

**176th Meeting of
SLBC of Andhra Pradesh**

Agenda & Background Notes

Date: 12.12.2011

Time: 04.00 PM

**VENUE: JUBILEE HALL
PUBLIC GARDENS, HYDERABAD**

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

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176th SLBC Meeting Agenda - Index

01. Adoption of Minutes

S.No	Particulars	Page No.
	Adoption of Minutes of 175 th SLBC Meeting held on 26.08.2011 & Adoption of Minutes of the Steering Committee and Other meetings of the SLBC held after 26.08.2011	7

02. Banking Statistics

S.No	Particulars	Page No.
	Banking Key Indicators	8

03. Achievement of Annual Credit Plan 2011 – 12

S.No	Particulars	Page No.
A	Achievement as on 30.09.2011	11
B	Annual Credit Plan progress – last three years	12

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

S.No	Particulars	Page No.
A	Agriculture - Pattadar Pass Books	13
B	Small, Micro Enterprises – Implementation of K.C. Chakravarthy Committee Recommendations	13
C	Opening of FLCCs	13

05. Agriculture – Credit flow to agriculture

S.No.	Particulars	Page No.
A	Progress In lending- Crop Loans & Agriculture Term Loans including Allied Activities	14
B	Progress in lending under Loan Eligibility Cards issued to Tenant Farmers	14
C	Lending to the agriculture credit/Kisan credit cards-meeting the targets	15
D	GOI Action Plan for improving Agricultural Credit – Progress in implementation	15
E	Government of Andhra Pradesh decision to replace old Pattadar Pass Books on pilot basis in three districts- Progress	18
F	Financing under Farm Mechanisation Schemes-Proposal of GoAP to provide 50% subsidy.	18
G	Agri Clinics and Agri-business Centres Scheme – Final ACABC Compendium	21
H	Sericulture Action Plan 2011-12 – Interest subvention by Government	21
I	Uncovered Farmers / New Non Loanee Farmers	22
J	Financing of Joint Liability Groups- MIS Returns to be submitted to NABARD	23
K	Financing of PACS through Scheduled Commercial Banks	24

	National Agriculture Insurance Scheme (NAIS) / Modified National Agriculture Insurance Scheme (MNAIS)	24
M	Pavala Vaddi Scheme for crop Loans disbursed during 2011-12- New total Interest Subsidy scheme announced by Government of Andhra Pradesh on Crop loans from RABI, 2011.	25
N	Declaration of drought affected Mandals by Government of Andhra Pradesh	28
O	Mortgage for additional/fresh finance in case of Rephasement of Short term crop loans-exemption for stamp duty.	30
P	Horticulture – APMIP sanction of differential subsidy - Guidelines	30
Q	Animal Husbandry Sector – Rashtriya Krishi Vikas Yojana(RKVY)	32
R	Inclusion of Agricultural Loans under RR Act of GoAP	33

06. Financial Inclusion

S.No	Particulars	Page No.
A	Financial Literacy and Credit Counseling Centers (FLCCC)- Position in A.P.	34
B	Rural Self Employment Training Institutes / Rural Development & Self Employment Training Institutes in Andhra Pradesh & Andhra Pradesh Bankers Institute of Rural Entrepreneurship Development	34

07. Financial Inclusion Plan (FIP)

S.No	Particulars	Page No.
A	Providing Banking Services in all Villages with Above 2000 - Population by March, 2012 – Progress as on 30.11.2011	37
B	Implementation status of FIPs in the villages with population below 2000	38
C	Strategy and Guidelines on Financial Inclusion	40
D	Discussions of Secretary (FS) on Financial Inclusion with CEOs of Public Sector Banks/ Financial Institutions held at New Delhi	44
E	Review made by Secretary, Finance (IF), GoAP	45
F	Aadhaar based Financial Inclusion	45
G	Green Initiative – e-payment under Government sponsored schemes – Directions of GoI	46
H	Financial Inclusion Plan – Minority Communities	47
I	Operational Guidelines on implementation of Electronic Benefit Transfer (EBT) and its convergence with Financial Inclusion Plan (FIP)	47
J	Review Meeting on Financial Inclusion with all SLBC Convenors held on 3 rd November, 2011.	52
K	Review meeting of Banks on implementation of FI Plan in West Bengal, Sikkim and North Eastern States by Hon`ble Union Mister Shri Pranab Mukharjee in Kolkata on 08.11.2011.	54

08. Housing Loans

S.No	Particulars	Page No.
------	-------------	----------

A	Housing loans-RBI guidelines	55
B	Position of Housing Loans – September, 2011	56

09. Educational Loans

S.No	Particulars	Page No.
A	IBA Model Educational loan scheme for pursuing Higher education in India and Abroad	56
B	Position of Educational Loans- September,2011	56

10. Micro, Small & Medium Enterprises (MSME) Sector

S.No.	Particulars	Page No.
A	MSME – Clusters	56
B	Recommendations of K.C. Chakrabarthy Committee – Implementation by Banks and Preparation of Industry Projects at District / Mandal Level	57
C	Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) Scheme	57
D	Progress made by banks for the last three years under - CGTMSE	58
E	Prime Minister’s Employment Generation Programme (PMEGP)	58
F	Pending Projects for regulatory clearance of State Government of Andhra Pradesh	59
G	Scheme of Rejuvenation, Modernization and Technology Upgradation (REMOT) of the Coir Industry	59
H	J) Record on note of discussions held with Associations for finalizing Draft Export Promotion Policy of Andhra Pradesh	60
I	MSME-Restructured Technology Upgradation Fund Scheme(TUFS)	60

11. Handloom Weavers

S.No	Particulars	Page No.
	Handloom Weavers – Implementation of Handloom Weavers - Loan Waiver Scheme for the Loans sanctioned under ACC, PMRY and RYS - Progress	61

12. Social Welfare Schemes

S.No	Particulars	Page No.
A	Lending to Minority Communities under Priority Sector Lending	62
B	Credit Flow to Weaker Section	63
C	Credit Flow to Women	63
D	Credit Flow to Scheduled Castes / Scheduled Tribes	63
E	Credit Flow under DRI	63

13. Self Help Groups

S.No	Particulars	Page No.
-------------	--------------------	-----------------

A	Position of SHG-Bank Linkage Programme- September,2011	63
B	Andhra Pradesh State Milk Mission – Paala Pragathi Kendrams (PPKs)s	64
C	Scheme for financing of Women Self Help groups with the support of Anchor NGOs as SHPI	65
D	SHG – Bank Linkage – Cash Credit facility	65
E	Micro Finance Institutions in Andhra Pradesh – An update	66

14. Lead Bank Scheme

S.No	Particulars	Page No.
	Implementation of High level Committee Recommendations- progress Report September, 2011	67

15. Observations made by the Parliamentary committee

S.No	Particulars	Page No.
A	Observations made by the House committee of Parliament during their visit to Hyderabad	71

16. Government Sponsored Schemes

S.No	Particulars	Page No.
A	Central Government	
1	Prime Ministers' Employment Generation Programmes (PMEGP)	72
2	Interest Subsidy on Housing for Urban Poor (ISHUP)	73
3	Swarnajayanthi Gram Swarozgar Yojana (SGSY)	75
4	Swarna Jayanthi Shahari Rozgar Yojana (SJSRY)	75
5	Differential Rate of Interest (DRI)	75
B	Government of Andhra Pradesh	
6	APMIP	76
7	Animal Husbandry	76
8	Fisheries	77
9	Sericulture	77
10	Handlooms & Textiles	77
11	A.P. Backward Classes Co-op. Finance Corporation	78
12	A.P. Scheduled Castes Co-op. Finance Corporation	81
13	A.P. State Christian Finance Corporation	81
14	A.P. Scheduled Tribes Co-op. Finance Corporation	82
15	A.P. Stare Minorities Finance Corporation	82
16	A.P. S.T.E.P	82
17	S.E.R.P	83
18	Mission for Elimination of Poverty in Municipal Areas (MEPMA)	83

17. Overdue/NPA position

S.No	Particulars	Page No.
	Overdue/NPA position as on 30.09.2011 under various sectors	84

18. Regional Rural Banks - Review

S.No	Particulars	Page No.
	Performance of Regional Rural Banks on Important Parameters	87
S.No	Particulars	Page No.
19	Flow of Information	89

20. Important communications received

S.No	Particulars	Page No.
	Reserve Bank of India	90
	NABARD	91

21. Annexures

S.No	Particulars	Page No.
1	Bankwise number of branches as on 30.09.2011	93
2	Bankwise Deposits and Advances & CD Ratio as on 30.09.2011	95
3	Bankwise Priority Sector Advances as on 30.09.2011	97
4	District wise key indicators as on 30.09.2011	99
5	Bankwise Agriculture Advances (Direct & Indirect) as on 30.09.2011	100
6	Bankwise Achievement of Annual Credit Plan 2011-12 as on 30.09.11	102
7	District wise achievement of Annual Credit Plan 2011-12 as on 30.09.11	106
8	Benefits extended to LEC holders as on 02.12.2011	108
9	Credit disbursements to Non loanee farmers as on 31.10.2011	109
10	Financial Literacy and Credit counselling centres (FLCCs) as on 30.11.2011	110
11	Bankwise CGTMSE approvals from 01.04.2011 to 31.10.2011	112
12	Bankwise MSME Advances as on 30.09.2011	115
13	Bankwise Housing Loans as on 30.09.2011	117
14	Bankwise Education Loans as on 30.09.2011	119
15	Bankwise Advances to Minorities as on 30.09.2011	121
16	Bankwise Advances to Weaker Sections as on 30.09.2011	123
17	Bankwise Advances to SC /ST as on 30.09.2011	125
18	Bankwise Advances to Women as on 30.09.2011	127
19	Bankwise Advances under DRI as on 30.09.2011	129
20	Bankwise Outstanding SHG Advances as on 30.09.2011	131
21	Detailed data relating to Government sponsored programmes	133

01. Adoption of the Minutes of 175th SLBC Meeting held on 26.08.2011 & Adoption of Minutes of Steering Committee and Other meetings of the SLBC held after 26.08.2011.

The Minutes of 175th SLBC Meeting held on August 26, 2011 were circulated to the members of SLBC, LDMs and Government Departments concerned. 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 26.08.2011 were circulated on various dates to the members of SLBC, LDMs and Government Departments concerned.

Date of Meeting	Purpose of Meeting
07.09.2011	Special SLBC meeting
15.09.2011	Sub-committee meeting of SLBC for Export Promotion
11-10-2011	Meeting of Small Group of Banks- Implementation of GOI Action Plan
19-10-2011	1st SLIIC Sub-committee meeting
28-10-2011	4 th Steering Committee meeting of SLBC
15-11-2011	Special meeting of Select member Banks of SLBC

These Minutes may be approved by the House as no amendments/ changes were received by SLBC of Andhra Pradesh.

02. Banking Statistics:**BANKING AT A GLANCE IN ANDHRA PRADESH****As on 30.09.2011**

Total Number of bank branches (Nos)	8,454
Rural - 3057 Semi Urban - 2203 Urban -2046 Metro - 1148	

(Rs. In crores)

Total Deposits in the State	3,08,248
Total Advances in the State	3,48,764
Credit Deposit Ratio (RBI norm -60%)	113.14%

Total Priority Sector Advances	1,62,915
% of Priority Sector Advances to ANBC (RBI Norm 40%)	49.78%

Priority Sector Advances (Rs. In Crores)	
Agricultural Advances % of Agrl. Adv. to ANBC (RBI norm - 18%)	90,654 (27.70%)
Non Farm Sector (% to Net Bank Credit)	27,244 (7.81%)
Other Priority Sector Advances (% to Net Bank Credit)	45,017 (12.91%)
Total Priority Sector Advances	1,62,915
Educational Loans	5,519
Housing Loans	26,702
SHGs	13,207

BANKING KEY INDICATORS OF ANDHRA PRADESH

S.No	PARTICULARS	As on 31.03.2009	As on 31.03.2010	As on 30.09.2010	As on 31.03.2011	As on 30.09.2011
1.	Number of Branches:					
	Rural	2733	2857	2914	2997	3057
	Semi Urban	1754	1941	1958	2107	2203
	Urban	1601	1922	1927	2030	2046
	Metro	911	956	1024	1077	1148
	Total	6999	7676	7823	8211	8454
2.	Deposits (Rs.Crores)	2,05,899	2,45,686	2,56,223	2,83,600	3,08,248
3.	Incremental Deposits (% of increase)	44,909 (27.90%)	39,787 (19.32%)	10,537 (4.29%)	37,914 (15.43%)	24,648 (8.69%)
4.	Advances (Rs.Crores)	2,10,294	2,69,760	2,93,549	3,27,275	3,48,764
5.	Incremental advances (% of increase)	62,279 (42.08%)	59,466 (28.28%)	23,789 (8.82%)	57,515 (21.32%)	21,489 (6.57)
6.	C.D.Ratio (RBI Norm 60%)	102.13%	109.80%	114.57%	115.40%	113.14%
	Incremental CD Ratio	138.69%	149.46%	225.76%	151.70%	87.18%

- Number of bank branches in the State as on 30.09.2011 is 8454. During the Half year under reference 243 branches were opened (Rural-60, Semi urban-96, Urban-16 and Metro-71).
- The Credit Deposit Ratio of banking sector in Andhra Pradesh as on 30.09.2011 is 113.14% as against the stipulated ratio of 60%. The incremental CD ratio during the year is 87.18%.
- Deposits of banking sector in A.P. are Rs.3, 08,248 crores as at the end of Sept, 2011 with a growth rate of 8.69% from March, 2011 and 20.30% from September, 2010 (i.e., year to year growth).
- Aggregate advances of banking sector in A.P. as at the end of September, 2011 are Rs.3,48,764 crores registering a growth rate of 6.57% over March, 2011 and 18.80% over September, 2010 (i.e., year to year growth).

