state are allocated/being allocated to one Bank or other. UBI may refer individual cases on case to case basis instead of seeking for blanket relaxation.

Operational Guidelines on implementation of Electronic Benefit Transfer (EBT) and its convergence with Financial Inclusion Plan (FIP) – Reserve Bank of India, Mumbai

Reserve Bank of India, Mumbai vide letter no. RPCD. CO. BC. FID. No. 16 / 12.01.019 / 2011-12 dated 12.08.2011 furnished the "Operational guidelines on implementation of Electronic Benefit Transfer and its convergence with Financial Inclusion Plan". The guidelines are indicated to Banks with an expectation that they would give a fillip to financial inclusion efforts and lead to a scalable and sustainable financial inclusion model.

RBI's operational guidelines covered the following aspects –

- A. Financial Inclusion
- B. Electronic Benefit Transfer (EBT) Scheme using the "One District – One Bank Model
- C. Need for convergence of EBT and FIP
- D. Way forward for EBT implementation
- E. 'One District-Many Banks-One Leader Bank' model - Workflow

The salient features indicated in the above aspects are furnished hereunder:

A) Financial inclusion:

1. RBI has advocated a 'Bank-led' model for ensuring Financial inclusion to provide low cost, efficient, ICT based banking services using multiple delivery channels so as to cover all the villages of the country progressively.
2. RBI has encouraged Governments to disburse social security pensions through banking channels leveraging EBT for financial intermediation. The payment of commission by the State Governments for EBT transactions makes the model economically viable and also helps banks to extend their penetration to remote villages. It also provides banks with a business opportunity of linking credit products to the payments

3. Based on Dr R B Burman Committee recommendations, set up by RBI to design an appropriate framework for EBT implementation by State/Central Governments, some State Governments implemented on a pilot basis "One district - One Bank EBT model" in select districts.

B) One district - One Bank EBT model:

The following difficulties were expressed by the stake holders in scaling up the model in implementation of "One district - One Bank EBT model" –

1. No designated bank is having adequate branch/ BC network to reach the entire district.
2. The designated EBT Bank is not able to provide all other financial services like deposits, OD, remittance and GCC/KCC to the EBT customers as well as non-government beneficiaries.
3. The designated Bank is deploying the B.Cs in villages only for a few notified days for disbursing the benefit amount in cash.
4. The designated EBT bank is also not able to provide banking services to non-Government beneficiaries due to the reason that SLBCs have adopted service area approach for allotment of un-banked villages to banks, which resulted in overlap of villages. Though there is no bar at this stage for such overlap, RBI foresees viability issues going forward. That is inefficiencies and unaffordable wasteful expenditure.
5. The EBT beneficiaries are opening more than one account/smart cards in order to access the services from different banks.
6. The one bank - one district model thus take away freedom from public to bank with the Bank of their choice keeping in view better service, etc.
7. Since whole range of banking services are absent at BC locations, the outlets would become un-viable.

C) Need for convergence of EBT and FIP :

1. In the One District – One Bank model, it is very difficult for a single Bank to extend all types of banking services to all the residents of a district. The services of BCs are under utilized if restricted only to EBT disbursements alone.
2. Since Banks have invested in creating BC infrastructure for making EBT payments, the same can provide banking facilities to non beneficiaries in those villages without any additional cost.
3. The intention of Govt/RBI to allocate the un-banked villages having population above 2000 amongst various banks is to ensure that these villages are provided with atleast one banking outlet for extending the minimum required banking facilities envisaged. This does not deny the opportunity for any other bank to operate in these areas and extend banking services based on the available business potential. For the Financial Inclusion Model to be a success it is necessary that there is a convergence between the EBT and FIP Models.

D) Way forward for EBT implementation:

1. RBI advocates **one district – many banks – one leader bank model** for EBT implementation henceforth. All the banks present in the district participate in the EBT while the State

- Government deals only with one leader bank, which will be decided by the State Government in consultation with the RO/RBI and the SLBC.
2. The leader bank receives the funds from the Government and transfers the same to other banks for credit to the accounts of the beneficiaries on a commission basis. The participating banks shall decide the revenue sharing model.
 3. There is no prohibition on adoption of one district – one bank model approach where the model exists and is working provided one bank is in a position to provide whole range of minimum banking services. All the operational glitches will have to be resolved mutually by the State Government and the concerned bank.
 4. In such case the EBT implementing bank shall have to follow the regulatory stipulation with regard to the distant criteria. i.e. location of BC outlets in villages within 30 kms from the base branch. The FIP implementing bank's responsibility is secondary in the allotted villages of such districts till they obtain the EBT mandate.
 5. State Governments should not stipulate any condition that prevents EBT accounts from being used for other banking transactions. In fact the EBT accounts should provide whole range of permissible banking services since EBT is a part of overall FIP.
 6. In future whenever, State Governments plans to implement EBT scheme through banks, the details of the scheme should be first discussed in the SLBC.
 7. As EBT accounts are regular no frills Savings Bank accounts, they will be subject to regulatory guidelines. State Governments should not insist for keeping the accounts dormant when there are no transactions in the accounts for 2-3 months. Similarly, the amount cannot be returned to State Government. The concern of the State Government can be addressed by providing an MIS/ exception report on such accounts.
 8. **Procedure advocated for State Government – Banks for EBT implementation :**
 - State Government shall designate a Nodal Dept for each of the social benefit scheme.
 - The provisions of MOU signed between Government agency and the banks should be consistent with the extant guidelines and notifications of RBI.
 - The Nodal Department shall provide the list of beneficiaries for the district to be enrolled along with demographic details to the bank. Banks shall arrange for enrolment and creation of bank account of the beneficiary.
 - The Nodal Department shall maintain a savings account in its name with the leader bank. The department's account in the bank will be credited with a consolidated amount by the Treasury Bank of the State Government.
 - The department will send instructions to the leader bank each month containing with the updated list of beneficiaries in electronic form. The bank will then debit the savings bank account of the Nodal Department and arrange for crediting the accounts of beneficiaries.
 - The Management Information System as required by the State Governments will be strengthened automatically as payment information will flow electronically and seamlessly from end to end so that a data base is created for generating various types of reports.

9. Banks have to plan for requisite infrastructure in villages having population less than 2000 to cover all the EBT beneficiaries as part of the full financial inclusion.
10. SLBC should immediately prepare plan of action to cover all un-banked villages including having population of less than 1000. These villages should be allotted to banks on the basis of geographical proximity.
11. In those States/Districts where the EBT scheme is yet to be implemented, Banks to utilize the opportunity to put in place requisite infrastructure to cover all the unbanked villages irrespective of the population criteria.

RBI visualizes that once banking services are extended to all villages under the FIP, convergence between the EBT Scheme and FIP would be automatically realized. Once FIP is fully implemented covering all the un-banked villages and a UID number is issued to all the villagers, a 'model' will emerge where the customer will have the option to transact with the bank of their choice in any village by using UID enabled Micro ATMs. This will make customers, less vulnerable to local power structures, and lower the risk of being exploited by BCs. Customers will be able to transact electronically with each other as well as with individuals and firms outside the village. This will reduce their dependence on cash, and lower costs for transactions. As banking is a public good, this is essential in the interest of public policy.

E) 'One District-Many Banks-One Leader Bank' model- Work flow:

1. State Government to select a Leader bank for EBT implementation in respect of a particular district and designate a Nodal Department for coordination at district level.
2. State Government to sign MOU with the Leader bank in respect of a particular district
3. Leader bank to make arrangements with other participating banks in the district, on revenue sharing contract
4. Nodal Department to give list of all beneficiaries to the Leader bank
5. Leader bank to distribute the list of beneficiaries among all participating banks
6. Participating banks to appoint to select the technology provider and deploy BC/CSPs in all villages
7. BC/CSPs to enroll all beneficiaries, participating banks to open accounts and issue Smart cards
8. Nodal Department to open a savings bank account with the Leader Bank
9. Nodal Department to provide files electronically containing details of beneficiaries each month and arrange for crediting the required amount into the Saving bank A/c with leader bank.
10. Leader bank to arrange for crediting the amount electronically to other participating banks
11. Participating banks to credit the beneficiary accounts on the same day and send confirmation to the Leader bank
12. Leader bank will confirm credit to the Nodal Department
13. The funds are now at the disposal of beneficiaries for use as per their requirements.
14. MIS reports to be provided by participating banks to Leader bank and leader bank in turn to submit reports to the Nodal Department.

15. Reconciliation with the Nodal Department to be done by the leader bank preferably on daily basis, but at least on weekly basis.

16. Developments in the implementation of EBT to be mailed to DCC/BLBC level every month by the leader bank. Any policy or structural issues in the implementation to be discussed at SLBC level.

The implications of the operational guidelines as advocated by RBI on implementation of EBT scheme through smart card project in A.P. State are furnished hereunder.

The directives of the RBI on "Operational guidelines on implementation of Electronic Benefit Transfer and its convergence with Financial Inclusion Plan" highlights role play that is required to be played on the on the part of SLBC. SLBC, A.P may be requested to convene a meeting to discuss with member Banks on the above guidelines.

To study the position in Andhra Pradesh State and to give its views to SLBC for consideration, the existing sub – committee of the following members may study the related issues.

1. Principal Secretary (Finance – IF) GoAP
2. Secretary (Rural Development – EBT) GoAP
3. Representatives of five lead banks – Andhra Bank, SBI, SBH, Syndicate Bank and Indian Bank
4. Chairman, Deccan Grameena Bank.