(Bank wise, district wise data enclosed .Annexure-1, 2 & 4)

STATEMENT OF PRIORITY SECTOR ADVANCES

(Amount in crores)

S.No.	Particulars	As on 31.03.09	As on 31.03.10	As on 30.09.2010	As on 31.03.11	As on 30.09.11
1	Crop Production	28,665	33,986	38,051	41,752	45,906
2	Agri.Term Loans including allied activities	22,822	34,672	38,549	41,346	44,748
3.	Total Agri.Advances	51,487	68,658	76,600	83,098	90,654
	% of Agri.advances to previous year's Net Bank Credit (18%)	34.78%	32.65%	26.09%	30.80%	27.70%
4.	SSI & Rural Artisans (% to Net Bank Credit)	21,128 (10.05%)	22,868 (8.48%)	24,444 (8.33%)	27,033 (8.26%)	27,244 (7.81%)
5.	Other Priority Sector Advances (% to Net Bank Credit)	27,710 (13.18%)	34,989 (12.97%)	39,418 (13.43%)	44,096 (13.47%)	45,017 (12.91%)
	Total Priority Sector Advances	1,00,325	1,26,515	1,40,462	1,54,227	1,62,915
	% of Priority Sector Advances to previous year's Net Bank Credit (RBI Norm 40%)	67.78%	60.16%	47.85%	57.17%	49.78%

- Total Agricultural advances as at the end of September, 2011 are Rs.90, 654 crores constituting 27.70% of previous year's Net bank credit as against the RBI norm of 18%.
- Total Agricultural advances registered a growth of 9.10% over March, 2011 and 18.35% over September, 2010 (i.e., year to year growth).
- Total Priority sector advances are Rs.1, 62,915 crores as on 30.09.2011 constituting 49.78% of previous year's Net bank credit as against the prescribed RBI norm of 40%.
- Priority sector advances registered a growth rate of 5.63% over March, 2011 and 16.00% over September, 2010 (i.e., year to year growth).

(Bank wise data enclosed .Annexure-3 & 5)

03. Achievement of Annual Credit Plan 2011-12:

Achievement As on 30.09.2011

(Rs. In Cores)

Sl.No	Item	Target 2011-12	Achievement (Disbursements during 01.04.11 to 30.09.2011)	% of Achievement
1.	<u>Crop Loan</u>			
	Kharriff	20,285	21,601	106.49
	Rabi	10,700	.....	.....
	Total	30,985	21,601	69.71
2.	<u>Agri.Term Loans</u>			
	Kharriff	4,040	5,909	146.26
	Rabi	3,360	.....	.....
	Total	7,400	5,909	79.85
3.	<u>Allied to Agriculture</u>			
	Kharriff	5,131	5,039	98.20
	Rabi	4,484	.....	.....
	Total	9,615	5,039	52.41
	Total			
	Kharriff	29,456	32,549	110.50
	Rabi	18,544	.....	.....
	Total Agriculture	48,000	32,549	67.81
4.	Non-Farm Sector	8,198	4,263	52.00
5.	Other Priority Sector	17,118	6,327	36.96
	Total Priority Sector	73,316	43,139	58.84

Bank-wise achievement of Annual Credit Plan As on 30.09.11 is given in **Annexure-6**District-wise achievement of Annual Credit Plan As on 30.09.11 is given in **Annexure -7**

Annual Credit Plan Achievements (last three years)

(Rs. in Crores)

S.No.	Sector	2009-2010		2010- 2011		2011-12 (As on 30.09.2011)	
		Target	Achievement	Target	Achievement	Target	Achievement
1.	Crop Loans	23500	24845	26261	30229	30985	21601
2.	Agricultural Term Loans (including Allied Activities)	9000	12728	11574	17701	17015	10948
3.	Total Agriculture	32500	37573	37835	47930	48000	32549
4.	Non Farm Sector	8000	7399	8150	11051	8198	4263
5.	Other Priority Sector	15000	12200	15700	13897	17118	6327
6.	Total Priority Sector	55100	57172	61685	72878	73316	43139

- **Short Term Crop Production Loans:** Total Achievement is Rs.21, 601 crores against the target of Rs.30, 985 crores for the year, which is 69.71%. Under Kharif, 2011 the achievement is Rs.21,601 crores as against the target of Rs.20,285 crores which is 106.49%.
- **Agri Term Loans including allied activities:** Total Achievement is Rs. 10,948 crores against the target of Rs.17, 015 crores for the year, which is 62.29 %. Under Khariff, 2011 the achievement is Rs.10, 948 crores as against the target of Rs.9, 171 crores which is 119.37%.
- **Non Farm Sector:** Achievement is Rs4, 263 crores against the target of Rs.8, 198 crores for the year, which is 52.00%.
- **Other Priority Sector Advances:** Achievement is Rs.6, 327 crores against the target of Rs.17, 118 crores for the year, which is 36.96%.
- **Total Priority Sector Advances:** Achievement is Rs.43, 139 crores against the target of Rs.73, 316 crores for the year, which is 58.84 %.

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> Requested to issue fool proof Pattadar Pass Books in all districts.</p>	<p>Responding to the request of Bankers, Government of Andhra Pradesh started issuing Security featured Pattadar Pass Books on Pilot Project basis in three Districts (Anantapur, Prakasam and Warangal) in the state.</p> <p>Government of Andhra Pradesh is requested to speed up the process and to implement in all districts so that the bankers can finance agriculture loans in a hassle free manner.</p> <p>Mean while certified copies of 1(B) register may be made available to all bank branches.</p>
<p><u>Small and Micro Enterprises</u> Preparation of Model Project at District Level as per K. C. Chakrabarthy Committee recommendations. Establishment of Central registry by GoAP as per the recommendations of K.C. Chakrabarthy Committee.</p>	<p>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>Opening of FLCCs:</u> 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>

5. Agriculture-credit flow to agriculture:**A) Progress in lending – Crop loans & Agricultural Term loans including Allied activities:**

Sl.No	Item	Target 2011-12	Achievement (Disbursements during 01.04.11 to 30.09.2011)	% of Achievement
1.	<u>Crop Loan</u>			
	Khariff	20,285	21,601	106.48
	Rabi	10,700	.....	.....
	Total	30,985	21,601	69.71
2.	<u>Agri.Term Loans</u>			
	Khariff	4,040	5,909	146.26
	Rabi	3,360	.....	....
	Total	7,400	5,909	79.85
3.	<u>Allied to Agriculture</u>			
	Khariff	5,131	5,039	98.20
	Rabi	4,484	.....	....
	Total	9,615	5,039	52.41
	Total			
	Khariff	29,456	32,549	110.50
	Rabi	18,544	.....	.....
	Total Agriculture	48,000	32,549	67.81

B) Progress in lending under Loan eligibility Cards issued to Tenant Farmers:**As on 02.12.2011****(Amount in crores)**

Loans disbursed to LEC holders	
Number	Amount
180915	349.17

C) Lending to the Agriculture credit/Kisan credit cards-meeting the targets:

It is informed by the Department of Financial Services, Ministry of Finance, GOI, vide their Lr.No.F.No.06/11/2011-AC, Dt.15.09.2011, that the Finance Minister during the meeting with CEOs of PSBs and FIs on 08.07.2011 observed that 16 PSBs could not meet the target for direct lending to agriculture and 13 banks could not meet the target of total agriculture lending. The Finance Minister emphasized that banks must strive to meet the priority sector lending targets. The FM in particular, directed the banks which have not been able to meet the target in the last 3 years to step up their efforts.

The Finance Minister also expressed concern over the wide gap between the number of Kisan Credit Cards (KCCs) and the agricultural loan account. FM also directed that the banks must put in place a system to weed out dormant KCCs and maximize the flow of credit through KCCs. It was also advised that UIDAI could be approached for advice on de-duplication of KCCs.

D) GOI Action Plan for improving Agricultural credit-Progress in implementation:

In terms of communications received from GOI, we have discussed the matter in the 175th SLBC meeting held on 26.08.2011 and in the Special SLBC meeting conducted on September 7, 2011. All banks and LDMs were advised to complete the task before October 15, 2011.

A common application has been designed by SLBC in consultation with NABARD. Agriculture Department was advised to print sufficient application forms and supply to all their Agricultural Officers with instructions to collect the filled in application forms from all non loanee farmers and submit the same to the concerned service area bank branches.

All LDMs were advised to conduct Special DCC meetings immediately and prepare Plan of their district to cover all non loanee farmers and other families. All banks and LDMs were advised to submit weekly progress report to SLBC commencing from September 17, 2011 and SLBC is monitoring the progress.

A Small Group was constituted with Andhra Bank, SBI, SBH, Syndicate bank, Indian Bank and Deccan Grameena Bank and representative of NABARD as observer to review the progress.

In the Small Group meeting held on 11.10.2011, the following Action Points emerged:

1. All Lead District Managers to conduct weekly meeting of 'Small Group' constituted at District Level with important operating banks and Asst.General Manager, NABARD as observer to review the progress. The meeting may be conducted on every Wednesday by collecting data as on previous Saturday and send consolidated position to SLBC by Friday through e mail to slbc@andhrabank.co.in
2. All Banks may take steps for putting in place scheme to provide overdraft up to Rs.10000/- to all non farmer households.

3. All Banks may give thrust for financing all Non Loanee farmers, LEC holders, Non Loanee Non farmer households in a time bound manner as per Government of India directions.
4. All Lead District Managers to submit **Annexure 'A'** (Service Area Plan of their District) before 15.10.2011.

During the course of discussions, it was suggested that to assess the number of farmers that can be covered during the current Rabi season, Lead District Managers to submit one time information in the following format.

S.No	Bank	Number of villages	Total number of farmers to be covered	Number of farmers who are raising crops during Rabi Season	Out of (5) Number of farmers willing to avail loan
(1)	(2)	(3)	(4)	(5)	(6)

SLBC has received Annexure A (Service Area Plan) from all LDMs. Uploading of Service Area plans on the respective District website was also completed in 21 districts out of 22 districts(except Hyderabad). In respect of Prakasam district it is informed by the Lead District Manager that the construction of District web site is under process and note to upload the same once it is completed.

The modalities for implementing the Action Plan was discussed in the Special Meeting of Banks held on 15.11.2011 and it was opined that the non-loanee farmer data may be arrived by exchanging information with other banks and societies. The issues may be discussed in JMLBC & DCC meetings and the services of Adarsha Rythus may also be taken for enrolling farmers.

The Commissioner, Agriculture Dept., GoAP informed that if banks are able to provide village wise bank wise data of borrowers in soft form, it will be easier to the Agriculture department to identify the non-loanee farmers.

Hence, all LDMs were advised to conduct Special JMLBC Meetings exclusively for the purpose and all bank branches may be advised to prepare the list of loanee farmers as per the following format:

Name of the Bank and Branch	Village	Name of the Farmer who availed loan	Father/ Husband's Name	Purpose of Loan	Amount of Loan O/S (Rs)

(Action: All LDMs)

Further to this, SLBC has received DO Lr.No.1(4)/2011-CP dated 21st November, 2011 from Secretary, Department of Financial Services, MOF, GOI, which was immediately circulated to all banks and LDMS for immediate action. It was advised by GOI that:

It has been decided to start a special campaign from **1st December to 15th December, 2011** regarding lending in rural areas and these lendings are to be made to eligible borrowers. The following check list for the activities to be done is also given by GOI.

Action Plan

Sl.No.	Issues	Action
1.	Finalisation of a common format for crop loan which will be applicable to all banks	By SLBC Convenor in consultation with all other banks and state Governments.
2.	Centralised Printing of the format	Department of Agriculture and the State Government and copies to be made available to each District Agricultural Officer
3.	Assignment of a group of villages to various field functionaries for collection of application form for crop loan (This could include functionaries of rural development department, panchayat department and sugarcane department, etc., to name a few.	Orders to be issued by State Governments and to be reviewed by DCC headed by the District Collector on a daily basis at least for two weeks.
4	Application to be submitted to each bank in whose `service area` the village falls	DCC/Banks
5	No bank to charge any fees for crop loan which include documentation fee, inspection, advocate, processing and renewal.	Banks to issue orders
6	Bank to sanction a permanent cash credit limit to be renewed each year on the verification of land holding. Since land records have been put online, this will be verified by the bank themselves.	Banks to issue orders
7	There will be no requirement of getting `no dues certificate` from other banks. It is the responsibility of other banks to inform the bank having the village in the service area to inform of any dues outstanding.	Banks to issue orders
8	Whether each non-default farmer living in the village falling in the service area of the branch has got a Kisan Credit Card.	Each ZO
9	Whether each no-farmer family living in Rural area falling in the service are of the bank has got a Savings-cum-OD Account.	Each ZO
10	Whether extra manpower has been posted in rural and semi-urban branches to see that each village of 2000 more population is visited once a week on a fixed date,	HO/ZO

	time and place and supports BCs for undertaking requests for account opening, loan and recovery.	
11	Whether Branch Manager himself visits one village in a week	ZO
12	Whether schedule for opening new branches as per the new Guidelines on Financial Inclusion has been prepared and being implemented.	ZO/HO
13	Whether accounts are being opened as per guidelines on KYC issued by DFS	HO/ZO

Detailed instructions to field offices may be issued by 23rd November, 2011 for taking following action:

- i) Each branch will announce a particular day in which officers of the branch will visit each village falling in the service area. This should be announced in the villages a week before through local publicity/notice. On that day, applications for opening accounts and KCC/GCC will be collected, checked and approved and next day the same would be made available in the village by one of the functionaries of the branch of the bank.
- ii) Similar exercise will be done for all the villages falling in the service area of the branch.
- iii) At the end of the campaign it will be certified by each branch that there is no farmer/non-farmer living in the village that could not be given KCC/GCC as the case may be.
- iv) Zonal office will certify that each village of 2000 or more population is being visited once a week on a fixed day, time and place.
- v) Regional Rural Banks are also advised to act accordingly.