The Sub Committee may submit its views before 15.09.2011 to SLBC.

Engaging Common Service Centres (CSCs) as Business Correspondents.

Ministry of Finance, Dept of Financial Services, Government of India, vide letter no. F. No. 20/35/2010-FI dated 12.08.2011 addressed to CMDs of PSBs sought comments from all Banks on the Government's draft circular on engaging the Common Service Centres (CSCs) as Business Correspondents. The gist of the circular contents are as follows –

1. The Common Service Centre Scheme of the Ministry of Communications and Information Technology is being implemented under the National e-Governance Plan with the objective of providing front end delivery for various Government to Citizens (G2C) services.
2. About 1.00 lakh CSCs are currently established in the country, which are delivering various services to citizens.
3. In the meeting of Secretary, Financial Services on 05.08.2011 a decision has been taken that in places where the CSCs are in operation, banks should mandatorily engage such CSCs as BCs in their respective areas for convergence of the FIP so as to reduce the cost of transactions.
4. These CSCs are operated through Service Centre Agency (SCA) which is given the rights and obligations to open CSCs in defined areas. If required banks can enter into agreement with SCA directly
5. Where banks have entered into agreements for appointment of BCs/agents other than CSCs, for such places the BCs should co-exist with CSCs so as to ensure an additional level of service to account holders.

The following action plan is suggested:

- SLBC, A.P. has circulated the list of CSCs operating in A.P. to all Banks and requested the members to utilize their services in FIP implementation as suggested by the Ministry of Finance, Govt of India.
- Majority of Banks are going in for 'end to end' contracts with their service providers for FIP implementation. This includes besides the technical and technological support, the associated BC services are also rendered by the vendors.
- In such cases, the field B.Cs in the villages are usually identified by the service provider and a list of 3 prospective candidates are sent to the Branch Manager concerned for scrutiny and consent. After their due diligence, the Branch Manager is giving consent for a candidate to be appointed as BC/CSP for that particular village.
- In the light of present instructions received from the Government, Banks may indicate the list of CSCs operating in the respective places to their service provider for exploring the possibility of utilizing the CSCs as BCs for FIP implementation.

08. Housing Loans:

Outstanding amount as on 30.06.2011 is Rs. 24,759.36 Crores.

Bank-wise position of Housing Loans as on 30.06.11 are given in Annexure VIII.

Interest Subvention Scheme – 1% on the Housing Loans (RBI/2010-11/481 Programme. 21.04.2011):

In the Union Budget of 2011 – 12 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.

Implementation of Interest Subsidy for Housing Urban Poor ISHUP and INDIRAMMA Bridge Loan scheme and other issues:

Andhra Pradesh State Housing Corporation Ltd. (APSHCL), has conducted a meeting, wherein the following issues were discussed.

1. Implementation of ISHUP
2. INDIRAMMA Bridge Loans
3. Implementation of G.O.Ms.No.42

Interest Subsidy Scheme for Housing Urban Poor(ISHUP):

1. There is considerable gap between applications sponsored to Banks and proposals sanctioned; Proposals sanctioned and loans disbursed; Loans disbursed and interest subsidy claimed. All the Banks are advised to reconcile the position with their branches and take steps for speedy implementation and claiming of interest subsidy. It was advised that by 15/08/2011 all the loans sanctioned are to be disbursed and interest subsidy is to be claimed.
2. It is clarified that loans under ISHUP can be routed through Urban-SHG's and that RRBs can participate in implementation of the Scheme.
3. It is pointed out that there is lack of awareness among Bank branches on the guidelines of ISHUP scheme and banks should take steps to sensitize their Branch Managers.
To overcome this ---
 - a) Lead District Managers are advised to place the item for review in all DCC/ DLRC and JMLBC meetings.
 - b) Banks to nominate 'Nodal Officer' at district level for monitoring.
4. Under ISHUP Scheme, there is scope for reimbursement of facilitation fees to Banks enabling them to appoint Pre-scrutinizers. For the purpose specific agreement is required between the Bank and appointed agency. It was informed that the fees may be fixed at Rs.400/- by Government of India and the amount is to be claimed from NHB/ HUDCO along with interest subsidy. The details are awaited.

Indiramma Bridge Loans:

1. As per the resolution adopted in the 18th Steering Committee Meeting of SLBC of A.P. for 2009-10 held on 21-01-2010, the Indiramma Bridge Loans are to be rescheduled for 84 months as short repayment schedule of only 36 months was fixed for these loans. It is informed in the meeting that only a few banks have completed the exercise. All the Banks are advised to review the position of their branches and take steps for reschedulement.
Banks were advised that Instructions are to be reiterated to the branches and the process may be completed by 31-08-2011.
2. As housing bridge loan will not generate any income as such, topping up of these loans with income generating activity loan will help the member to generate income and improve the repayment capacity.

Implementation of GO Ms.No.42:

1. All the Banks were advised to execute the MOU at the earliest since the scheme is already under operation from 01-04-2011. It was clarified that earlier minor changes in the format of MOU can be made, if the changes are not affecting the basic tenets of the MOU.
2. In cases where some of the borrowers have already repaid certain amounts before the scheme came into operation, it was advised that banks may specify number of such cases with amounts repaid to enable APSHCL to take up with Government.

Andhra Pradesh State Housing Corporation Limited communicated that the Govt. issued orders to cancel the houses / flats constructed under the schemes of RGK, VAMBAY and UPH which are not occupied / let out / selection of new beneficiaries and to re-allot the houses / flats to the eligible new beneficiaries as per the GO No. Rt.No.185 Programme 27.07.2011 and the procedure / guidelines in this regard.

1. a. The list of unoccupied allottees (beneficiaries) and allottees who have let the flat for rent to others, duly indicating the outstanding amount to be paid by the allottee to the banks, will be displayed at the housing colony and the public offices (i.e Municipal Office, Tahsildar Office and Housing Office) giving 15 days time to the allottee to occupy the house / flat and to clear the loan amount due to the Bank.
b. A press note will be issued informing about the publication of list of unoccupied allottees, who have let the houses / flat for rent and given 15 days time to occupy the houses / flats.
c. Simultaneously, through the same press note, applications may be called for allocation of houses / flats from the eligible beneficiaries / aspirants, who agree for allotment of flats and obtaining required loan from banks duly satisfying bank norms.
2. a. Individual notices be given to each allottee who have not occupied the house / flat and who have let the flat for rent, to occupy the flat allotted to them with 15 days along with payment of all outstanding dues of banks.
b. Individual notices from the Banks side also will be given to the above beneficiaries to occupy the flat within 15 days of the notice and for payment of outstanding dues to the Banks.

- A) After completion of 15 days period, a committee comprising of PD(H), RDO, Municipal Commissioner and the Bank Manager have to verify the replies received and the cases where replies are not received and to come out with clear list of beneficiaries whose allotments are to be cancelled as they have not occupied houses / flats or let out the houses / flats or rent or others or have not paid the due amounts to the banks. As per the recommendations of the committee, orders will be issued by the District Collector for cancellation of allotment of houses / flats and the Banker will be informed to take action for cancellation from their side.
- B) A joint survey may be conducted by the teams of Revenue, Housing and Municipal Officials, formed by the District Collector to verify the entire list of applications received with regard to their eligibility from the fresh applications received for allotment. All the norms of eligibility of families should be strictly followed. No family who has already been allotted house / flat earlier under any other scheme should be considered for allotment of houses / flats under this scheme.
5. The committee of PD(H), RDO, Municipal Commissioner and the Bank Manager shall finalise the selection of new beneficiaries after verifying the eligibility and the report of the multi disciplinary team consisting of officials from Revenue. Housing and Municipal Department as mentioned at point (4) above. The list will be sent to the concerned Bank Branch Manager who will also verify the eligibility as per bank norms. The final list of eligible beneficiaries will be sanctioned by the District Collector.
6. The original allottee will forgo his share of Beneficiary contribution paid by him.
- II. Norms to be followed while re-allotting the flats to the new allottees:-
- a. Houses / Flats will be allotted on payment of entire amount outstanding i.e., which is due to be paid by the earlier defaulting beneficiary in such installment, as decided by the Committee comprising of PD(H), RDO, Municipal Commissioner and the Bank manager and agreed by the beneficiary.
- b. If the beneficiary / fresh allottee desires to approach for the loan from different bank, it is the individual responsibility of the new allottee to settle the dues and to obtain the consent of the bank who have originally financed the construction of house / flat and to satisfy the conditions of the new bank.
- c. The release of loan and repayment of loan installment will be at the sole discretion of the bank as per the mutual understanding between the banker and new allottee.
- d. The Committee will review the progress on weekly basis to ensure the process of re-allotment of houses is completed as per the sanction orders of the District Collector.
- All the Banks are advised to note the above and advise their branches to be in touch with Housing Corporation Officials at District Level.

09. Educational Loans

Outstanding amount as on 30.06.2011 is Rs. 5544.45 Crores.

Bank-wise position of Educational Loans as on 30.06.11 are given in Annexure IX.

Governments of Andhra Pradesh Finance (IF) Department vide Ir. no. 54/1852/Fin/IF/2010 dated 18.10.2010 communicated that `Tahsildar' is designated as the competent authority for issuing Income Certificate under the scheme in respect of new Central Scheme introduced to provide full interest subsidy on loans taken by the students belonging to Economically Weaker Section (EWS) from the Scheduled Banks, under the Education Loans Schemes of Central Government

At the instance of SLBC, the Revenue Dept. GoAP for issuing necessary instructions to the District Collectors for designating the Tahsildars as Competent Authority for issuing Income Certificate in respect of new Central Schemes introduced to provide full interest subsidy on loans taken by the students belonging to Economically Weaker Sections (EWS) from the Scheduled Banks, under the Educational Loan Schemes of Central Government.

Under the above scheme, all the District Collectors in the State are requested to communicate immediate instructions to the Tahasildars under their Control for issuing Income Certificate to the students belonging to Economically Weaker Section (EWS) studying Technical / Professional courses, applied for the purpose, so as to enable them to get interest subsidy on Educational Loan taken from scheduled banks under central schemes as per rules.

10. Micro, Small and Medium Enterprises (MSME):

Outstanding MSME advances as on 30.06.2011:

Sector	Amount
Micro Enterprises:	Rs.11,718.86 Crores
Small Enterprises:	Rs.19,258.15 Crores
Medium Enterprises	Rs.11,309.23 Crores
Total MSME	Rs.42,286.24 Crores

Bank-wise position of MSME advances as on 30.06.11 are given in Annexure X.

Viability Studies of sick units by banks – Report to RBI:

Since the percentage of potentially viable sick units to the total sick units is very low in our state, RBI urged the banks to conduct viability studies on a regular basis and submit the progress report to RBI.

Dr. K.C. Chakrabarthy Committee Recommendations – Implementation by Banks:

The recommendations are that all the Banks to undertake a review and put in place the following policies for the MSE sector, duly approved by the Board.

- 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.

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

As per the K.C. Chakrabarthy Committee Recommendations, the model cost of the project for different sizes 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 be associated in the process.

The matter was highlighted in SLBC and Steering Committee Meetings. The matter was discussed in the empowered committee meetings organised by the 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 need to be updated.

SLBC has written several letters to LDMs to take immediate steps to constitute a committee at the district level and ensure that the Model Projects prepared cost effective, by the involving of KVIC/ KVIB. The group may discuss about the progress made in this and suggest the strategies to be adopted.

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 under 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 14th place when compared with other states lagging far behind among the Southern States.

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

During the current year, SLBC adopted a target of achieving a minimum of 15,000 units (twice the achievement during 2010-11) and the same is distributed among the banks as following.

Annual Credit Plan 2011-2012: **Bank-wise targets for CGTMSE:** (Target-units)

S.No.	Name of the Bank	CGTMSE
1	Allahabad Bank	54
2	Andhra Bank	2262
3	Bank of Baroda	179
4	Bank of India	101
5	Bank of Maharashtra	79
6	Canara Bank	358
7	Central Bank of India	187
8	Corporation Bank	129
9	Dena Bank	34
10	Indian Bank	259
11	Indian Overseas Bank	618
12	Oriental Bank of Commerce	96
13	Punjab National Bank	196
14	Punjab & Sind Bank	1
15	Syndicate Bank	446
16	UCO Bank	439
17	Union Bank of India	343
18	United Bank of India	11
19	Vijaya Bank	79

Nationalised Banks Total		5872
20	State Bank of B& J	1
21	State Bank of Hyderabad	1490
22	State Bank of India	2945
23	State Bank of Mysore	34
24	State Bank of Patiala	2
25	State Bank of Travancore	23
State Bank Group Total		4495

S.No.	Name of the Bank	CGTMSE Target-units
26	Axis Bank	148
27	Catholic Syrian Bank Ltd	2
28	City Union Bank Ltd	92
29	Coastal Local Area Bank Ltd	1
30	Development Credit Bank	27
31	Dhana Lakshmi Bank	10
32	Federal Bank Ltd	34
33	HDFC Bank Ltd	121
34	ICICI Bank Corporation	219
35	IDBI Bank Limited	101
36	Indus Ind Bank	56
37	ING Vysya Bank Ltd	298
38	Jammu & Kashmir Bank	0
39	Karnataka Bank Ltd	97
40	Karur Vysya Bank Ltd	114
41	Krishna Bhima Samruddhi LAB	27
42	Lakshmi Vilas Bank Ltd	74
43	South Indian Bank Ltd	17
44	Tamilnadu Mercantile Bank Ltd	91
45	Other Private Banks	102
Private Sector Banks Total		1629
Commercial Banks Total		11996
46	A.P.State Co-op Bank	170
47	Other Co-op Banks	28
Co-operative Banks Total		198
48	APGB	110
49	APGVB	377
50	CGGB	6
51	DGB	164

52	SGB	46
Regional Rural Banks Total		703
53	A.P.S.F.C	2104
54	Others	0
Others Total		2104
Grand Total		15000

Progress made by banks for the last three years under CGTMSE:

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
05	*As on 20.08.2011	3015	186.10

(*Target for the year – 15000 units minimum)

Bank-wise CGTMSE approvals from 01.04.11 to 20.08.11 are given in Annexure XI.

Central Registry of Securitisation Asset Reconstruction and Security Interest of India(CERSAI)

The efforts of the Union Government to clamp down on home loan frauds, involving multiple lending against the same property are finally yielding good results. .

As many as 166 lending institutions are now placing their mortgage – related information before the recently set up central registry.

CERSAI PORTAL: In the last three months, 166 institutions – including commercial, cooperative and regional rural banks and housing finance companies – have cumulatively posted particulars relating to 1,00,021 properties on the portal of CERSAI or the Central Registry of Securitisation Asset Reconstruction and Security Interest of India. CERSAI which has become operational from 31st March, 2011, is a non-for-Profit Company, in which the Central Government holds 51% stake. The balance stake is with National Housing Bank (NHB), State Bank of India, Punjab National Bank, Bank of Baroda and seven other major public sector banks.

It is a shared platform for all lending institutions to file information on the properties against which they have sanctioned loans – was originally mooted in the Finance Minister, 2011 – 12 Union Budget.

Banks and other lending institutions would be able to use the information recorded with the CERSAI to ensure that they do not advance loans against already mortgaged properties.

The current information being placed on CERSAI's portal, relates only to home loans sanction after 31st March, 2011.

For filing data on loans sanctioned prior to March, 31st 2011, amendment to SARFESI (Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest) Act 2002 is required.

The SARFAESI Act does not provide for mandatory registration of home mortgage transactions undertake. Daily 4,000 property loan – related transactions are recorded, electronically with CERSAI.

At present only immovable properties are registered and in future there is a scope for movable properties, cars and other vehicles also.

Group may discuss on the above subject.

Prime Ministers Employment Generation (PMEGP):

KVIC conducted a review meeting on implementation of PMEGP in Andhra Pradesh on 17.06.2011. The following issues pertaining to Banks have come up for discussion among other things.

From the progress over the last three years, it was observed in the meeting that—

- Banks are not encouraging covering of the loans under CGTMSE and this is causing undue hardship to the selected candidates.
- Further, it was also observed that despite surpassing the allocated target under the scheme, the Social targets (SC/ST/Minorities/Ex-Service men, etc.) are not being achieved.

To overcome the above deficiencies, the banks are advised to adopt the following strategy:

- At the time of selection of the candidates under PMEGP, preference may be given to RSETI trained candidates, if the candidates are eligible otherwise.
- Take the assistance of SC Corporation/ ST Corporation/ Sainik Welfare Board/ Minorities Corporation, etc. for selecting suitable candidates under the Scheme as these Corporations are regularly dealing with the potential beneficiaries.
- Banks need to educate the entrepreneurs and the PMEGP proposals should not be rejected with frivolous reasons.
- All the proposals belongs to SC / ST Entrepreneurs should be rejected at the Controlling office level, but not at the branch level.
- The rejected applications under PMEGP during 2010 – 11 may be analyzed at bank level to serve as guiding factor for the current year.

SC Corporation / ST Corporation / Sainik Welfare Board/ Minorities Corporation are requested to

- Conduct awareness camps, to inculcate awareness among these target groups about the PMEGP schemes and guidelines.
- Ensure that the candidate applying under PMEGP are serious entrepreneurs seeking self employment.
- May explore the possibility of bearing the cost of the premium under the CGTMSE for the candidates who are covered under the scheme.

Pending applications PMEGP:

As per the information given by KVIC ON 17th August 2011, 3478 applications are pending with various bank branches and SLBC sent the list to all controlling authorities of Banks by e-mail for taking immediate steps to clearing the pendency.

On several occasions, all the banks were advised to ensure that the applications received at the branches are to be scrutinized at the earliest and for any reason, the application is not considered for sanction, it has to be communicated to concerned agency (KVIC /KVIB / DIC).

All the LDMs are advised to review the position of implementation of PMEGP in all the DCC / DLRC / JMLBC meetings.

Classification and Reporting of Loans Outstanding under MSME:

It was observed by Reserve Bank of India that – “The data is consolidated and processed before porting to the RBI, central office. Besides the above, customized data / information are also called for wherever required for special occasions / meetings. RBI also relies on SLBC for collecting data and reporting for special needs. Systems and procedures are already in place for submission of statements. Of late, it is observed that the statements to the RBI are not being submitted in time and when followed up, man power constraints are cited as the reason for the delay. Specially, in respect of number of sick units undertaken for viability study, RBI, CO requires the data immediately after close of the month. Monthly update of the information needs to be submitted to RBI within three days from the close of the month”.