SLBC is monitoring the progress made.

E) Government of Andhra Pradesh decision to replace old pattadar pass books on pilot basis in three districts-Progress:

Government of Andhra Pradesh started implementation of Security featured Pattadar Pass Books on Pilot Basis in three Districts (Anantapur, Prakasam and Warangal) of Andhra Pradesh. Government is requested to speed up the matter and implement in all districts.

F) Financing under Farm Mechanisation Schemes-Proposal of GoAP to provide 50% subsidy.

In the 4th Steering Committee meeting held on 28.10.2011, the Commissioner, Department of Agriculture, GoAP has given a detailed description of the Farm Mechanisation schemes, which are proposed to be implemented by their department with the involvement of banks by providing 50% subsidy.

The brief details of the schemes are given below:

1. System of Rice Intensification Centres (SRI):

Keeping in view the erratic climatic conditions and high usage of water in the neighbouring states in future, coupled with high shortage of labour which is increasing year after year, it would be difficult to continue to at least retain the extent of paddy cultivation in the state.

These conditions are compelling to adopt more prudent methods of paddy cultivation in order to make it more viable and profitable. In order to overcome the above said problems, the government proposes to encourage the farming community for adopting SRI cultivation extensively in the state.

Advantages of practicing SRI:

- ❖ Water saving by 25 to 30%
- ❖ Time saving to an extent of 10 to 15 days in each season
- ❖ Productivity enhancement by 17 to 20%

Eligibility and other salient features:

The applicant(s) should be a farmer or farmer`s group.

The cost of each center of SRI is about Rs.75.34 lakhs out of which government will provide a maximum of 50% i.e., Rs.37.67 lakhs by way of subsidy and the remaining amount of Rs.37.67 lakhs needs to be borne by the applicant or through Bank finance. Serving an area of 500 acres per annum the unit can pay back the cost within 3-5 years and hence it is ideal for institutional financing.

2.System of Sugar cane Intensification centers (SSI):

Sugar cane is cultivated in an extent of 2 lakh hector in the state and the sugar cane crop once planted with a gap of 3 feet between the rows is continued for not more than 2 to 3 years. Also, farmers are resorting to fresh plantation of sugar cane after one or two years itself due to improper seed treatment, unscientific irrigation system coupled with un-scientific inter cultivation, which is also resulting in poor yield. The above said methodology of sugar cane cultivation is preventing mechanized cutting of fully grown sugar cane. The requirement of excessive water is due to retention of the crop in the field for almost one year.

In order to overcome the above said short comings in the cultivation of sugar cane and also to bring more area under sugar cane cultivation, it is proposed to establish mechanized SSI centres.

The cost of each SSI center would be Rs.133.35 lakhs, out of which government would provide maximum of Rs.33.34 lakhs (25%) as subsidy and the remaining amount of Rs.100.01 lakhs needs to be borne by the applicant or by way of bank finance.

The above details were already circulated vide SLBC Lr.no.666/30/02/704, Dt.01.11.2011.

3. Farm Mechanisation scheme :

Under this scheme it is proposed to extend finance for the following Machinery:

(Rs. In Lakhs)

S.No	Name of the Machinery	Price quoted to department with 5% VAT latest price
1	Mini Tractor 18HP Tractor along with Rotavators	2.88
2	Mini tractor 24 HP with Rotavators	4.90
3	Laser Guided Land Leveler	3.20
4	High capacity Multi Crop Thresher with output conveyor	4.10
5	Cotton Planter(Akola)	0.48

Eligible beneficiaries:

Individual/Group which had not availed subsidy for farm mechanisation from the Department of Agriculture will be considered/ eligible for this project. It is purely left to the discretion of the banks and there is no intervention of Agricultural department with regard to selection of beneficiary.

Sanction of Loan to the beneficiaries:

After satisfying the credentials of the applicants, either individual/group, banks may communicate the sanction to the Commissioner, Department of agriculture, for receiving the subsidy.

Release of subsidy:

The Department of Agriculture will release the subsidy directly to the banker by way of RTGS/NEFT. Banks can ground /disburse the loan by issuing DD to the supplier specified in the list and as per the choice of the farmer along with subsidy.

Rate of Interest:

Banks can charge Rate of Interest as per the directives of RBI from time to time. Banks may consider sanctioning loans at lowest possible interest rates.

Repayment Schedule:

Long duration may be given for repayment of these loans as the project cost is high.

Service charges:

Service charges @2.5% on the subsidy component will be given to Agros for entering into an MOU with the supplying firm, to follow up the beneficiary and to facilitate after sales service and training to beneficiary on the machinery procured under this scheme.

Submission of UCs:

After disbursement of the loan the banker has to submit the UC to the Commissioner, Agriculture department (at present) for their records.

Inspection of the unit:

Banker should inspect the Machinery/Unit along with the Agriculture department officials in due course periodically and ensure that the Unit is working well and not moved out of state for any reason, since it is meant for the purpose of utilisation locally for the fellow farmers in and around.

Insurance:

The machinery should be insured comprehensively covering all the risks.

Hence, all banks and LDMs are requested to encourage the proposals of farm mechanization and support the farmer community thereby increasing our term lending to agriculture.

SLBC has circulated the above to all banks and LDMs for implementation.

G) Agri Clinics and Agri-Business Centres Scheme – Final ACABC Compendium:

NABARD Vide their Lr. No.ICD/1187/ACABC-4/2011-12, dated 2 August, 2011, circulated the updated and detailed guidelines on Agri Clinics and Agri-Business Centres schemes to all banks.

SLBC also vide their Lr.No.666/30/123/731, dated 5 November, 2011, circulated the same to all controlling offices of Banks and LDMs with an advice to go through the same and increase/improve the finance under the said schemes.

Some of the Bankers are requesting SLBC for the soft copy of the schemes and SLBC advise them to download the same from the site icd@nabard.org or www.nabard.org for full details of the scheme.

H) Sericulture Action Plan 2011-12 – Interest subvention by Government:

Commissioner of Sericulture vide their Lr.No.DO Rc.No.2293/10/TM9, Dated 15.09.2011, addressed to the Convener SLBC, informed that:

Sericulture Credit Plan for the year 2011-12, was approved by the SLBC of AP with total financial outlay of 81.80 crores out of which 46.42 crores is bank loan and 35.38 crores is subsidy from the Department.

The Department of Sericulture with the support of Central Silk Board (Govt. of India) has formulated various schemes and providing subsidies for Mulberry Plantation, Construction of rearing shed, Supply of equipments, drip irrigation, etc., especially for increased production of Bivoltine Cocoons under Catalytic Development Programme (CDP), a Centrally Sponsored scheme along with the matching State share from the Government of A.P. Similar subsidies are available under Non-Farm Sector also.

Commissioner also informed that during the current year, out of the target of 16205 units worth of 45.66 crores was approved by the DCC. Banks have sanctioned only 377 units worth Rs.1.82 crores only upto the end of August, 2011 and 302 units have been grounded with credit of Rs.1.38 crores which comes to very poor achievement of 3.03%.

Commissioner added that the reasons for poor performance may be informed by the Bank branches and any corrections in this regard from the department can be done. However, in view of the poor credit sanctions/grounding, **the Department is implementing interest subsidy scheme for the bank finance** made to the farmers for construction of rearing shed to reduce the burden of the farmers. The Department will bear the **interest rate over and above 3% subject to the maximum of 9%** as most of the farmers are not in a position to meet their contribution to avail the subsidy benefit under CDP scheme of Sericulture for construction of rearing shed and they are approaching private parties for borrowing finance at higher rate of interest.

Hence, Commissioner requested to advise all Lead District Managers (LDMs) and also Controlling Officers of different Banks in the districts to improve credit sanctions to Sericulture Sector utilizing the Interest subsidy scheme being implemented by the Department. She also added that the officers of their department have already been instructed to propagate different schemes and interest subsidy among the farmers and bankers. They were also instructed to participate in joint recovery camps along with bankers.

All Bankers and LDMs are requested to note the above and extend finance to Sericulture utilising the Interest subvention announced by the department.

(Action: All Banks and LDMs)

I) Uncovered Farmers/New non-loanee farmers:

Strategy:

As per the decision of the Special SLBC meeting held on 07.09.2011, all uncovered farmers are to be covered keeping in view the GOI action plan being implemented by Banks.

**Data on New farmers and tenant farmers financed during the last
Three years**

Year	No. of New farmers financed	No. of Tenant farmers financed
2008-09	2,71,636	8,238
2009-10	5,80,000	1,26,511
2010-11	7,79,000	95,000
2011-12	3,14,954	1,80,915 (as on 02.12.2011)

(District wise and bank wise data enclosed-Annexure -8 & 9)

J) Financing of Joint Liability Groups- MIS Returns – to be submitted to NABARD:

NABARD vide Ref. No .NB.AP RO.HYD/ /MCID 54/2011-12, dated 14 November 2011, advised all Controlling Offices of CBs/RRBs/APSCB/CCBs regarding submission of MIS returns pertaining to Financing of Joint Liability Groups.

NABARD stated that as the Scheme of financing JLGs is gaining momentum across the state, it is felt necessary to introduce a set of MIS Returns on formation and credit linkage of JLGs. Accordingly, a set of four statements (Annexure I to IV) have been devised for submission of data on a monthly/quarterly basis.

It is also stated that the progress on JLG promotion and financing is closely monitored by Government of India and hence all banks are requested to ensure submission of the required data in the suitable formats enclosed herewith to NABARD on or before the due dates as indicated below:

Sl.No.	Particulars	Periodicity	Due Date
1	The Statement captures the data regarding sanction of grant assistance to JLGPIs for promotion of JLGs, status of JLG promotion by various agencies and release of grant assistance; by NABARD to respective agencies.	MONTHLY (ANNEXURE-I)	25 TH of every month to which the return relates
2	The statement captures more detailed information with regard to JLGs. It captures the details of number of JLGs promoted and credit linked both under Model A & B, are of operation, loans disbursed & outstanding, recovery performance etc. This statement is meant for reporting progress of JLG promotion and financing with grant support from NABARD.	QUARTERLY (ANNEXURE-II)	10 th of the succeeding month to which return relates
3	This statement is similar to Annexure II except that this is meant for reporting the progress of JLG promotion/financing by the banks/NGOs without grant support from NABARD.	QUARTERLY (ANNEXURE- III)	10 th of succeeding month to which the return relates.
4	Progress of JLGs This gives overall status of JLGs in the respective banks irrespective of whether support obtained from NABARD or not	QUARTERLY (ANNEXURE-IV)	3 rd of succeeding month to which the Return relates.

NABARD requested all banks to inform the name of nodal officer designated for submission of the data, his contact particulars (Mobile No.) to enable them to follow up in case of need.

SLBC has requested all banks to follow the directions given by the NABARD in this regard and submit the MIS>Returns to NABARD, AP Regional Office, Hyderabad, as per schedule promptly.

(Action: All Banks)

K) Financing of PACS through Scheduled Commercial Banks:

Although, agricultural credit disbursement by formal financial institutions is on an increasing trend, still nearly half of the farmers of the country remain outside the institutional credit fold. Leveraging the deep penetration of Primary Agricultural Cooperative Societies (PACS) by the banking system for providing Agricultural credit has been repeatedly emphasized by the Hon'ble Union Finance Minister, RBI Governor and Secretary, Department of Financial Services, GOI.

With a view to increase the flow of Credit for agricultural operations to farmers, NABARD has introduced a new product of lending to PACS through Scheduled Commercial Banks, Short Term refinance assistance will be extended by NABARD to Scheduled Commercial Banks for financing the PACS for the purpose of Seasonal Agricultural Operations (SAO) in such areas where the Central Cooperative Banks are weak or not in a position to lend to PACS adequately.

L) National Agricultural Insurance Scheme (NAIS)/Modified National Agricultural Insurance scheme (MNAIS):

National Agriculture Insurance Scheme (NAIS)-Rabi 2011-12.

SLBC has already communicated the National Insurance Scheme (NAIS) – Rabi 2011-12 along with a copy of Lr.No. Crop Ins.(2)480/2011, Dt.01.11.2011, received from Commissioner of Agriculture, Government of Andhra Pradesh along with G.O.Rt.1223 dated 01.11.2011 regarding Notification of Crops and Areas(District wise) under NAIS –Rabi 2011-12, to all Banks and LDMs of Andhra Pradesh.