Reserve Bank of India specified that there will be no separate category of Retail Trade under priority sector. Loans shown under the Retail Trade under priority sector henceforth are required to be shown as part of the Small (Service) Enterprises. These will include small road & water transport operators, small business, retail trade, professional & self employed persons and all other service enterprises.

Points for Discussion: The forum may discuss the ways and means to submit correct classification while reporting.

Sick – Viable Units and their rehabilitations - Recommendations of the Working group on rehabilitation of Sick MSEs (K.C. Chakrabarthy Committee):

“Andhra Pradesh Small Scale Sick Industries Revival and Rehabilitation Scheme – 2006 [APSSSIRRS]” released GO Ms. No. 203, Industries and Commerce [SPIU] Department dated 20.07.2006 for revival and rehabilitation of sick units. The progress in the usage of the rehabilitation of package was dismal and it is desired that there is a need for structural changes. Most of the cases identified as sick either by APSFC or by Commercial banks are reported to be beyond revival. There is a need to identify the units in the beginning, once the unit shows the signs of sickness.

Reserve Bank of India vide their circular dated 04.05.2009, circulated the recommendations of the working group of K.C. Chakrabarthy Committee on Rehabilitation of the Sick MSEs and the matter was discussed in many steering committee meetings and requested the banks to send point wise compliance report.

Still some of the banks are yet to send the point wise action taken report. A consolidation report on action initiated by banks point wise, a report is to be submitted to Reserve Bank of India.

SLBC of AP vide Ir. no. 666/30/308/445, Dt. 18.08.2010 has requested all the Controlling Authorities of respective Banks to send the progress on the implementation of the recommendation of working group on rehabilitation of Sick MSEs. State Bank of Hyderabad and Andhra Bank has responded for the same.

Points for discussion: Group may discuss the difficulties, if any in implementing the recommendations of Chakrabarthy Committee.

SLIIC forum – Steps to make it more effective:

SLBC of Andhra Pradesh was regularly conducting SLIIC – Sub Committee Meetings every quarter. At present as there are no pending issues, the meetings are not being conducted regularly. SLBC has taken up with the Industry Associations on many occasions to refer the issues to SLBC for taking up in SLIIC Sub Committee Meetings.

However no issues are referred by the Industry Associations.

In the recently held SLIIC meeting, it was directed by RBI that irrespective of the number of cases referred SLIIC. Sub-committee meeting may be conducted twice during every quarter.

All the Banks may note the above.

The performance of eight banks having exposure of more than Rs1000 crore to MSME sector as at the end of March 2011. (Furnished by RBI in the Minutes of 23rd Empowered Committee Meeting) is hereunder:

(Rs. In crores)

Name of Bank	Micro and Small Enterprises		Medium Enterprises	
	31 st March, 2010	31 st March 2011	31 st March, 2010	31 st March, 2011
Andhra Bank	3271.32	4663.95 (17.80%)	1474.87	1693.26 (14.81%)
Bank of India	745.48	657.00 (-11.87%)	198.52	244.51 (23.17%)
Canara Bank	1019.41	1143.64 (12.18%)	533.63	592.05 (10.95%)
Indian Bank	634.72	986.38 (55.40%)	389.09	295.49 (-24.06%)
State Bank of Hyd	4150.33	5144.38 (23.95%)	442.83	574.07 (29.64%)
State Bank of India	7280.62	8576.60 (17.80%)	4345.38	3786.40 (-12.86%)
Syndicate Bank	858.27	1071.57 (24.85%)	206.64	254.40 (23.11%)
UCO Bank	604.81	804.31 (32.98%)	934.53	638.48 (-31.68%)

11. 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 Programme. 02.08.2010 with regard to implementation of Handloom Weaver Loan Waiver Scheme, very few banks have come forward to submit the claims as per terms and conditions of GO.

After several rounds of discussions in SLBC and Steering Committee meetings, 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.

A State Level Committee meeting was conducted on 15.07.2011 by the handlooms and textiles department. The following are the points concerning beneficiaries.

- At present the settlement of Loan Waiver claims was to the tune of Rs.109.27 crs.
- Individual Loans (100%): Based on the earlier G.O., certain Banks have claimed loan waiver 75% of the Principal outstanding, duly approved in DLC. But, in view of GO Ms. No. 14, Ind. & Com. (Tex) Department, dated 06.02.2011, they are eligible for 100% Principal outstanding. Hence the claim recommended for Rs.23,91,60,145/- to the extent of 100% Principal Outstanding for the benefit of 14,945 individuals.
- It is resolved that the Bankers shall not collect the interest from the year 2010 – 11 to till date of release of amount on individual loans.
- The committee opined that the Bankers will give ~No Due Certificates'/ 'Liability Clearance Certificate', as the amount released by Govt. has been adjusted to the concern Loan amount of individual / society.
- The Chairman has requested the members to ensure relending to the handloom weavers as per their eligibility.
- It is also resolved that the pending loan waiver claims shall be submitted to the Handlooms and Textiles Department on or before 30.09.2011 finally, duly vetted in DLC for settlement during the year 2011 – 12. Claims received after 30.09.2011 will not be entertained by the Department and they shall be treated as lapsed.
- Some of the Bank Branches are insisting for payments of interest from the 2010 – 11 till date the date of receipt of payment (claim) form the Government for closure of the account.
- Bank Branches are not issuing Loan Clearance Certificate to the beneficiaries, whose loan is waived under the Government scheme, stating the above mentioned reason.
- Bank Branches are also not sanctioning the fresh loans to the beneficiaries of Loan Waiver though they are in the activity of weaving.
- It is being brought to the notice of SLBC that Claims pertaining to loans of Handloom Weavers are yet to be settled though the claims are submitted by banks before March, 2011. The Handlooms Department of GoAP is requested to take steps for settlement of claims already submitted, immediately.

12.Social Welfare Schemes:

Reimbursement of service charges of ATM Cards issued on account of scholarship accounts of students 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, 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.

As per the information available with SLBC, the following amounts are due for reimbursement.

1. Andhra Bank - Rs.1,42,94,700
2. State Bank of Hyderabad – Rs.1,96,18,680

The matter is being discussed in several meetings of Steering Committee & SLBC and Principal Secretary, Social Welfare Department has assured to look into within six weeks of time in the last SLBC 26.05.2011 meeting. The amount pertains to the Government commitment on reimbursement of Card issued charges to the Banks.

Government may look into it and do the needful at an early date.

Lending to Minority Communities under Priority Sector Lending:

As on 30.06.2011, lending to Minority Communities under Priority Sector lending is at Rs.11815.29 crores, comprising 7.50 % of Priority Sector lending.

Bank-wise position of advances to Minorities as on 30.06.11 are given in Annexure XII.

Ministry of Finance, Govt. of India vide Ir. no. F.No.15 (1), 2010-CP dated 9th 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 15% target during 2011 – 12 without exception and also for achieving the target gap for 2010 – 11 by 31st July, 2011.

Hon'ble Finance Minister in his budget speech 2011 – 12 had directed the banks to achieve the target of 15% for Minority Community Lending at the earliest. During the year 2010 – 11 the Lending to Minority Communities was 14.16%.

In the meeting held on 8th July, 2011 the Finance Minister while expressing satisfaction on growth of Minority Community Lending, has directed the banks to ensure meeting the target of 15% during the current financial year.

Joint Secretary, Mr. Umesh Kumar, Ministry of Finance, Department of Financial Services, requested all the Chairmen and Managing Directors, to work out detailed plan to ensure achievement of Minority Community Lending target fixed for the year 2011 – 12. It needs to be ensured that the lending to minorities is not less than 15% or Priority Sector Lending as also the share achieved in 2010 – 11.

Action Plan to achieve the target may be conveyed to the Department before 31st August, 2011. Quarterly reports on the progress along with reasons behind shortfall, if any, and corrective steps taken may be sent to Govt.of India by 15th of following.

Credit Flow to Weaker Sections:

As on 30th June, 2011 the Weaker Section advances are at Rs. 47709.96 crores.

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

Bank-wise position of advances to Weaker Sections as on 30.06.11 are given in Annexure XIII.

Credit Flow to Women:

As on June 30, 2011, advances to women are at Rs.38495.86 crores.

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

Bank-wise position of advances to Women as on 30.06.11 are given in Annexure XIV.

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 30th June, 2011, the lending to SC / ST sector advances is at Rs. 10992.53 crores. Comprising of 6.97% of priority sector and 3.23% of total credit.

Bank-wise position of advances to S.C/S.T as on 30.06.11 are given in Annexure XV.

Credit Flow under DRI:

As on 30.06.2011, the credit outstanding under DRI is Rs. 321.53 crores.

Target under DRI for 2011-12 is Rs.3272.75 crores i.e 1% of the total outstanding advances Rs.3,27,275 crores of previous year 31.03.2011.

Bank-wise position of advances under DRI as on 30.06.11 are given in Annexure XVI.

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.

Bank wise position in respect of credit flow to weaker sections, credit flow to Women, SC/ST, and under DRI is enclosed.

13. Self Help Groups

The total outstanding under SHG as on 30.06.2011.

No. of SHGs	Amount (Rs. In crores)
13,42,738	13,718.64

Bank-wise position of outstanding SHG advances as on 30.06.11 are given in Annexure XVII.

Andhra Pradesh has used Self-Help Groups (SHGs) extensively as a primary tool of poverty alleviation and women empowerment.

SHG movement is focused on Poorest and most marginalized communities- Women and Female-headed households, Scheduled castes, Scheduled tribes, people with disabilities, widows and destitute women, coastal fisher folk, and landless artisans, etc.

Self-Selection by the poor and of the poor based on economic and social criteria evolved / identified by themselves, using techniques, such as Participatory Rural Appraisal (PRA) and endorsement by the village community- through Gram Sabha.

Andhra Pradesh State is in the forefront in the implementation of SHG bank linkage programmes and has been deploying substantial credit to this segment over the years. In Andhra Pradesh, Banks have financed 13.43 lakh SHGs with an outstanding amount of Rs13718.64 crores as on 30.06.2011 which covers over 1.20 crores of Rural and Urban women population.

(Rs.in crores)

Overdues		
Accounts	Liability	Overdues
228927	2298.23	488.61

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

Financial Assistance through Banks to the Persons with Disabilities – Problems in accessing institutional credit:

Principal Secretary, Finance (IF) Department has sent a communication stating that Government of Andhra Pradesh have been receiving representations from certain Social Organizations that Persons With Disabilities (PWDs) and SHG formed with PWDs are not getting adequate financial assistance from the banks.

Though there are clear guidelines of the Reserve Bank of India (RBI) about extending loans to “mentally retarded persons” also within PWDs, field staff are pleading ignorance about those guidelines and rejecting loans to such persons / groups.

Self Help Groups- Persons with Disability:

As part of Social Mobilisation and Institution Building of Persons with Disability, the guidelines were already modified and the same was adopted in the earlier Steering Committee meetings. Banks are requested that the Persons with Disabilities are to be encouraged and 3% of grounding to be ear marked for the same.

All the Controlling Offices of Banks are requested to sensitize all your branches for providing banking services and required financial assistance to the persons with disabilities as per guidelines of Reserve Bank of India.

The following are some of the issues which are pending for implementation by some banks.

Rural & Urban SHGs – Separate GL Heads:

In the earlier Steering Committee meetings and SLBC meetings the MEPMA has requested the banks for Separate General Ledger Heads for Urban Self Help Groups and Rural Self Help Groups. The resolution adopted was that all the controlling authorities of banks were requested to take up the matter with their Head Office and communicate their banks stand in this regard.

Revision of Quantum of Finance:

A Sub – Committee was constituted by SLBC with all the Lead Banks as members to study the upward revision of scales of finance to SHGs both urban and rural schemes. The report of committee was approved in the Steering Committee Meeting as well as SLBC meeting.

The Controlling Authorities of Banks were requested to communicate the same to their branches for implementation.

Rural SHGs – Unit Cost Revision Guidelines to Branches

The Revised Unit Cost was adopted in the 1st Steering Committee Meeting on 12.04.2010. Banks are yet to communicate to their branches.

Urban SHGs – Unit Cost Revision Guidelines to Branches

The Revised Unit Cost was adopted in the 1st Steering Committee Meeting on 12.04.2010. Banks are yet to communicate to their branches.

Recovery Progress Report & Information System:

SHG Rural – SERP has requested Banks for on line viewing of the SHG Rural individual accounts by them for better monitoring and to put forth immediate action whenever noticed overdues in these accounts.

Pavala Vaddi Scheme:

As per the Government Order the eligibility criteria to claim Pavala Vaddi is stipulated as follows:

- a. The Pavala Vaddi Scheme is applicable for the loans upto Rs. 5.00 lakhs only for all SHG loans.
- b. The due date plus seven days is eligible for claiming the Pavala Vaddi. But with a stipulation that it will be applicable to end of the month only.

SERP is reimbursing the Pavala Vaddi amount every month at present. The above provision(b) may be relaxed to help larger number of SHGs under the scheme.

14. Lead Bank Scheme

Implementation of High Level Committee Recommendations-progress As on 30th June 2011

S. No	Rec No	Recommendations	Present Status / Action Points
1	1	The Lead Bank Scheme (LBS) is useful and needs to continue. The State Level Bankers Committee (SLBC) and various Programme 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 for qualitative and quantitative impressions.
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 6661 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. As on 30-06-2011 3207 villages are covered with Banking facilities 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 funding arrangements available under Financial Inclusion Technology Fund(with	Banks are taking maximum advantage from the IT Solutions. Banks have issued smart cards to the tune 89.32 lakhs for the payment of Social Security Pensions &

		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)	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 have advised all banks to consider Primary Agricultural Credit Societies which are running well as BCs.
6	11	State Government to ensure road/ digital connectivity to main 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. 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.Chakrabarty, April 2008) , a scheme for utilizing specified NGOs for providing training and other services to tiny micro enterprises may be considered by the SLBC convener banks in consultation with State	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. Industry Associations are being used in the entrepreneurship education programmes.

		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)	
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 is 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 households 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	In Andhra Pradesh, the system of conducting steering committee meetings is established and almost all the issues are sorted out in

		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)	these meetings. We have constituted Sub Committees for review of FIP Progress, SHG-Bank Linkage Programme, Housing and Agriculture sector.
14	41	The various Programme 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 also constitute 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 www.slbcap.nic.in The website can also be viewed from the website of Andhra Bank at www.andhrabank.in 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.	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

		(Para 5.11)	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.
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Posting of Lead District Manager and Participation of Officials at appropriate level at all meetings:

Recently SLBC received a communication from one of the District Collectors, pointing out that the LDM stationed in the district is not showing any interest in the development of the district and his performance is far below the satisfactory level. The District Collector requested that the present Lead District Manager is to be changed with a person who is having interest to serve the people at rural area. He requested for replacement of LDM by the concerned bank.

Such complaints on functioning of Lead District Managers are being received from various districts. This needs to be reviewed by controlling offices of the lead banks. As per the High Power Committee recommendations also, officers at appropriate level are to be posted as LDMs and all required infrastructure is to be provided to him / her for discharging the duties effectively.

If necessary, with the coordination of the Government of Andhra Pradesh Lead District Managers may be given training for two to three weeks by attaching them to Zilla Parishad / Collectorate offices for acquiring knowledge on development programmes, especially with a special focus on rural development before posting them as Lead District Manager.

It is also brought to the notice of the SLBC by Reserve Bank of India / District Collector/s that in many of the meetings like JMLBC / DCC and other meetings, either at Mandal Level or / and District Level, the appropriate level of representation of participation of bank officials is not there and sometimes there is no representation from the banks.

This may affect the functioning of Lead Bank Scheme in the State.

All the lead banks are requested to ensure that –

1. LDMs posted are competent field functionaries and having knowledge in all areas of Rural Development.
2. Ensure appropriate level of representation at DCC /DLRC / JMLBC and other meetings.
3. Adequate infrastructure is provided to office of LDM to enable him to discharge his duties effectively.

15. Government Sponsored Scheme

Central Government Sponsored Schemes:

1. Prime Ministers Employment Generation Programme (PMEGP):

Target & Achievement for the year 2011-12 - As on 30.06.2011 (Rs. In crores)

Name of Organization	Target			No of applications sanctioned		Disbursed		
	Phy (No)	Fin. (MM)	Emp	No of Proj	Fin. (MM)	No of Proj	Fin. (MM)	Emp
KVIC, SO, Hyd	873	12.21	8730	176	6.74	119	5.33	3521
KVIC DO Vizag	242	3.39	2420	78	2.48	59	1.88	552
APKVIB	1115	15.60	11150	768	19.56	240	7.77	5437
DIC	1486	20.81	14860	575	18.77	320	10.45	7321
Total	3716	52.03	37160	1597	47.57	738	25.44	16831

Action Points:

- Banks are to encourage covering of the loans under CGTMSE so that the causing undue hardship to the selected candidates can be avoided.
- The Social targets SC/ST/Minorities/Ex-Service men, etc., are to be achieved, along with surpassing the allocated target under the scheme.

To overcome the above deficiencies, all the banks are advised to adopt the following strategy:

- At the time of selection of the candidates under PMEGP, preference may be given to RSETI trained candidates, if the candidates are eligible otherwise.
- Take the assistance of SC Corporation/ ST Corporation/ Sainik Welfare Board/ Minorities Corporation, etc. for selecting suitable candidates under the Scheme as these Corporations are regularly dealing with the potential beneficiaries.
- Banks should not be rejected the PMEGP proposals / Entrepreneurs with frivolous reasons.
- All the proposals belongs to SC / ST Entrepreneurs should be rejected at the Controlling office level, but not at the branch level.
- The rejected applications under PMEGP during 2010 – 11 may be analyzed at bank level to serve as guiding factor for the current year.
- SC Corporation / ST Corporation / Sainik Welfare Board/ Minorities Corporation are requested to:

- ✓ Conduct awareness camps, to inculcate the awareness among these target groups about the PMEGP schemes and guidelines.
- ✓ Ensure that the candidate applying under PMEGP are serious entrepreneurs seeking self employment.
- ✓ May explore the possibility of bearing the cost of the premium under the CGTMSE for the candidates who are covered under the scheme.
- 3478 applications are pending with various bank branches, all controlling authorities of Banks are requested for taking immediate steps to clearing the pendency.
- All the banks were advised to ensure that the applications received at the branches are to be scrutinized at the earliest and for any reason, the application is not considered for sanction, it needs communication to concerned agency (KVIC /KVIB / DIC), immediately.
- All the LDMs are advised to review the position of implementation of PMEGP in all the DCC / DLRC / JMLBC meetings, regularly.
- All the Banks may take advantage of sanction grounding of loans during the this financial year only as the PMEGP Scheme will be closed this financial year only.