SLBC advised all the Banks to follow the said guidelines in this regard and ensure that all eligible loans disbursed under Rabi 2011-12 are covered.

Modified National Agriculture Insurance Scheme (MNAIS) – Rabi 2011-12.

SLBC has already communicated the Modified National Agriculture Insurance Scheme (MNAIS) for Rabi 2011-12 along with a copy of Letter No. Crop INS (2)658/2011, dated 01.11.2011 received from the Commissioner of Agriculture, Government of Andhra Pradesh, to all Banks and LDMs of Andhra Pradesh.

SLBC also communicated the minutes of Special SLCCI convened on 07.10.2011 and 12.10.2011.

East Godavari is included under the Pilot Modified National Insurance scheme (MNAIS) during Rabi 2011-12 along with Nellore, Prakasam and Warangal districts.

The Committee has discussed the participation of Private Insurance Companies under NAIS/ MNAIS during Rabi 2011-12 seasons but it was resolved to examine the participation of Pvt. Insurance Companies for the next Kharif season.

M) 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 applicable 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.

The members on discussing the above and on analysis of GoI 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 the then 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. GOI is also extending interest subvention for a maximum period of one year. 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 GoI 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 GoI annually, in respect of GoI 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 GoI. 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%

GoAP considered the above suggestions made and released GO MS No.270 dated 22.11.2011 with the following modalities.

Interest Subsidy Scheme announced by GoAP on Crop Loans:

Vide GO Ms. No. 270 dated 22.11.2011, the Agriculture Department, GoAP released guidelines on implementation of total interest subsidy and Pavala Vaddi Scheme on crop loans effective from 01.10.2011..

The following operational guidelines are given under the Scheme:

- i) Interest waiver is applied for crop loans w.e.f., the Rabi 2011-12.
- ii) Interest waiver scheme is available to all the crop loans upto Rs.3.00 lakhs per farmer, repaid in time.
- iii) The Interest on all crop loans upto Rs. 1.00 lakh is waived 100%. While 100% interest subsidy is also allowed on loans from Rs.1.00 lakh to Rs.3.00 lakhs, but limited to the principal amount up to Rs.1.00 lakh only, and on the amount exceeding Rs.1.00 lakh, Pavala Vaddi only will be applicable. No interest waiver whatsoever on crop loans exceeding above Rs.3.00 lakhs.
- iv) The interest subsidy will be calculated on the crop loan amount from the date of its disbursement/drawal up to the date of actual repayment by the farmers or up to the due date of the loan as fixed by the Banks, whichever is earlier, subject to a maximum

- period of one year. This criterion compares with the existing guidelines under interest subvention scheme of Government of India and also the Kisan Credit Card norms.
- v) The Banks at the State level shall submit their consolidated claims pertaining to the entire financial year by the end of April of subsequent financial year: say for the year 2011-12, latest by April 30, 2012, duly audited by statutory auditors certifying the correctness. The consolidated claims may be in the 'AP Format II'.
- vi) All the banks shall adopt their computerized programmes so as to generate the interest subsidy claims in a centralized manner from their controlling offices at State Head quarters. This procedure is also comparable with that of interest subvention scheme of Government of India.
- vii) The State Government will reimburse the interest claims to respective banks soon after receiving of the claims.

It was advised that all banks need to submit information in the following format every year for interest waiver/ Pavala Vaddi Scheme of GoAP.

Name of the Bank:

AP Format II

S. No	Category	Total Crop Loan eligible for Subsidy (Rs. In lakhs)			Total Crop Loans which were repaid in time (Rs. In lakhs)			Amt. of interest to be reimbursed (Rs. Lakhs)
		No. of A/Cs	Amt. eligible for 100% interest Subsidy	Amt. eligible for Pavala Vaddi	No. of A/Cs	Amt. eligible for 100% interest Subsidy	Amt. eligible for Pavala Vaddi	
	Loans up to Rs. 1.00 lakh			-NA-			-NA-	
	Loans from Rs. 1.00 lakh to 3.00 lakh							
	TOTAL							

We certify that the above loans for which the claim is being made were repaid in time and the interest claimed excludes the eligible incentive subvention of Government of India.

Date:

Authorised Signatory

(This claim format needs to be duly certified by Statutory Auditors)

The differences between the earlier claim procedure and the present system are given below:

Earlier Procedure	Present System
Agricultural Officers of GoAP used to go round the bank branches and collect the claim forms from the bank branches.	Branches need to submit prescribed statement to their State Level Controlling Authorities.
Consolidation of claims is at Joint Director of Agriculture Office at district level. The JDAs used to send the proposals to Office of the Commissioner of Agriculture	Consolidation of claims is at Zonal/ State level of banks.
On settlement, the Joint Directors of Agriculture used to prepare individual cheques in the name of farmers and distributed through Agricultural Officers/ Adarsha Rythus.	Settlement to banks directly for crediting to respective accounts.
No stipulated time schedule for submission of claim forms and lot of delay used to take place.	Claims are to be submitted annually.
No Audit was stipulated.	Audited Statement need to be submitted.

The stipulated claim procedure is more akin to GOI interest incentive scheme for prompt recovery. However, under GOI Scheme, Banks will not collect stipulated interest from farmers.

For smooth implementation of the Scheme, Banks need to computerize the format for easy submission of claims and we may suggest the same to all Banks.

N) Declaration of Drought affected Mandals by Government of Andhra Pradesh:

GOVERNMENT OF ANDHRA PRADESH Vide their **GO MS No.22 Dt.02.11.2011**, **G.O.MS. No.23, Dt.05.11.2011**, **G.O.MS.NO.24, Dt.17.11.2011**, **G.O.MS.NO.26, Dt.23.11.2011**, **G.O.MS.NO.27, Dt.24.11.2011**, **GO MS No.28, Dt.28.11.2011** and **GO MS No.29, Dt.30.11.2011** has declared drought in the following **865** mandals respectively in AP, due to adverse seasonal conditions 2011, after carefully examining on the reports received from the District Collectors.

Position as on 08.12.2011

S.No.	Name of the District	No. of Mandals Declared as drought
01	Anantapur	63
02	Nalgonda	59
03	Karimnagar	57
04	Medak	46
05	Mahaboobnagar	64
06	Prakasam	56
07	Khammam	46
08	Kurnool	54
09	YSR Kadapa	51
10	Ranga Reddy	37
11	Chittoor	49
12	Krishna	32
13	Guntur	41
14	Srikakulam	28
15	Visakhapatnam	31
16	Warangal	51
17	Adilabad	52
18	Vijayanagaram	10
19	West Godavari	15
20	SPR Nellore	9
21	East Godavari	14
	Total	865

Earlier, Andhra Pradesh state was affected by Drought/Floods during 2009 and GoAP declared 1068 mandals in 22 districts as affected. Banks have rescheduled crop loans to the extent of Rs.4, 601 crores during the year 2010-11 due to Floods/Heavy rains during November/December, 2010; Government of Andhra Pradesh has declared 680 mandals in 16 districts as affected. Banks have rescheduled crop loans to the tune of Rs.2, 936 crores during 2011-12.

A Special meeting of Select member banks of SLBC was conducted **on 15.11.2011** to discuss the modalities and steps to be initiated with regard to declaration of drought affected mandals by the Government of Andhra Pradesh.

SLBC has communicated all GO copies to all Banks and LDMs with regard to declaration of Drought affected mandals by Government of A.P. upto 30.11.2011 and advised to take necessary steps as per RBI master circular.

In the meeting, Representative of Reserve Bank of India has advised the following:

1. Banks have to reschedule the loans within 3 months.
2. Earlier rescheduled loans can be restructured again as per master circular. One year moratorium may be given.

3. Repayment can go upto 7-10 years in case reschedulement is taking place 2nd or 3rd time to lessen the burden of repayment to the farmers.
4. No additional collateral Security need to be insisted for rescheduled loans.
5. Fresh crop loans are to be given and normal security norms apply for fresh loans

O) Mortgage for additional/fresh finance in case of rephacement of Short term crop loans -Exemption of stamp duty:

A reference was received from LDM, Prakasam district with regard to the Mortgage for additional/fresh finance in case of rephacement of short term tobacco/any other crop loans. In this regard we would like to submit the forum that **GoAP** vide **GO MS No.15, Dt.08.01.2009**, has issued orders for exemption of stamp duty and registration fee in respect of all documents to be executed for Agricultural loans sanctioned by Banks/Co. operative societies and reschedulement/conversion of one category of loan to another category for short term/medium term or long term loans upto an amount of **Rs.3,00,000/-** lakhs in favour of **Small and Marginal farmers** who have land holding up to the extent of 5 acres of wet land and 10 acres of dry land.

GoAP is requested to consider exemption of stamp duty and registration fee in respect of all documents to be executed for Agricultural loans sanctioned by Banks/Cop. operative societies and for reschedulement/conversion of one category of loan to another, category for Short term/medium term or long term from the existing limit of Rs.3, 00,000/- to Rs.6, 00,000/- (irrespective of the category of the farmer).

P) Horticulture – APMIP sanction of differential subsidy – Guidelines:

AGRICULTURE/AND COOPERATION (HORT) DEPARTMENT, vide GO MS No.251, dated 22 October 2011 issued guidelines for implementation of APMIP scheme.

1. All categories of farmers in a Revenue village are eligible for MI Systems up to a maximum subsidy of Rs.1, 00,000/- or 5 acres whichever is less, per family, irrespective of their economic status.
2. Eligibility of farmers:
 - a) All SC/ST farmers are eligible for 100% subsidy of Rs.1.00 lakh MI system cost, subject to a maximum of 5 Acres.
 - b) Small and marginal farmers are eligible for 90% subsidy of Rs.1.00 lakh MI system cost subject to a maximum of 5 acres.
 - c) Medium farmers are eligible for 75% subsidy of Rs.1.00 lakh Mi system cost, subject to a maximum of 5 acres.
 - d) Big farmers are eligible for 60% subsidy of Rs.1.00 lakh MI system cost subject to a maximum of 5 acres.
 - e) Farmers, irrespective of their holdings are eligible for 40% subsidy, if they are opting for MI system costing more than Rs.1.00 lakh, up to a maximum of 12.5 acres.
3. Criteria for identification of Beneficiary farmers.

a) Under the scheme, the beneficiary farmer is defined as every land holder, who is either a owner or a tenant farmer (with a lease agreement for at least 5 years) with a water source whether own or shared, in the Revenue village.

b) Definition of beneficiary farmer categories:

- Farmers with land holding upto 2.5 acres of dry land or 1.5 acres wet land are defined as Marginal farmers.
- Farmers with a holding up to 5 acres dry land or 2.5 acres wet land are defined as Small farmers.
- Farmers with land holding upto 10 acres dry land or 5 acres wet land are defined as Medium farmers.
- Farmers with land holding above 10 acres dry land or above 5 acres wet land are defined as big farmers.

c) The title deed of the revenue village in which application for MI system is made shall determine the category of farmers.

d) In case of tenants, the extent of land held by the owner/lessor shall determine their eligibility category.

e) In the absence of title deed, attested copy of Registered Sale deeds, not older than 2 years shall determine the category of beneficiary farmer.

4. Farmers who have already availed the benefit of subsidy previously will be covered only after life span of 10 years life of MI system installed earlier.

5. In selection of beneficiaries, not less than,

- 16.2% of the total target shall be covered by SC farmers.
- 6.6% shall be covered by ST farmers
- 38% shall be covered by small and marginal farmers
- 20% shall be covered by farmers holding 5 to 10 acres
- 18% shall be covered by farmers holding above 10 acres and
- 2% of the target shall be allotted for farmers opting MI system with more than Rs.1.00 lakh unit cost irrespective of their holdings.

For further details all Banks and LDMs may contact the Commissioner, Horticulture and extend the Support for eligible farmers.

Q) Animal Husbandry Sector -Rashtriya Krishi Vikas Yojana (RKVY):

Rashtriya Krishi Vikas Yojana (RKVY) is being implemented in the state with 100% Central assistance during 11th Five year Plan (2008-09 to 2011-12).

Objective: To achieve 9% growth rate in Animal Husbandry Sector during 11th Fiver Plan.

Implementing Districts: All Districts of the State except Hyderabad.

Projects during 2011-12:

Promoting Mini Dairy Units for Augmentation of Milk Promotion

1. Ram lamb rearing
2. Livestock Health and supportive programmes
3. Healthcare to sheep and Goats

Implementation period: 4 years i.e., 2008-09, 2009-10, 2010-11 & 2011-12.

Financial out lay:

2008-09	2009-10	2010-11	2011-12	Total
Rs.11146.00 lakhs	Rs.9894.00 lakhs	Rs.9457.00 lakhs	Rs.9431.00 lakhs	Rs.39928.00 lakhs

Details of Project:**1. Promotion of Mini Dairies for augmentation of Milk Production:**

- It is proposed to promote dairy units with 5 milch animals by providing 25% subsidy towards cost of milch animal.
- A subsidy amount of Rs.43750/- subsidy (25%) will be providing on each CB cow unit and Rs.50000/- on Buffalo unit.
- High yielding Crossed Cows and Murrah buffaloes will be promoted in order to provide sustainable income to the beneficiaries from the sale of milk.

It is proposed to promote 8945 Mini dairy Units with a financial out lay of Rs.42.19 crores.