(Action: KVIC, KVIC, DIC and All Banks)

2. Interest Subsidy Scheme for Housing Urban Poor (I S H U P):

Statement of Loans sanctioned under scheme as on 30.06.2011

(Rs. In Crores)

Target	No of Applns. filed	No of applns. sanctioned		No of loans disbursed	
		Units	Amount	Units	Amount
85583	31891	11205	33.97	6140	18.10

Bank wise sanctions under ISHUP scheme as on 30.06.2011:

Name of the Bank	Target	Applns. Filed	Sanctioned		Disbursements	
			Units	Amount	Units	Amount
Allahabad Bank	209	54	0	0	0	0
Andhra Bank	16684	6601	2184	6.56	1105	3.27
APGB	3161	705	0	0	0	0
APGVB	2081	642	119	0.38	69	0.23
Axis Bank	196	0	0	0	0	0
B o B	1276	406	303	0.91	163	0.50

B o I	1560	964	214	0.64	130	0.37
Bank of Maharastra	150	9	9	0.03	9	0.03
Canara Bank	3366	1131	384	1.15	106	0.32
Cathelic bank	121	0	0	0	0	0
C B I	1833	1088	482	1.51	402	1.27
City Union Bank	151	0	0	0	0	0
Corp n Bank	1601	675	410	1.23	45	0.10
DCCB	320	16	1	0	0	0
DGB	2484	337	198	0.60	164	0.49
HDFC	75	0	0	0	0	0
ICICI	151	30	0	0	0	0
IDBI	25	0	0	0	0	0
Indian Bank	3508	1789	658	1.98	431	1.20
I O B	2319	817	445	1.34	287	0.86
Indus Ind bank	25	0	0	0	0	0
ING Vysya Bank	1718	558	5	0.02	0	0
Karnataka Bank	50	0	0	0	0	0
Karur Vysya Bank	200	5	0	0	0	0
O B C	303	202	90	0.27	0	0
P N B	494	332	127	0.38	34	0.10
SGGB	1483	587	236	0.71	164	0.33
S B H	14042	3448	1494	4.51	829	2.50
S B I	16780	7427	2652	8.20	1615	4.87
S B M	312	29	18	0.05	0	0
S B T	40	40	0	0	0	0
Syn. Bank	4671	2764	618	1.85	329	0.91
UCO Bank	513	167	138	0.41	98	0.29

Union Bank	2793	623	345	1.04	96	0.29
Vijaya bank	888	445	75	0.20	64	0.17
Total	85583	31891	11205	33.97	6140	18.1

District wise sanctions under ISHUP schemes as on 30.06.2011

Name of the District	Target	Applications filed	Sanctioned		Disbursements	
			Units	Amount	Units	Amount
Srikakulam	2169	885	788	2.36	32	0.10
Vizianagaram	4351	1059	539	1.60	422	1.25
Visakhapatnam	1264	355	0	0.00	0	0
East Godavari	1429	696	169	0.51	169	0.47
West Godavari	1394	1625	96	0.29	75	0.21
Krishna	2495	707	282	0.85	184	0.56
Guntur	2473	2003	1328	3.98	1152	3.46
Prakasam	950	647	26	0.09	26	0.08
Nellore	11847	6164	2717	8.15	1128	3.38
Chittoor	5867	2263	1091	3.27	319	0.42
Kadapa	3780	3172	519	1.56	171	0.51
Anantapur	6126	1458	724	2.17	154	0.39
Kurnool	9671	3535	146	0.68	146	0.68
Mahaboobnagar	4200	817	0	0.00	0	0.00
Rangareddy	1238	349	0	0.00	0	0.00
Medak	2358	1056	274	0.97	265	0.97
Nizamabad	5347	262	248	0.74	247	0.74
Adilabad	6800	775	775	2.31	513	1.52
Karimnagar	2537	755	704	2.11	498	1.50
Warangal	4714	2547	557	1.67	521	1.56
Khammam	2527	394	118	0.35	118	0.30
Nalgonda	2046	367	104	0.31	0	0
Total	85583	31891	11205	33.97	6140	18.1

Action Points:

- All the banks are requested to put up ISHUP subsidy claims , immediately after the disbursement of the first instalment of the housing loan.
- The Nodal Agencies, HUDCO and NHB are requested to co-ordinate.

(Action : APSHCL, HUDCO, NHB & All Banks)

3. Swarna Jayanthi Gram Swarojgar Yojana (SGSY):

Target for the year 2011-12 & Achievement as on June2011

(Rs. In crores)

	Commercial Banks	Co-operative Banks	Regional Rural Banks	Others	Total by all Banks
Target	193.14	7.67	120.49	0	321.30
Achievement	19.06	0.18	7.85	0.20	27.29

Statement of Self Help Groups /Individual Groups up to June2011

	Total	SC	ST	Minor	Women	Disabled
No of Members of SHGs assisted for Economic activities	21017	12834	4246	1795	21017	857
No of Individual Swarozgaries assisted for Economic activities	324	141	56	23	306	30

Action Points:

- All the Controllers of Banks are requested once again to communicate to the branches to speed up the grounding.

(Action: All Banks)**4. Swarna Jayanthi Shahari Rozgar (SJSRY):**

Projections Achievement for 2011-12 As on 30.06.2011

(Rs. in crores)

S. No.	Item	Target		Achievement	
		Accounts	Amounts	Accounts	Amount
1	SHG Bank Linkage	78618	1542.00	13997	295.90
2	SHG Disability Programme	2532	48.00	82	2.01
3	USEP Programme under SJSRY	500	10.00	55	1.26
	TOTAL	81650	1600.00	14134	299.17

5. Differential Rate of Interest - DRI:

(Rs. In Crores)

Total Advances as on Year (31.03.2011)	Target (1% of total advances)	Achievement as on 30.06.2011
Rs.3,27,275	Rs.3,272.75	Rs.321.53

Action Points:

- All the Banks are requested to improve the credit under DRI as per the guidelines.

(Action: All Banks)

Government of Andhra Pradesh:**6. Andhra Pradesh Micro Irrigation Project (APMIP):**

Target and Achievement for the year 2011-12 - As on 30-06-2011

(Rs. In Crores)

	Physical			Subsidy	Benef. Contribution / Credit requirement	Total Project Outlay
	Area (in Hec)	Total GOI	State Share			
	1	2	3			
Target	1,50,000	351.04	452.36	803.40	61.24	864.64
Achvt.	2,179	3.80	5.64	9.44	0.10	9.54

7. Animal Husbandry :

Projected Targets 2011-12

(Rs. In Crores)

Name of the Programme	Name of the Scheme	Total outlay	Bank Loan
Pasu Kranthi Padhakam	CM Special Package	28.69	18.11
Rashtriya Krishi Vikas Yojana	Milch Animals	45.52	29.26
	Heifers	8.31	5.35
	Total	82.50	52.72

Rashtriya Krishi Vikas Yojana:

(Rs in Crores)

Physical	Financial	
	Total Unit cost	Loan Component
8945	168.77	126.58

District wise Budget allocation for Jeeva Kranthi Padhakam:

Projected Targets 2011-12

(Rs. In crores)

Physical	Subsidy	Bank Loan	Financial Outlay	Achievement (Bank Loan)	
				Accounts	Amount
985	1.62	1.62	3.24	15	0.03

8. Fisheries :

Projections for the year 2011-12

(Rs. in Crores)

Beneficiary Component	Subsidy Component	Bank Credit Required	Total	Subsidy Released
3.22	9.64	16.46	29.32	0.31

9. Sericulture:

Targets for 2011-12

(Rs. In Crores)

Annual Targets		Total Outlay	
No	Amount	Subsidy	Amount
28476	46.42	35.38	81.80

Progress as on June 2011

(Rs. In crores)

Annual Targets		Targets approved by DCC		Applications sponsored	Sanctioned		Units Grounded	
No	Amount	No	Amount	No	No	Amount	No	Amount
28476	46.42	16205	45.66	205	69	0.18	56	0.14

10. Handlooms & Textiles:Artisans Credit Cards /Handloom Weavers Groups:

Projections and Achievement for the year 2011-12

Scheme	Target	Finance (Crores)	Appl. sponsored	Sanctioned	Financed so far (crores)	%of Target
A C C	12150	121.50	870	218	0.30	2%
Handloom Weavers Groups	12700	127.00	249	1678	0.52	1.96%

11. A.P. Backward Classes Co-op. Finance Corporation:

Annual Credit Plan of Margin Money (Subsidy) Scheme for 2011-12

Progress Report up to the month of June, 2011

(Rs. In crores)

Annual Targets		Sponsored Applications		Sanctioned		Grounded		%of target
Phy.Nos	Amount	Units	Benif	Phy.Nos	Amount	Phy.Nos	Amount	
2343	1.98	154	154	0	0	0	0	0

Rajiv Abhyudaya Yojana Scheme:

Progress Report up to the month of June2011

(Rs. In Crores)

Annual Targets		Sponsored Applications		Sanctioned		Grounded		%of target
Phy.Nos	Amount	Units	Benif	Phy.Nos	Amount	Phy.Nos	Amount	
2367	3.85	119	143	0	0	0	0	0

Andhra Pradesh Krishna Baliya , Poosala Cooperative societies Federation Ltd.