2. Ram Lamb Rearing:

It is proposed to promote Ram lamb rearing units to augment meat production in the state and to provide substantial income to the farmers by providing 50% subsidy upto Rs.14, 000/- per farmer.

- It is proposed to provide one Ram Unit with 20 ram lambs to each beneficiary.
- Cost of one ram lam unit is Rs.28,000/-
- Subsidy provided under RKVY IS Rs.14, 000/-(50%)
- Total no. of Ram lamb units to be promoted in state : 5000
- Approximate subsidy amount Rs.7.00 crores.

(Action all Banks)

R) Inclusion of Agricultural Loans under RR Act of GoAP:

The recovery atmosphere for Agri Loans in the recent times has been badly vitiated and the segment is witnessing a spurt in NPAs. The recovery measures being undertaken by the Banks are not proving very effective because of the inherent weak recovery system for bank credit specially the agriculture credit. Unless some immediate steps are taken, a substantial part of the present agriculture credit is at a high risk of default. This would not only affect financial health of some major financial institutions but may be very damaging for some smaller banks hence posing a systematic risk to the financial sector. and above all, mounting NPAs may hinder the flow of funds to Agriculture segment affecting its growth badly.

In most of Agricultural loans the primary security is crop which is difficult to enforce. Even where the collateral security is available, banks are not in a position to realize the dues because of the lengthy process of legal action through Courts. Many of the willful defaulters are taking advantage of the situation and are not paying the dues.

In many States like U.P, Bihar and Karnataka the Banks' Agri Loans are covered under Revenue Recovery Act (RR Act) of the State. The chronic / hardcore default cases are handed over to Revenue Authorities for recovery. This measure has been quite effective in containing default of bank dues in these states.

In A.P the RR Act is being implemented on a limited scale covering only the Government Sponsored Schemes. If all Agri Loans are covered under the RR Act, it will go a long way in improving the health of Agri portfolio of the Banks in A.P. This will also help the banks in implementing the Government Sponsored Programmes without any hindrance, on a large scale.

The Agriculture Department and Finance (IF) Departments of GoAP are requested to take up with the concerned to enact necessary legislation to cover Banks' Agri Loans under the RR Act at the earliest.

In the 4th Steering committee meeting of SLBC held on 28.10.2011, Bankers requested the forum to take steps to bring the recovery of Agricultural loans of commercial banks into the fold of RR Act.

Commissioner, Agriculture opined that this will not work out as far as agricultural loans are concerned. She informed that our state is the best in Agricultural lending & recovery.

Commissioner added that since co. operative banks are having system of mortgage of land with them for the loans extended by them, they can initiate RR Act proceedings, which is not there in case of Commercial Banks.

Commissioner also mentioned that the recovery performance in cooperative banks is not comparable with that of RRBs and Commercial banks even though Cooperative banks can seek recovery through RR Act provisions.

Commissioner added that Agricultural officers attending JMLBC meetings will extend required support to the banks in recovery.

Hence the forum may discuss the possibility of bringing Agricultural loans under RR Act.

06. Financial Inclusion:**A) 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 twelve FLCCCs are functioning in Andhra Pradesh. In the following Districts:

1. Srikakulam, 2. East Godavari 3. West Godavari 4. Guntur 5. Adilabad 6. Medak
7. Machilipatnam 8. Chittoor 9. Kurnool 10. Kadapa 11. SPR Nellore and 12. Prakasam District.

All Lead Banks are advised to take steps for establishing FLCCs in their lead districts as per RBI guidelines at least by 31-12-2011.

B) 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 25 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:

S No	DISTRICT	RSETI NAME	SPONSOR	No.of Programmes	No.of trainees	Settlement through		Total settlement
						Self employment	Wage employment	
1	Chittoor	ABIRD TPTY	ANDHRA BANK	3	71	29	7	36
2	East Godavari	ABIRD RAJAHMUNDRY	ANDHRA BANK	8	395	83	71	154
3	Guntur	ABIRD, GUNTUR	ANDHRA BANK	22	688	385	48	433

4	Krishna	PMIRD, MACHILIPATNAM	ANDHRA BANK	23	582	337	55	392
5	Nellore	SIRE, VENKATACHAL AM	ANDHRA BANK	9	170	116	0	116
6	Srikakulam	ABIRD, SRIKAKULAM	ANDHRA BANK	12	279	94	71	165
7	Srikakulam	NIRED, RAJAM	ANDHRA BANK	13	329	95	135	230
8	West Godavari	ABIRD, ELURU	ANDHRA BANK	28	659	284	42	326
Sub Total				118	3173	1423	429	1852
9	Adilabad	RISET UTNOOR	S B H	5	150	49	0	49
10	Karimnagar	SBH, RSETI	S B H	6	143	10	23	33
11	Khammam	RISET, KHAMMAM	S B H	4	160	15	38	53
12	Nalgonda	RISET, NALGONDA	S B H	5	150	30	45	75
13	Nizamabad	RISET, NAVIPET	S B H	5	175	15	42	57
14	Ranga Reddy	RISET, CHILUKURU	S B H	5	144	44	55	99
15	Warangal	RISET, HASANPARTHY	S B H	5	123	22	48	70
Sub Total				35	1045	185	251	436
16	Mahaboobnagar	SBRSETI	S B I	6	174	2	12	14
17	Medak	SBRSETI	S B I	6	190	25	11	36
18	Visakhapatnam	SBRSETI	S B I	6	102	19	0	19
19	Vijayanagaram	SBRSETI	S B I	7	163	0	0	0
Sub Total				25	629	46	23	69
20	Anantapur	RUDSETI	SYNB/CNB	15	480	52	18	70
21	Prakasam	RUDSETI, VETAPALEM	SYNB/CNB	10	305	22	0	22
Sub Total				25	785	74	18	92
22	Kadapa	SIRD, KADAPA	SYNDICATE BANK	9	206	14	17	31
23	Kurnool	SIRD, KURNOOL	SYNDICATE BANK	5	162	56	14	70
Sub Total				14	368	70	31	101
24	Chittoor	INDSETI CHITTOOR	INDIAN BANK	6	167	65	2	67
Sub Total				6	165	65	2	67
25	STATE	APBIRED	CONSORTIUM	14	217	57	107	164
Sub Total				14	217	57	107	164
Grand Total				237	6382	1920	861	2781

Appointment of State Level Project Coordinators:

In terms of the MOU entered into between the Ministry of Rural Development, Government of India and the National Academy of RUDSETI the office of the Monitoring Cell of RSETIs under the aegis of MORD, GOI has been established in Bangalore headed by a Chief Project Co. Ordinator. The primary reason for establishing the Monitoring cell is to introduce an effective mechanism for monitoring the activities of RSETIs in order to ensure uniform standards of training and settlement rates across the

country. This would also involve in systematic capacity building of Directors/Faculties of RSETIs to ensure that all the RSETIs are brought on par with the best performing RDUSETI in the country in a time bound manner.

The MOU has envisaged engaging the services of 15-20 State Project co. Ordinators in all the states for undertaking the monitoring/mentoring responsibility in order to give guidance and support to each RSETI/RDUSETI to enable them to achieve the target of training 750 candidates a year with 70% settlement rate by third year of operation.

Accordingly, the committee put in place in terms of the MOU for selection of SPCs has selected Mr. Nagendranath as State Project Coordinator for the State of Andhra Pradesh whose address is given below for information of the house:

Mr. Nagendranath
301, Venkataramana Residency
OPP: Chaitanya High School
Road No: 17, Chaitanyapuri
HYDERABAD-500060
Phone:040-24140043, (M)09441137943, 09704633355
Email: nsamprathi@yahoo.com

All the Lead Banks and sponsors of RSETIs may note the above and advise their RSETIs suitably.

Sanction of loans to RSETI trained candidates:

A resolution was adopted in the 173rd Meeting of SLBC for sanction of one Self employment loan to RESTI trainee per quarter by each Rural/ Semi urban branch in the state. SLBC advise all the banks to follow the resolution and implement.

7. Financial Inclusion Plan (FIP):**A) Providing Banking Services in all Villages with above 2000 - Population by March, 2012 – Progress as on 30.11.2011:**

Sr. No.	Banks	No. of Villages Allotted	Villages covered upto 31st March, 2011	Achievement		No. of villages yet to be covered	Total No. of BCs appointed		Total No. of Financial Inclusion Accounts opened	
				During reporting month	Cumulative		During reporting month	Cumulative	During reporting month	Cumulative
1	ALLAHABAD BANK	12	0	0	4	8	0	2	0	0
2	ANDHRA BANK	1054	540	113	1054	0	92	1033	10041	243923
3	BANK OF BARODA	48	21	2	47	1	3	46	1451	5803
4	BANK OF INDIA	33	0	0	33	0	6	21	40	28977
5	BANK OF MAHARASHTRA	10	0	0	10	0	0	10	21	3764
6	CANARA BANK	129	19	0	129	0	0	102	9205	112399
7	CENTRAL BANK OF INDIA	101	20	10	61	40	6	53	1280	10985
8	CORPORATION BANK	66	60	1	66	0	0	66	0	85224
9	INDIAN BANK	262	166	0	259	3	0	241	3380	81050
10	INDIAN OVERSEAS BANK	142	78	6	142	0	0	136	1080	53275
11	PUNJAB NATIONAL BANK	28	10	0	15	13	1	2	601	49116
12	STATE BANK OF INDIA	1381	577	34	1066	315	34	1018	39381	172995
13	STATE BANK OF HYDERABAD	695	309	20	686	9	20	652	19421	164174
14	SYNDICATE BANK	368	300	0	363	5	41	327	4040	154102
15	UCO BANK	20	0	0	1	19	0	0	0	0
16	UNION BANK OF INDIA	168	129	4	162	6	4	162	2263	116765
17	VIJAYA BANK	43	0	0	40	3	0	40	150	150

	PSBs Total	4560	2027	190	4138	422	207	3911	92354	1282702
18	DGB	252	0	23	111	141	23	109	25	375
19	APGB	546	30	67	490	56	67	479	1285	42366
20	APGVB	869	378	22	401	468	0	400	4340	330281
21	SGB	169	0	112	112	57	0	112	0	0
22	CCGB	128	0	15	110	18	15	110	0	0
	RRBs Total	1964	408	239	1224	740	105	1210	5650	373022
23	ING VYSYA BANK	110	26	0	26	84	0	26	176	38589
24	SOUTH INDIAN BANK	1	0	0	1	0	0	1	15	75
25	KARNATAKA BANK	5	0	0	0	5	0	3	0	0
	Private Banks Total	116	26	0	27	89	0	30	191	38664
	GRAND TOTAL	6640	2461	429	5389	1251	312	5151	98195	1694388

* Reconciliation Process is going on in the remaining 21 villages because of reallocation, surrendering, and swapping of villages by some banks and it will be completed shortly.

B) Implementation status of FIPs 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, thereby 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.

The district wise position of unbanked villages with population in between 0-500; 501-1000; 1001-2000 and above 2000:

S.No.	District	Population Size as per 2001 Census				Total Villages	Out of Which >2000 population villages where FIP is under implementation
		<=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

C) Strategy and Guidelines on Financial Inclusion:

Department of Financial Services, Ministry of Finance, Government of India, vide their Lr.No.21/13/2009-FI(Pt.), dated 21st October, 2011, stated that :

Financial inclusion is an important priority of the Government. A number of policy measures have been taken towards achieving the objective of financial inclusion. Under the Financial Inclusion Plan under implementation, in the first instance, habitations with population of 2000 and above, as per 2001 census, are being taken up for provision of banking services by March 2012.

2. Only about 5% of the nearly 6 lakh villages in the country have bank branches. There are 296 under banked districts in the under banked states in the country. With the Financial Inclusion Plan under implementation, around 73,000 villages, having population of 2000 and above, would be provided facilities for banking services by March 2012. The Banking Correspondents and the new bank branches being opened in these villages would also provide services in the adjoining areas.

3. The Task Force set up by the Government for the direct transfer of subsidies on LPG; Fertilizers & Kerosene has already presented its interim report. Pilot for direct transfer of subsidies on kerosene and LPG are being taken up this year. Besides, there are at least 32 other schemes where the benefits are to be transferred to the beneficiaries and adoption of electronic benefit transfer would greatly enhance the efficiency of such transfers, besides reducing the scope of malpractices. Disbursement of MNREGA wages to the beneficiaries is required to be made in a fixed time period. Extension of banking and other financial services to the rural areas will also facilitate and, in fact, accelerate the economic development of such areas.

4. In view of the above, there is an urgent need of a strategy and approach for the extension of financial services to the entire country, so as to extend the benefits of electronic benefit transfer. These guidelines would be applicable for the time bound coverage of the entire country with banking services under financial inclusion.

5.1 **Banking Responsibility:**

- (i) Service area approach would be adopted for the coverage of the entire country for financial inclusion. So far the SLBCs have allocated specific villages among the banks. As Gram Panchayats are at the centre of the various developmental and welfare schemes and would play an important role in the electronic benefit transfer, service area of the banks needs to be defined in terms of the Gram Panchayats.
- (ii) Each DCC shall prepare a plan in a format as given at Annexure -I. Changes in existing allocation, wherever required, could be finalised at the level of the SLBCs at their next meetings to be held before 31st October 2011. Banks to whom the areas under Gram Panchayats are allocated would be responsible for all the financial inclusion activities in such areas. However residents would be free to approach any bank within or outside the service area for any banking service.
- (iii) Area to be served by the existing and to be opened branches should also be specified in term of the Gram Panchayats and the other areas may be covered through the BC model, as stated above.