Progress Report up to the month of June2011

(Rs. In Crores)

Physical target	Financial Target Unit Cost Rs. 1.50 Lakhs			
No of societies to be covered	Subsidy (50%)	Bank Loan (40%)	Beneficiary Contribution (10%)	Total Outlay
34	0.25	0.21	0.05	0.51

Andhra Pradesh Nayee Brahmins Cooperative Societies Federation Ltd

(Rs. In Crores)

Progress Report up to the month of June2011

Population of Nayee Brahmins Dist wise	Physical Target	Financial Target unit Cost Rs. 1.50 Lakhs			
	No of Society/Group	Subsidy (50%)	Bank Loan (40%)	Beneficiary contribution (10%)	Total Outlay
670144	34	0.25	0.20	0.05	0.51

Andhra Pradesh Washermen Cooperative Societies federation Ltd

Annual Action Plan for "FINANCIAL ASSISTANCE SCHEME"

(Rs. In crores)

Population of Rajaka in Dist wise	Physical target	Financial Target Unit Cost Rs. 1.50 Lakhs			
	No of Society Groups	Subsidy (50%)	Bank Loan (40%)	Beneficiary Contribution (10%)	Total Outlay
1922903	34	0.25	0.20	0.05	0.51

Andhra Pradesh Uppara Cooperative Societies Federation Ltd.

(Rs. In Crores)

Physical Target	Financial Target Unit Cost Rs.1.50 Lakhs			
No of societies to be covered	Subsidy (50%)	Bank Loan (40%)	Beneficiary contribution (10%)	Total Outlay
34	0.25	0.20	0.05	0.51

Andhra Pradesh Vaddera Cooperative Societies Federation Ltd.

Annual Action Plan for "FINANCIAL ASSISTANCE SCHEME" for the year 2011-12

(Rs. In Crores)

Physical Target	Financial Target Unit Cost Rs.1.50 Lakhs			
No of societies to be covered	Subsidy (50%)	Bank Loan (40%)	Beneficiary contribution (10%)	Total Outlay
34	0.25	0.20	0.05	0.51

Andhra Pradesh Valmiki /Boya Cooperative Societies Federation Ltd.

(Rs. In Crores)

Physical Target	Financial Target Unit Cost Rs.1.50 Lakhs			
	Subsidy (50%)	Bank Loan (40%)	Beneficiary contribution (10%)	Total Outlay
No of societies to be covered				
34	0.25	0.20	0.05	0.51

Andhra Pradesh Bhatraj Cooperative Societies Federation Ltd

Annual Action Plan for "FINANCIAL ASSISTANCE SCHEME" for the year 2011-12

Physical Target	Financial Target Unit Cost Rs.1.50 Lakhs			
	Subsidy (50%)	Bank Loan (40%)	Beneficiary contribution (10%)	Total Outlay
No of societies to be covered				
34	0.25	0.20	0.05	0.51

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

Economic Support Scheme

District wise progress report on Bank Linked Govt. sponsored. Schemes up to June 2011 (Rs .in Crores)

Annual Targets		Sponsored Applications	Sanctioned up to June 2011		Grounded		%of target
Phy.Nos	Amount		Phy.Nos	Amount	Phy.Nos	Amount	
34701	134.98	4513	1885	6.53	201	0.51	0

13. Andhra Pradesh State Christian Finance Corporation

Bank Linked Income Generation Schemes

Progress under Govt. sponsored. Schemes during 2011-12

(Rs.in Crores)

Annual Targets		Sanctioned		Pending for Grounding		Subsidy/MM Released		Subsidy/MM Utilized	
Phy. No	Amount	Phy. No	Amt	Phy. No	Amt	Phy. No	Amt	Phy No	Amt
835	17.50	120	1.08	0	0	200	0.60	0	0

14. Andhra Pradesh Scheduled Tribes Co-op Finance Corporation Ltd. (TRICOR)

Economic Support Schemes

District wise progress report on Bank Linked Govt. sponsored. Schemes for 2011-12 (Rs. In crores)

TRICOR approved Targets (DCC)			Applications sponsored	Applications Sanctioned up to the month			Applications Grounded up to the month		
1	2	3	4	5	6	7	8	9	10
Phy No	Bank loan	Total outlay		Phy. No	Bank Loan	Total outlay	Phy. No	Bank Loan	Total outlay
16843	32.97	59.48	29	29	0.26	0.41	9	0.16	0.28

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

Progress Report as on July, 2011

(Rs. in Crores)

Annual Target		Appl. Sanctioned		Applications Grounded			
No	Amount	No	Amount	No	% of target	Amount	% of target
5747	12.55	123	0.25	0	0	0	0

16. Andhra Pradesh Youth Services - A.P.S.T.E.P

Action Plan of Rajiv Yuva Shakthi Programme – 2011- 12 - As on June 2011 (Rs.in Crores)

Annual Target		Applications sponsored	Admn. Sanctions		Subsidy released		Units Grounded	
Phy	Amount		Phy	Amount	Phy	Amount	Phy	Amount
5000	50.00	6759	5235	50.30	4961	46.16	3646	34.39

17. Society for Elimination of Rural Poor (SERP)

Projections & Achievement for the year 2011-12 As on June, 2011 (Rs. In crores)

Particulars	Target		Achievement	
	Accounts	Amount	Accounts	Amount
SHG Bank linkage	3,92,168	9084	55462	1192

18. Mission for Elimination of Poverty in Municipal Areas (MEPMA)

Projections Achievement for 2011-12 As on 30.06.2011 (Rs. in crores)

S. No.	Item	Target		Achievement	
		Accounts	Amounts	Accounts	Amount
1	SHG Bank Linkage	78618	1542.00	13997	295.90
2	SHG Disability Programme	2532	48.00	82	2.01
3	USEP Programme under SJSRY	500	10.00	55	1.26
	TOTAL	81650	1600.00	14134	299.17

16. 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 for taking suitable steps collectively. In spite of several efforts from SLBC, still some banks could not submit the data on this parameter for the quarter June, 2011.

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

(Rs. In Crores)

Sector	Outstanding		Overdues			Non – Performing Assets	
	No. of a/cs	Amount	No. of overdue accounts	Total balance in overdue accounts	Actual overdue amount	No. of accounts	Amount
Short Term Crop Production Advances	6307754	34581.48	619864	8482.73	7663.33	76828	1839.81
Agri.Term Loans Including Agri. Allied Activities Advances	2474516	31064.28	234504	4999.18	2885.93	71053	1638.24
Total Agriculture Advances	8856740	66711.77	8547.45	13491.30	10549.26	148258	3487.44
Non Farm Sector Advances	587411	24560.11	37281	3175.18	1000.93	20215	2400.00
Other Priority Sector Advances	1183511	34911.40	73626	2884.64	827.24	41568	1053.81
Total Priority Sector Advances	10800971	132825.18	965652	19551.12	12377.43	210041	6941.25
Educational Loans Advances	215537	5004.06	23499	534.97	203.08	16452	294.96
Housing Loans Advances	484149	19974.33	56802	1792.39	635.16	37145	798.63
Self Help Groups Advances	13,42,738	13,718.64	2,28,927	2,298.23	488.61

*Sector wise sector details are enclosed.

The data to be submitted by 52 banks.

Short Term Agriculture Crop Production Loans:

The total outstanding balance in overdue accounts (PNPA) is Rs.8482.73 crores which is 24.53%. In respect of NPA it is 5.32% and in real terms it is Rs.1839.81 crores. **36 Banks submitted the data.**

Agriculture Term Loans Including Allied Activities:

The total outstanding balance in overdue accounts (PNPA) is Rs.4999.18 crores which is 19.09%. In respect of NPA it is 5.27% and in real terms it is Rs.1638.24 crores. **28 Banks submitted the data.**

Total Agriculture:

The total outstanding balance in overdue accounts (PNPA) is Rs.13491.30 crores which is 20.22%. In respect of NPA it is 5.22% and in real terms it is Rs.3487.44 crores. **30 Banks submitted the data.**

Non Farm Sector:

The total outstanding balance in overdue accounts (PNPA) is Rs.3175.18 crores which is 12.93%. In respect of NPA it is 9.77% and in real terms it is Rs.2400 crores. **46 Banks submitted the data.**

Other Priority Sector Advances:

The total outstanding balance in overdue accounts (PNPA) is Rs.2884.64 crores which is 8.26%. In respect of NPA it is 3.01% and in real terms it is Rs.1053.81 crores.

Total Priority Sector Advances:

The total outstanding balance in overdue accounts (PNPA) is Rs.19551.12 crores which is 14.71%. In respect of NPA it is 5.22% and in real terms it is Rs.6941.25 crores.

Educational Loans:

The total outstanding balance in overdue accounts (PNPA) is Rs.534.97 crores which is 10.69%. In respect of NPA it is 5.89% and in real terms it is Rs.294.96 crores.

Housing Loans:

The total outstanding balance in overdue accounts (PNPA) is Rs.1792.39 crores which is 8.97%. In respect of NPA it is 4.00% and in real terms it is Rs.798.63 crores.

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

Action Points:

- All the banks are requested to submit the data on quarterly basis in the prescribed format regularly.
- Government is requested to extend required cooperation / support to banks for improving the recovery position

Recovery of Agriculture Loans:

Overdues are ballooning in agriculture sector and the mounting overdues is the main concern for ensuring smooth flow of credit to the sector.

Recovery of loans as per the terms of repayment has become essential under prudential norms, lest these accounts will become NPAs. Increasing magnitude of overdues / NPAs has compelled the banks to take up recovery on a continuous basis with a serious note.

All the Banks may submit the recovery progress to SLBC immediately, so that effective steps can be taken before September 2011; when the system generated NPA statements are only accounted.