5.2 **Coverage Plan :**

- (i) Under the present scheme of financial inclusion, all villages having a population of 2000 or more, as per 2001 census, (72721 villages) have been identified and allocated among banks by the SLBCs to be covered under the Financial Inclusion by March, 2012. In addition, considering the population distribution, in Arunachal Pradesh, Himachal Pradesh, Meghalaya, Mizoram, Uttarakhand, Chhattisgarh, Andaman & Nicobar, Daman & Diu, Pudducherry, Lakshadweep, all villages of 1000 and above must be covered by September 2012.

- (ii) Banks must, with their service areas, assign the existing BCs the area of the entire Gram Panchayat or, if required, also the adjoining Gram Panchayat in accordance with para 5.4 below. Banks must also assign the BCs, to be appointed as per sub para (i) above, the area of entire Gram Panchayat in which village having population of 1000 or 2000, as the case may be, falls.
- (iii) (a) At present the District and State Level Plans are being prepared for the banks, NABARD etc. Similarly, the Public Sector Insurance Companies are also preparing their field level plans.
- (b) In order to develop a comprehensive frame work for delivery of financial services and, hence, promote Financial Inclusion, it is necessary that comprehensive Financial Services Plan for the entire District and State is also prepared.
- (c) It has therefore been decided that:
- ❖ The District Lead Bank Officer, Officer In charge of NABARD and Nodal Officers of Public Sector Insurance Companies, both life and non life, would prepare a comprehensive District Financial Services Plan covering banking, rural development, insurance, etc. These officers would also meet once every month to review the progress and resolve inter agency issues.
 - ❖ At the State Level, SLBC Convener, NABARD in-charge for the State and State In-charge of Public Sector Insurance Companies, both life and non life, would prepare similar State Financial Services Plan. At the State level also, these officers would meet once every month to review the progress and resolve inter-agency issues.
- (d) The objective of the exercise is to ensure Financial Inclusion by ensuring bank account for every household, Kisan Credit Card to every farmer's family, General Credit Card to other households and extensive coverage under micro-insurance and micro-pension scheme besides looking at the critical gap in infrastructure in terms of rural warehousing etc.
- (e) The District Lead Officer and the State SLBC Convener would be responsible for the aforementioned committees at the District and the State Level respectively.
- 5.3 **Branches:**
- (i) In the under banked districts as listed by the RBI, the Banks shall within their service area, open a regular brick and mortar branch in larger habitations with population of 5000 and above by September 2012. Such branches could initially have lesser staff, say 2 persons, with ATM facilities. The staff strength could be increased as the business grows. Under the extant Policy of RBI on branch authorization, prior approval of the RBI is NOT required to open branches in tier 3 to tier 6 areas. In fact, opening bank branches in the under banked districts of the under banked states would entitle the banks to seek branches in tier 1 towns under their Annual Branch Authorisation Plan. Such a branch would be assigned a service area by the DCC/SLBC covering one or more Gram Panchayats.
- (ii) In other districts, the banks must try to open as many brick and mortar branches, in their service areas, in habitations having population of 10,000 and above by September 2012.
- (iii) While planning for branch expansion, it may be seen that in the unbanked areas the branches are available within a radial distance of 5 km.

5.4: Business Correspondents (BC):

- (i) In habitations without a bank branch, the Business Correspondent would be the main instrument of delivery of financial services. It is necessary to ensure that the business model of BCs is commercially sound and that they become financially viable in a reasonable time, say 2 years. This would require that each BC handles a reasonable number of household accounts, keeping the geographical coverage in consideration.
- (ii) Based on the feedback from the various Institutions, it is felt that the BC/Agent should be dealing with 1000-1500 households, or cater to a population of about 5000-8000. In the hilly, tribal and desert areas or where distance is large, the banks could have lesser number of accounts keeping the geographical and other conditions under consideration. DLCC will take a decision in such cases and get it ratified from SLBC. However, it must be ensured that the each BC Agent is assigned a sub-service area within the service area of the branch. Gram Panchayat shall be retained as a unit and BCA could be assigned more than one Gram Panchayats.
- (iii) Requirement of BC/BCA may be worked out in such a manner that the BCA is available within a radial distance of 2 km.

6. While appointing BCAs, Banks will keep following features in mind:

- (i) It is better to appoint an existing entrepreneur as BCA so that it is an additional income to him/her. This will improve the viability of BCA. While approving location of BCA, the place should be such that easily accessible and be preferable by the place of weekly local 'Haats'.
- (ii) Nearly 1 lakh Common Service Centres (CSCs) have been established by the Department of Information Technology. The CSC network will also expand. In order to ensure convergence and to assist viability of BC, it would be necessary that in the villages to be covered, wherever a CSC exists, the CSC is made a BCA. Banks can engage additional BCAs, if required in such cases.
- (iii) The selection of BCA must be done by the BC with the consent of the concerned Branch Manager in whose service area the BC is located. Preference should be given to such persons who are already doing some activity in the village.
- (iv) The device to be given to BCA should be interoperable through the gateway of NPCIL so that the customer can access to any bank by using the device. The device must have biometric facility plus card or password plus card. The BCA must have on-line connectivity.
- (v) The BCA must be responsible to receive and pay money, to transfer money from one to another. Each BCA must necessarily be appointed as Business Facilitator (BF) for all activities permitted by the RBI. BCAs must also be used as deposit mobilisation and recovery agents as permitted by RBI.
- (vi) The BCA will also be acting as an extension staff for micro insurance, animal insurance, crop insurance and micro pension. The banks will ensure coordination with the agencies, viz., LIC and other agencies dealing with these products.
- (vii) An officer of the concerned branch of the bank must be visiting the BCA once in a week on a fixed time and day and will use this visit to collect application for opening account, loans of all types, recovery follow-up and any other banking issues. This will install greater confidence among the customers and facilitate increased banking transactions through BCAs.
- (viii) The BCA must be responsible for routing all transactions of all villages in the assigned villages so that effective marketing and follow up, can take place.
- (ix) BCA could be remunerated using different models or a combination based on transactions, number of accounts opened, value of transactions, etc., with safeguards against recycling of funds, the guiding principle being the BCA has motivation to facilitate transactions of the customers and to provide good quality services.

- (x) For cash management, a proper arrangement needs to be worked out keeping in view the guidelines of RBI by the banks and with the BCA.
 - (xi) Transfer of the funds by the account holders of the bank represented by the BC to the account holders of other banks should be possible.
 - (xii) It is necessary for banks to ensure that there is a continuous improvement in the quality of services through the BCAs. Banks must have regular training programmes of the BCAs along with BCs. This must lead to reduction in footfall of the villages from the villages attached to the BCA in the service area of the branch of the bank.
7. **Electronic Benefit Transfer:**
- (i) Presently 32 schemes are in operation, (Annex-II), funded by the Government of India, under which benefits are to be given directly to the beneficiaries. Transfer of such subsidies into the accounts of the beneficiary under Electronic Benefit Transfer would enhance the efficiency of delivery of such services. Benefits in the areas covered under Financial Inclusion must be transferred electronically into the accounts of the beneficiaries. The Convenor Banks of SLBC must take up this matter in the next SLBC and the roadmap for Electronic Benefit Transfer in respect of each scheme must be finalized.
 - (ii) RBI issued the operational guidelines on implementation of Electronic Benefit Transfer and its convergence with the Financial Inclusion Plan on 12.8.2011. Under this, one district - many bank- one leader bank model is to be adopted. While all Departments of the Government of India (GoI) and State Governments may, for administrative convenience, deal with only one leader bank, such leader bank will obtain the funds from the GoI/State Government and, in turn, arrange to transfer funds through inter-bank transfer to other banks for credit to the accounts of ultimate beneficiaries. Under the service area approach, while the banks would be responsible for the Electronic Benefit Transfer to the residents in their service area, the residents would be free to choose the bank through whom they would like such transfer of benefits.
 - (iii) In some states, parallel structures for Electronic Benefit Transfer for some schemes have been created which are inconsistent with the aforesaid guidelines issued by the RBI. Such system should be discontinued henceforth or converted into one district- many banks-one leader bank models as per para-(ii) above.
 - (iv) It has also been observed that KCC beneficiaries as well as others who are already having bank accounts are asked to open separate account for availing Electronic Benefit Transfer. Any beneficiary having any bank account must not be required to open new accounts and the benefits should be credited to the existing account.

All Banks, LDMs and GoAP are advised to note the above guidelines for immediate implementation.

With regard to preparation of District & State level Financial Services Plan it is proposed to constitute a Sub-Committee to discuss the modalities with the following representatives:

1. All Lead Banks
2. LIC of India
3. United India Insurance Company
4. NABARD

D) Discussions of Secretary (FS) on Financial Inclusion with CEOs of Public Sector Banks/ Financial Institutions held at New Delhi

Detailed review of the progress under Financial Inclusion Plan and the plan to cover the remaining habitations was held 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.
- PSBs 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.

E) Review made by Secretary, Finance (IF), GOI:

Following Action Points emerged in the Meeting held by Secretary (FS) with Banks on August 17, 2011 among other things:

The Slow Progress in investigation of cyber fraud and counterfeit notes being detected by banks needs to be taken up at the SLBC meetings with the State Governments as a standing item.

All banks are advised to bring to the notice of SLBC any such cases pending for investigation to enable us to place for discussion in the SLBC meetings and draw the attention of State Government.

All the Banks will identify one of the districts where the bank is lead bank and make the district a model district in terms of e- payment by the end of October, 2011.

All lead banks are requested to initiate steps to make at least one of their lead districts as model district in terms of e- payments by the end of October, 2011. Please inform the name of the district selected for the purpose.

In order to take advantage of economics in bidding for ATM, instead of each bank separately bidding for on-site ATMs, the lead banks in district will bid for installing and maintaining onsite ATMs on behalf of all banks in that district. Respective banks shall use rate contract for their own requirements. Wherever feasible, particularly for rural areas, solar ATMs should be used. It is informed that SBI will finalize the draft bidding document by August 13, 2011.

All banks are requested to note the above and initiate appropriate action.

F) Aadhaar based Financial Inclusion

A State Level Empowered Committee (SLEC) Meeting was held under the Chairmanship of Hon'ble Chief Minister on 29.08.2011. Principal Secretary, Planning briefed about the progress on the implementation of Aadhar. Out of 8.46 crores population of the State 2.72 Crores (32%) were enrolled and 1.02 Crores (12%) Aadhar were generated. Strategies would be worked out to cover the entire population under Aadhar by 31st March, 2012.

Apart from the Government Registrars (Civil Supplies & Rural Development Departments) Non- State Government Registrars such as commercial banks also started enrolling persons under Aadhar. Banks such as SBI, SBH, Andhra Bank, Canara Bank, Corporation Bank & Union Bank have entered MOU with UIDAI.

UIDAI would provide Rs.50/- per successful enrolment to the Registrars, banks in turn pay negotiated (lesser) amount to their service providers. It is estimated that Rs.20 to Rs.40 Crores may be available with Non-State Government Registrars (banks) which is to be channeled for implementation of Financial Inclusion Plans. It has felt by the SLEC that receipt of this amount needs to be coordinated with UIDIA.

Principal Secretary, Finance (IF), Principal Secretary (RD) and Convenor of SLBC may work out modalities to spend the balance amount (less of amount paid to the service provider under Financial Inclusion Plans (FIPs)).

Allocation of Aadhaar data for opening bank accounts:

UIDAI is conducting enrolments through multiple Registrars across the country. The enrolment process involves obtaining consent from the residents for opening of bank accounts based on the demographic and biometric information provided by the residents. The demographic and biometric information for opening of bank accounts is proposed to be sent to the banks as per the following scheme as communicated by the UIDAI.

Priority No.1: There are about 73,000 FI villages in the country each having population of 2000 residents and above. Each of the villages is allotted to one particular Bank by Reserve bank of India for the purpose of Financial Inclusion. For such cases, the data of consenting residents of these villages will go to the Bank whom the village is allotted. Further the SLBCs are currently in the process of allocating villages with population between 1,000 to 2,000.

Priority No.2: Where Bank is registrar for particular resident and village of consenting resident is other than FI village, the data will go to the Bank who has done UID enrolment of such resident.

Priority No.3: Where the case 1 and 2 above do not apply, the allocation will happen based on pin code and not district-wise, as per the following criteria:

- i. The allocation should happen based on the number of branches attached against the Banks against pin code.
- ii. If resident is residing in a pin code, which is same as the branch pin code, then only this will be applicable.
- iii. If the pockets do not fall under case 1, 2 or 3 then servers' needs to allocate the Bank based on the branch distribution available against their pin code.
- iv. Banks to pin code mapping will be maintained in server which will be mapped to branch counts.

It is requested by the UADAI that this scheme for transfer of data to Banks for opening of bank accounts may please be placed before the SLBC for endorsement.

Forum may discuss the above.

G) Green Initiative – e-payment:

A communication was received from Union Ministry of Finance, Dept., of Financial Services, GOI, New Delhi stating that to enhance use of e-payments, it will be appropriate if all schemes of Govt. of India and the State Governments which are being administered by the State Governments are to be implemented by carrying out the following:

- (a) All payments to be made to beneficiaries are made by electronic fund transfer to the respective accounts of beneficiaries. The banks have been asked to open 'no frill' accounts.
- (b) The Lead Bank of the area has been advised to ensure that no beneficiary has any difficulty in opening a bank account.

It is also advised to ensure that with effect from 1st October, 2011 no payments are made or received through cheque except from such institutions which do not have Core Banking Solutions and not having access to ECS payment facility (this includes certain Urban Cooperative Banks, Local Area Banks and State Cooperative Banks).

The Secretary, Ministry of Finance, Dept., of Financial Services, GOI, New Delhi has enclosed a list of the schemes which are funded by the Government of India in which subsidies are to be given directly to the farmers. All the schemes up to Sl. No. 32 are operational and schemes listed in Sl. No. 33 to 35 are yet to be made operational, with the following action plan:

- (a) SLBC convenor to work with the State Government to see that they issue appropriate instructions for making payments electronically to all beneficiaries.
- (b) In the districts, Lead Banks may advise their LDMs to have a meeting with the DCC to see that all grants / subsidies under these schemes are directly credited to the account of the beneficiary electronically.

Point of Discussion:

SLBC has already circulated the GoI schemes to all the Banks, LDMs and Finance (IF) Dept. LDMs were advised to place the issue before DCCs. All the Banks are advised to follow the guidelines and GoAP is requested to advise all the Govt. departments to use e-payments only in respect of all Govt. schemes.

H) Financial Inclusion Plan – Minority Communities:

During the Quarterly Discussions held at Reserve Bank of India Hyderabad with Top Executives of Banks, a serious discussion has taken place in respect of Urban Financial Inclusion Plan, where the minority communities are more especially in the context of Old City of Hyderabad .

All banks are requested to open more number of branches/extend the financial inclusion services in these areas for the development of minority communities.

I) Operational Guidelines on implementation of Electronic Benefit Transfer (EBT) and its convergence with Financial Inclusion Plan (FIP):

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 underutilized 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.

SLBC has already requested Finance (IF) Department, to conduct a meeting of all the stake holders to discuss convergence of FIP and EBT.

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 is as follows 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.

1. About 1.00 lakh CSCs are currently established in the country, which are delivering various services to citizens.
2. 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.
3. 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
4. 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.

J) Review Meeting on Financial Inclusion with all SLBC Convenors held on 3rd November, 2011:

A meeting was held with the SLBC Convenors of the States presided over by Secretary (FS). In his opening remarks, Secretary (FS) emphasized the critical role of SLBC Convenors in implementing policies relating to the Department. After discussion the following decisions were taken:

1. Inoperative accounts are a liability to the banks. Therefore steps should be taken to revive these by giving them GCC/ KCC. There are about 12 crore farmer families of which 5.5 crore have been covered under the crop loans SLBC Convenors must send details of KCCs which have been used for crop loan. The BCA should collect the KCC application and it should be ensured that each eligible farmer gets a KCC. SLBC will review the KCC accounts and come back on the valid KCC cards and the active KCC cards.
2. The best practices of opening account of migrant labourers in Raipur and Ludhiana can be shared with SLBC Convenors.
3. SLBC will send a monthly statement on the financial inclusion progress as per format by the 5th of every month from this month onwards for the information of Hon'ble FM.

4. All SLBC Conveners assured that the targets will be met before the scheduled date. 5. It needs to be emphasized that the priority in financial inclusion is to saturate the geography by banks by having an account for at least one member in the family.

4. SLBCs will be asked to share the GIS data on the same line as the Bullandshahar GIS which was presented to them.

(Action: SLBC)

1. The banks need to become poP for the Swavalamban scheme of the Government and this should be synergized with the accounts opening of the poor so that the cash flow from the bank account to the pension contribution can be smooth. One person in the respective Zonal Office of the bank should be made responsible for this.

2. One officer from the bank branch must visit the BCs in villages of population of 2000 and above, for follow up and monitoring it should be ensured that the BC Agent is seen to be an extended agent of the bank. All activities of banking facilitations must be assigned to the BCs so that they not only become an effective agent of bank but their viability also improves.

3. Branch Manager of the Service Area Branch must also spend few days in a village and take the BC agents along with them to ensure that the customers get the confidence in BC agents.

4. One person in the Zonal office should be made responsible for driving the e-payments in the banks.

5. The concept of one district many banks, one leader bank which can open the account under the Service Area approach of the beneficiaries should be strictly followed. Wherever this is not being done, SLBCs should correct the anomaly.

(Action: All Banks)

1. The RRBs will have to join the NEFT network of their sponsor banks. Only one review meeting of RRB should be held in a quarter by their sponsored bank. The representatives from NABARD and RBI should attend this and no separate meetings be held. RRBs were asked to submit Board approved plans for branches extension by 14.10.2011 as detailed in the Financial Inclusion guidelines circulated by this Department on 21.10.2011.

(Action: All RRBs)

1. All migrant labourers and those citizens in the under privileged classes which do not have bank accounts need to get bank accounts. SLBC Conveners should take up the matter with the lead District Managers on a periodic basis.

2. District Service Area Plan and the Branch Extension Plans need to be put on the website of the concerned districts.

(Action: All LDMs)

K)Review meeting of Banks on implementation of FI Plan in West Bengal, Sikkim and North Eastern States by Hon`ble Union Mister Shri Pranab Mukharjee in Kolkata on 08.11.2011:

The Action points emerged in the Review Meeting held in Kolkata on 08.11.2011 by Hon`ble Union Finance Minister Shri Pranab Mukharjee with the banks on Implementation of Financial Inclusion Plan in West Bengal, Sikkim and North Eastern States are as follows:

1. All banks to ensure coverage of villages (population 2000 & above) allotted to them by March 2012. A letter would be put up by DFS to Hon`ble FM requesting the State Chief Ministers to attend special SLBC and ensure that the targets are achieved.

(Action: All banks/DFS)

2. All banks to open branches in all habitations with population 5000 and above in unbanked districts by Sept 2012.

(Action: All banks)

3. SBI to ensure coverage of all unbanked blocks by providing banking facilities, SBI to take up the issue with banks to whom particular block is allotted.

(Action: SBI)

4. A group of CMD United Bank, CMD UCO Bank, CMD Allahabad Bank and CGM SBI of North East under the Chairmanship of CMD Allahabad Bank would be formed to study district and location wise challenges relating to providing banking facilities in unbanked blocks of NE states and suggest solutions. The group should take into account both the security and non security issues in providing banking facilities. The group should submit its report to Finance Ministry by end of November, 2011.

(Action: Allahabad Bank)

5. RBI should aggressively provide viability funding to banks for opening branches in NE states.

(Action: CGM, RPCD, RBI)

6. RRBs have been given specific target for branch opening. RRBs would have to open 1700 branches this year. CEO s of Sponsor Banks to supervise activities in this respect.

(Action: All RRBs)

7. Sponsor Banks to expedite seamless integration of RRB`s CBS with their own CBS so as to facilitate fund of remittance facilities to the poor people.

(Action: All Banks)

8. Housing loans:

A) Housing loans –RBI guidelines:

RBI vide their circular No.RBI/2010-11/481 RPCD.SME & NFS. BC. No. 62 /06.11.01/ 2010-11, April 21, 2011 **communicated the following:**

Scheme of 1% interest subvention on housing loans upto Rs. 15 lakh - Guidelines

Please refer RBI circulars RPCD.SME & NFS.BC.No.16/06.11.01/2010-11 dated August 9, 2010 and RPCD.SME & NFS.BC.No.52/06.11.01/2010-11 dated February 8, 2011 on the captioned subject.

2. In para 43 of the Union Budget Speech of 2011-12, it has been proposed to liberalise the existing scheme of interest subvention of 1 per cent on housing loans by extending it to housing loan upto Rs.15 lakh where the cost of the house does not exceed Rs.25 lakh from the present limit of Rs.10 lakh and Rs.20 lakh respectively.

3. All Banks are advised to issue necessary instructions to their Controlling Offices and Branch Offices to ensure that these guidelines are implemented immediately. The other terms and conditions of the housing subvention scheme remain unchanged.

B)Position of Housing loans as on 30.09.2011:

Outstandings amount **as on 30.09.2011** is **Rs.26, 702.58 crores.** (Bank wise position is given in annexure)

09. Educational loans:

A) IBA Model Educational loan scheme for pursuing Higher education in India and Abroad:

Indian Banks Association (IBA) has modified the guidelines on “Educational Loan Scheme for pursuing Higher Education in India and Abroad” with the salient features.

- a. Merit as the sole criteria for eligibility.
- b. Admission under management quota kept outside the scope of the scheme.
- c. The quantum of loan to be justified by the employment potential.
- d. Extension of repayment period to reduce burden on the beneficiaries.

SLBC has circulated the guidelines vide letter No.666/30/330/581,Dt.26.09.2011 to all the member banks and advised them to adopt and implement the modified scheme.

B)Position of Educational Loans as on 30.09.2011

Outstanding amount **as on 30.09.2011** is **Rs.5519.20 crores.** (Bank wise position is enclosed)

10) Micro, Small & Medium Enterprises(MSME) SECTOR:**A) MSME- Clusters:**

In India, MSMEs have been growing through cluster approach over the years and attained significant presence in the process of development of the economy. A cluster is a concentration of economic enterprises, producing a typical product/service within a geographical area span over a few villages, a town or a city and its surrounding areas. Foundation for MSME Clusters assists institutions in undertaking cluster based local area development, effectively and inclusively in developing and transition economies. The objective of the Cluster approach is to:

- Give rise to collective benefits, for example through the spontaneous inflow of suppliers of raw materials, components and machinery or the availability of workers with sector specific skills.
- Favour the creation of providers of specialized technical, administrative and financial services.
- Create a conducive environment for the development of inter-firm cooperation as well as of co-operation among public and private institutions to promote local production, innovation and collective learning.

United Nations Industrial Development Organisation (UNIDO) identified 388 clusters in 21 states and 33 in the State Of Andhra Pradesh details are as under:

No	District	Location	Product
1	Anantapur	Rayadurg	Readymade Garments
2	Anantapur	Chitradurg	Jeans Garments
3	Chittoor	Nagari	Powerlooms
4	Chittoor	Ventimalta, Srikalahasthi ,Chundur	Brass Utensils
5	Cuddapah	Cuddapah	Polished slabs
6	East Godavari	East Godavari	Rice Mills
7	East Godavari	Rajahmundry	Graphite Crucibles
8	East Godavari	East Godavari	Coir & Coir products
9	East Godavari	Rajahmundry	Aluminum Utensils
10	East & west Godavari	East & West Godavari	Refractory Products
11	Guntur	Guntur	Powerloom
12	Guntur	Guntur	Lime Calcination
13	Guntur	Macherla	Wooden Furniture
14	Hyderabad	Hyderabad	Ceiling Fan
15	Hyderabad	Hyderabad	Electronic Goods
16	Hyderabad	Hyderabad	Pharmaceuticals-Bulk Drugs
17	Hyderabad	Musheerabad	Leather Tanning
18	Hyderabad	Hyderabad	Hand pump sets
19	Hyderabad	Hyderabad	Foundry
20	Karimnagar	Sirsilla	Powerloom
21	Krishna	Machilipatnam	Imitation Jewellery
22	Krishna	Vijayawada	Rice Mills
23	Krishna	Vijayawada	Steel Furniture
24	Kurnool	Adoni	Oil Mills
25	Kurnool	Kurnool	Artificial Diamonds

26	Kurnool	Banganapalle, Bethamcherla	Polished Slabs
27	Prakasam	Markapuram	Stone slate
28	Ranga Reddy	Balanagar, Jeedimetla & Kukatpally	Machine Tools
29	Srikakulam	Palasa	Cashew Processing
30	Visakhapatnam, EG	Visakhapatnam, Kakinada	Marine Foods
31	Warangal	Warangal	Powerloom
32	Warangal	Warangal	Brassware
33	West Godavari	West Godavari	Rice Mills

All Banks are requested to extend their banking services to all the eligible entrepreneurs in and around and take part in economic development of the State.

B) 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.

C) 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 15000 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 2011 – 12. It was advised that the PMEGP loans may also be covered under CGTMSE scheme as per the eligibility.

D)Progress made by banks for the last four 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	30.09.2011	3868	250.46
06	*As on 30.11.2011	4948	333.98

(*Target for the year – 15000 units minimum)

(Detailed date enclosed in Annexure-11)

E) Prime Minister`s Employment Generation Programme (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—

- E) Banks are not encouraging covering of the loans under CGTMSE and this is causing undue hardship to the selected candidates.
- F) 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 belonging 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 clear 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.

F) Pending Projects for regulatory clearance of State Government of Andhra Pradesh:

SLBC has received a copy of letter no. DO No.62/Secy.(DFS)/2011, dated 24th October 2011 from the Secretary, Department of Financial Services, Ministry of Finance, Government of India, addressed to the Chief Secretary, Government of Andhra Pradesh, regarding the list of pending projects at the State Government of Andhra Pradesh for want of regulatory clearances with an advice to convene a meeting with the concerned departments of Andhra Pradesh.

SLBC has already taken up the matter with the Principal Secretary, Finance (IF) Department, Government of AP with a request to convene a meeting with the departments concerned, to grant the clearances by the agencies of the state Government as the substantial amount of funding has been committed by banks but they are unable to disburse because of the clearances pending at the level of State Government.