At the request of SLBC, Agriculture Department has decided to coordinate with Banks in all DCC/ DLRC/ JMLBC meetings & Agriculture Department may improve coordination with banks for recovery and other matters.

Assistance from Agriculture Dept., Govt. of Andhra Pradesh:

It is a matter of concern that the crop loans of 2007-08 are not being repaid by farmers with the hope that these loans will be waived.

The following are some of the steps that can be initiated by Agriculture Dept., GoAP for the recovery of loan amount.

1. The chronic defaulters may be made ineligible for the general incentives (like input subsidy, Seed subsidy, Fertilizer Subsidy, etc) being given by GoAP in future.
2. The forum of JMLBC may be effectively used and field level Agriculture Department Officials may be instructed to assist the Banks
3. A separate cell at Commissioner's office and JDA office to monitor recovery related issues.
4. Positive publicity may be undertaken by Government for repayment of dues by farmers in the T.V/Radio and Press.
5. All Banks opine that there is need to involvement and concerted efforts from Agriculture Department on the lines of SERP for recovery.

Reserve Bank of India guidelines:

- Agriculture assets financed needs a unit verification for creation of assets duly following RBI norms for proper recovery.
- Availability of assets acquired through bank finance to be ensured.
- Assessing the borrower's intentions for the utilisation and repayment of the loan before sanctioning of the loan also yield good recovery.

All Public Sector Banks :

All Controlling Offices of the Banks are requested to issue instructions to their respective branches to utilise the services of Dy. Tahasildars for the recovery of Weaker Section Housing loans along with PMEGP / PMRY loans.

Lead District Managers:

Lead District Managers are requested to take up Recovery of Agriculture loans as main agenda in JMLBC / DCC meetings regularly for proper monitoring, affective co-ordination wherever necessary.

Submission of Banks data:

Banks data should be complete and accurate especially with regards to OVERDUES AND NPA, so that SLBC, if necessary can be taken up at the highest level with the Government for the recovery of the loan amount.

17. 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 the performance of RRBs at regular intervals.

Performance of Regional Rural Banks on important parameters.

Deposits:

Rs. In crores

S.No	Name of the RRB	31.03.2010	30.06.2010	31.03.2011	30.06.2011
1	APGVB	3804.51	3685.07	4794.72	4395.97
2	APGB	3517.33	3483.62	4079.05	3893.56
3	CGGB	640.93	615.63	759.16	748.38
4	DGB	2261.53	2093.76	2600.94	2505.95
5	Sapthagiri Grameena	1243.97	1277.37	1553.62	1598.08
	Total	11468.27	11155.45	13787.49	13141.94

Advances:

Rs. In crores

S.No	Name of the RRB	31.03.2010	30.06.2010	31.03.2011	30.06.2011
1	APGVB	3865.10	3962.46	4894.43	4847.03
2	APGB	3563.55	3426.95	4291.01	4388.46
3	CGGB	667.64	678.89	847.42	838.25
4	DGB	1609.52	1622.99	1966.16	1959.67
5	S G B	1384.62	1433.37	1754.75	1874.10
	Total	11090.43	11124.66	13753.77	13907.51

CD Ratio:

S.No	Name of the RRB	31.03.2010	30.06.2010	31.03.2011	30.06.2011
1	APGVB	101.59	107.53	102.08	110.26
2	APGB	101.31	98.37	105.20	112.71
3	CGGB	104.17	110.28	111.63	112.01
4	DGB	71.17	77.52	75.59	78.20
5	S G B	111.31	112.21	112.95	117.27
	Total	96.71	99.72	99.76	105.83

Bank Net Work:

S.No	Name of the RRB	No. of Branches as on 30.06.2011
1	APGVB	553
2	APGB	385
3	CGGB	105
4	DGB	227
5	S G B	144
	Total	1414

Total Agricultural Advances:

Rs.in crores

S.No	Name of the RRB	Crop Loans		Agrl. Term Loans	
		30.06.2010	30.06.2011	30.06.2010	30.06.2011
1	APGVB	1221.38	1608.25	977.56	1153.54
2	APGB	1752.29	2190.51	900.68	1231.54
3	CGGB	345.28	444.75	177.31	198.37
4	DGB	468.96	608.75	183.33	623.96
5	S G B	621.95	800.44	407.59	497.84
	Total	4409.86	5652.70	2646.47	3506.88

Total Advances:

Rs. In crores

S.No	Name of the RRB	Outstanding		Total Agriculture	
		30.06.2010	30.06.2011	30.06.2010	30.06.2011
1	APGVB	3962.46	4847.03	2198.94	2761.79
2	APGB	3426.95	4388.46	2652.97	3422.05
3	CGGB	678.89	838.25	522.59	643.12
4	DGB	1622.99	1959.67	652.29	1232.71
5	S G B	1433.37	1874.10	1029.54	1298.08
	Total	11124.66	13907.51	7056.33	9357.75

Deposits: As on 31.06.2010 the deposits are Rs.11155.45 Crores increased to Rs.13141.94 Crores as on 31.06.2011 registered a growth of Rs1986.49 crores which is 17.81 %.

Advances: As on 30.06.2010 the advances are Rs.11124.66 Crores increased to Rs. 13907.51 crores as on 30.06.2011 registered a growth of Rs 2782.85 crores which is 25.01%.

CD Ratio: As on 30.06.2010 the CD ratio is 99.72 % increased to 105.83 as on 30.06.2011

Crop Loans: As on 30.06.2010 the Crop Loans are Rs. 4409.86 crores increased to Rs 5652.70 crores as on 30.06.2011 registered a growth of Rs.1242.84 crores which is 28.18%.

Agriculture Term Loans: As on 30.06.2010 Agricultural Term Loans are Rs. 2646.47crores increased to Rs 3506.88 crores as on 30.06.2011 registered a growth of Rs 860.41crores which is 32.51%.

Total Agrl Advances: As on 30.06.2010 the total agricultural advances are Rs.7056.33 crores increased to Rs.9357.75 crores as on 30.06.2011 registered a growth of Rs.2301.42 crores which is 32.61%.

The % of Agricultural advances to total advances as on 30.06.2010 is 63.43% and it is increased to 67.29% as on 30.06.2011.

Implementation of Financial Inclusion Plan (FIP) by RRBs: In Andhra Pradesh state 6655 villages where the population is above 2000 were allotted to various banks mostly in their respective area of operations. Of which 1964 villages have been allotted to all RRBs for providing banking services under the plan.

Progress as on 30.06.11

Name of RRB	No. of Villages covered	Cumulative achievement	% of Achievement	To be achieved
Andhra Pradesh Grameena Bank	546	81	14.84%	465
Andhra Pradesh Grameena Vikas Bank	869	378	43.50%	491
Chaithanya Godavari Grameena Bank	128	0	0%	128
Deccan Grameena Bank	252	0	0%	252
Sapthagiri Grameena Bank	169	2	1.18%	167
Total	1964	461	23.47%	1503

18. Flow of Information System:

RBI expressed concern over the delay taking place in submission of information to them as well as to SLBC. RBI pointed out that lot of inconsistencies are being observed in the statements submitted. RBI advised the bankers to ensure that earlier submitted data is taken into cognizance while submitting the present information, so that inconsistencies can be avoided. RBI stated that unless information is provided to SLBC in time; SLBC is not able to give complete information within the time schedule to RBI and Government.

There were instances of last two SLBC Meetings where an effort was made to discuss the issue of overdue/recovery, but due to lack of comprehensive information the issue could not be focused properly before Government.

RBI said that the dates of SLBC Meetings were fixed during January, 2011. SLBC is supposed to finalize agenda notes at least 2 weeks in advance, but SLBC could not prepare the Agenda as many banks have not submitted the same in time, though calendar is communicated well in advance to all concern.

RBI advised all the banks to streamline the system for the submission of information to SLBC as per the time scheduled.

19. Important Communications Received :

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Reserve Bank of India:

Security issues and Risk Mitigation measures – Online alerts to the cardholder for usage of Credit / Debit Cards.

Banks are advised to take steps to put in place a system of online alerts for all types of transactions of the amount (at present Rs.5000/- and above), involving usage of cards at various channels. This is to encourage further usage of cards at various delivery channels.

(DPSS.CO.PD.No.2224/2010 – 2011 dated March 29, 2011)

Section 23 of the Banking Regulation Act, 1949 – Relaxations in Branch Licensing Policy.

RBI advised RRBs that those eligible to open branches in Tier 3 to Tier 6 centres may do so without prior approval of RBI and approach the RO of RBI for post-facto automatic, issue of the licence/s. The details of the branches thus opened should be reported to the concerned RO of RBI, in the prescribed format, starting from the Quarter ended March 2011.

(RPCD.CO.RRB.BC.No.56/2010 – 11 dated March 29, 2011)

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	¾/2011
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

Government of A.P

GO No. Rt.No.185 Dt. 27.07.2011 - APSHCL - Govt. orders to cancel the houses / flats constructed under the schemes of RGK, VAMBAY and UPH which are not occupied / let out / selection of new beneficiaries and to re-allot the houses / flats to the eligible new beneficiaries - the procedure / guidelines in this regard.

CONCLUDED

Every care has been taken to furnish the correct data submitted by Banks / LDMs in this book.

If there are any specific observations kindly bring to the notice of SLBC so that they can be rectified while sending Proceedings of the meeting.

We welcome the valuable suggestions of house for improvement of the quality of Agenda notes.