(Action: State Government of Andhra Pradesh)

G)Scheme of Rejuvenation, Modernization and Technology Upgradation (REMOT) of the Coir Industry:

STATUS REPORT ABOUT IMPLEMENTATION OF REMOT SCHEME IN ANDHRA PRADESH

The Scheme of Rejuvenation, Modernization and Technology Upgradation of the Coir Industry was approved by the Ministry for the implementation during XIth Five year plan period. The Implementation of the scheme commenced from 2007-08. The Scheme was designed to provide credit from the banks for the development of Coir Industry where the Government support is also extended to the beneficiary for the setting up of Coir processing units in the major Coir producing states of the Country. The project cost of the spinning is 2 lacks and tiny unit is Rs. 1 lack per unit. The assistance will be provided 55% by way of term loan from banks, 40% as subsidy from Govt. of India and 5% as beneficiary contribution.

OBJECTIVES:

The objectives of the Scheme are to reduce drudgery, improve production and productivity of spinners and Tiny/Household sectors: increase the incomes of the targeted beneficiaries: increase husk utilization: gradually increase work days: and general additional employment commensurate with the

assistance provided. Provide modernized machinery which will increase productivity of the beneficiaries.

All banks are advised to give adequate thrust for implementation of the above scheme.

A.P.STATE TARGET FOR 2011-12

S.No.	State	Spinning units	Tiny/Household units	Total (Rs.in crores)
1	Andhra Pradesh	20	30	76.00

H) Record on note of discussions held with Associations for finalizing Draft Export Promotion Policy of Andhra Pradesh:

Record on note of discussions held with Associations for finalizing Draft Export Promotion Policy of Andhra Pradesh, at 3 p.m. on 17th October.2011, in O/O. Commissioner of Industries, AP, and Hyderabad.

In the meeting held with Industrial Associations and Organizations related to Exports, It has been decided to have an Export Promotion Policy for the State Of Andhra Pradesh. The Policy should be finalised very quickly since most other States have already announced their EPP long back. FIEO and CII have already prepared a policy document and submitted to the O/o. the Commissioner of Industries. Hence, it is decided to constitute a Draft Committee and the Members were requested to go through the policy document and suggest modifications if any, to the Export policy.

I) MSME- Restructured Technology Upgradation Fund Scheme(TUFS):

Technology Upgradation Fund Scheme was introduced in 1999 to catalyze Investments in all the sub-sectors of textiles and jute industry by way of 5% interest reimbursement. The scheme was in operation till 29.06.2010. Now, the scheme is reintroduced with certain modifications by Government of India, Ministry of Textiles, for textile industry and is known as Restructured Technology Upgradation Fund Scheme. The objective of the present scheme is to leverage investments in technology upgradation in the Textiles and Jute industry, with a special emphasis on balanced development across the value chain.

The salient features of the scheme are given below:

1. The scheme is effective from 28.04.2011 to 31.03.2012
2. A reimbursement of 5% on the interest charged by the lending agency on a project of technology upgradation in conformity with the scheme.
3. Cover for foreign exchange rate fluctuation/forward cover premium not exceeding 5% for all segments except for now stand-alone/replacement/modernization of spinning machinery, the foreign exchange rate fluctuation/forward cover premium will be 4%.
4. Additional option to the Powerlooms units and independent preparatory units to avail of 20% Margin Money subsidy under Restructured TUFS (in lieu of 5% interest reimbursement on investment in TUF compatible specified machinery) subject to a capital ceiling of Rs.500 lakhs

and ceiling on margin money subsidy of Rs.60 lakhs. However, for brand new shuttle less looms the ceiling on margin money subsidy will be Rs.1 crore. A minimum of 15% equity contribution from beneficiaries will be ensured.

5. An option to SME textile and jute sector to avail of 15% Margin Money subsidy (in lieu of 5% interest reimbursement on investment in TUF compatible specified machinery) subject to a capital ceiling of Rs.500 lakhs and ceiling on margin money subsidy of Rs.45 lakhs. A minimum of 15% equity contribution from beneficiaries will be ensured.
6. 5% interest reimbursement plus 10% capital subsidy for specified processing, garmenting and technical textile machinery.
7. The common Effluent Treatment Plants (CETPs) will not be covered under Restructured TUFs.
8. 5% interest reimbursement plus 10% capital subsidy for branch new shuttle less looms.
9. Interest subsidy/capital subsidy/margin money subsidy on the basic value of the machineries excluding the tax component for the purpose of valuation.
10. 25% capital subsidy (in lieu of 5% interest reimbursement) on purchase of the new machinery And equipments for the pre-loom and post-loom operations, handlooms/upgradation of Handlooms and testing and quality control equipment, for handloom production units.
11. There will be an overall subsidy cap of Rs.1972 crores from 28.04.2011 to 31.03.2012, Which is expected to leverage an investment of Rs. 46, 900/-crores with sectoral Investment shares of 26% for spinning, 13% for weaving, and 21% for processing, 8% for Garmenting and 32% for others.

All banks are advised to give adequate thrust for implementation of the above scheme.

11. Handloom Weavers:

Handloom weavers – Implementation of Handloom weavers- Loan waiver scheme for the loans sanctioned under ACC, PMRY and RYS-Progress:

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 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 year 2010 – 11 till date the date of receipt of payment (claim) from 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.

SLBC advised all the Banks to submit the claims under Loan waiver Scheme for Handloom weavers to the Commissioner, Handlooms & Textiles Department, long back and we are being informed by the Banks that they have already submitted the claims to the Department, but they are yet to receive the claim amounts from the Government of Andhra Pradesh.

Hence, Director of Handlooms & Textiles Department, Government of Andhra Pradesh Is requested to release the claims to the Banks to avoid slippage of those accounts to Non-Performing Assets.

12. Social Welfare Schemes:

Lending to Minority Communities under Priority Sector Lending:

Ministry of Finance, Govt. of India vide Lr. 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.

All banks were 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%.

As on **30.09.2011**, lending to Minority Communities under Priority Sector lending is at **Rs.11775.94 crores which constitutes 7.23% of Priority sector advances.**

Credit flow to Weaker Section:

Credit flow to **Weaker Section advances as on 30.09.2011 is Rs.48, 650.23 crores**. As per RBI norms the Weaker Section advances are to be 10% of Net Bank Credit. In our State it is more than the stipulation i.e., **13.95%. (Annexure-16)**

Credit flow to Women:

As on 30.09.2011 advances to Women are at Rs. 39,154.29 crores. As per RBI norms the advances to Women is to be 5% of Net Bank credit. In our State it is more than the stipulation i.e., **11.96%.(Annexure 18)**

Credit flow to Schedule caste/Schedule 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 30.09.2011, the lending to SC/STs is Rs.11768.97 crores, comprising of 7.22 % of priority sector advances and 3.35% of total credit. **(Annexure 17)**

Credit flow under DRI:

As on 30.09.2011 the credit outstanding under DRI is Rs. 250.07 crores. Target under DRI for 2011-12 is **Rs.3272.75 crores** (i.e., 1% of the total outstanding advances of previous year, total outstanding advances as on 31.03.2011 are Rs.3, 27,275 crores). **(Annexure 19)**

Bank wise position of advances under DRI is enclosed.

13. Self Help Groups:**A) Position of SHG Linkage Programme- September, 2011:****(Amount in crores)**

Name of the Bank	Outstanding		Overdue Position		
	No.of SHGs	Amount	No.of Accounts	O/S. liability in overdue accounts	Actual Overdues
Public Sector Banks	987539	9315.34	175800	1515.45	505.75
Private Sector Banks	26251	88.20	4235	22.89	8.15
Cooperative Banks	19081	201.49	3009	11.19	9.62
Regional Rural Banks	389831	3602.21	58581	462.02	105.64
TOTAL	1422702	13207.24	241625	2011.55	629.16

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 14.22 lakhs SHGs with an outstanding amount of **Rs.13207.24 crores** as on 30.09.2011 which covers 1.30 crores of Rural and Urban women in Andhra Pradesh.

B)Andhra Pradesh State Milk Mission – PPKs :

Recently, Honourable Chief Minister of Andhra Pradesh conducted a meeting to discuss the State Milk Mission.

The Overall Mission Goal for 2011 – 2015:

To Increase the overall Milk Production in a sustainable manner

- Milk Production – 496.31 LLPD (67% increase).
- Per Capital Milk Production – 426 Grams (58% increase).
 - ✓ Goal 1 To increase milch animals to 1,03,90,295 (33% increase)
 - ✓ Goal 2 To increase the productivity to – 4.78 Liter / day (25.5% increase)
 - ✓ Goal 3 To increase availability of Pasteurized milk to – 109.73 (83% increase)

For that the Animal Husbandry department has proposed number of Interventions, like-

1. Induction of new animals - 4.00 lakh animals; Additional Milk Production – 24 lakh LPD and Total Fund required – Rs.1600 Crores
2. Fodder and Feed development
3. Cattle Rearing Programme - Bank Loan Rs.20, 000 (80%) – Member contribution Rs.5000 (20%)
4. Cattle Salvage – supplementary Programme - Bank Loan 90% & Member contribution 10%.
5. Expansion of Animal health Programme.
6. Expansion of milk procurement services - Establishment of new BMCUs.
7. Milk market Development in Tier II and III Cities I
8. Institutional strengthening and capacity building
9. Promote Research and Innovations

Total Budget for the Mission is Rs.6200 Cr for years 2011-15 of which Bank loan amount is proposed Rs. 3332Cr (54%). All the Banks are requested to encourage financing Dairy schemes and Dairy processing units.

PAALA PRAGATHI KENDRAMS (PPK) New scheme:

SERP-Hyderabad, Livestock and Poultry Development Unit-State Milk Mission 2011-15, designed a new scheme of PAALA PRAGATHI KENDRAMS (PPK) with Self Help groups - Action plan for 2011-12 and requested for discussion in the Forum.

The scheme is a novel idea evolved recently to modify the existing Mini Dairy Scheme of Animal Husbandry Department, keeping in view the difficulties presently being faced by the SHG women with low land, irrigation and fodder resources.

This concept aims at convergence of all available schemes and resources and creation of an effective delivery system at one place to enable the scientific and efficient management of milch animals with in a self help group, reducing the drudgery of individual SHG Women and create free time to SHG members and enable them to earn additional income by taking up other income generating activities.

The objectives in detail, selection of villages, phasing, selection of beneficiaries/groups, purchasing of Milch animals, funding pattern, finances required, rate of interest, marketing of milk, repayment period and other modalities are already communicated.

The above scheme was discussed in 4th meeting of Steering Committee held on 28.10.2011 and it was resolved that SERP may send the detailed scheme to SLBC for communicating the same to all banks for taking necessary initiate in this regard.

SLBC has received the detailed guidelines of the scheme on 30.11.2011 and circulated the same vide Lr.No.666/30/245/820, Dt. 30.11.2011 to all controlling offices of Banks and LDMs to take initiation in this regard.

C) Scheme for financing of Women Self Help groups with the support of Anchor NGOs as SHPI:

All Banks have received a copy of communication from Department of Financial Services, Ministry of Finance, and Government of India regarding the Scheme of financing of Women Self help groups with the support of Anchor NGOs as Self Help Promoting Institution (SHPI). The details of the scheme have been circulated to all the banks.

In this regard, SLBC addressed letter to the Lead District Managers of Adilabad and Khammam Districts also with an advice to discuss the subject in the ensuing DCC meeting and take the approval of DCC in identifying one not-for-profit NGO in their districts which will act as SHPI for promotion and nurturing of SHGs as well as facilitator for banks for on lending to SHGs.

(Action: LDMs of Adilabad and Khammam Districts and all Banks)

D) SHG–Bank–Linkage–Cash Credit facility:

Ministry of Finance, Government of India vide Lr.No.3/45/2011-AC Dt.17.11.2011 has given the following guidelines on SHG Bank linkage:

- 1) The present practice of giving term loans has a cost to the bank because of high number of transactions and documentation required for it. That takes away lot of precious time of the staff of the branch. Similarly, it costs time and inconvenience to the group members as they have to come repeatedly to the branch for documentation and also save to keep separate accounts for repaying each loan.
- 2) Keeping the above in mind, **it has been decided that henceforth all SHGs will be sanctioned only cash credit limit.** The groups will extend loans to their members as per the guidelines of the RBI and NABARD. The SHGs shall ensure that they make payments of interest for this cash credit limit each month.

- 3) This measure will also reduce average cost of money to SHGs as they would be able to deposit surplus money in the bank as and when they have.
- 4) **In so far as existing SHGs are concerned, their term loans shall be converted into cash credit limit by 31st December 2011.**
- 5) NABARD will ensure that their DDMs work closely with the Nodal Officer of the Lead Bank in each district and ensure compliance of the same.
- 6) The guidelines laid down by the RBI permits sanction of credit in the ratio of 1:4. To simplify procedures, the banks will sanction cash credit limit for the amount which a Group will be entitled to have in the ratio of 1:4 after savings of 5 years. However, disbursement limit would be sanction after six months and thereafter reviewed each year in the ratio of savings as prescribed by the RBI. This will help to avoid repeated documentation which involves lot of activity for the Group as well as for the branch of the bank. **NABARD will ensure that this is discussed and conveyed to all bank branches in all districts of India immediately and in case of existing accounts, the same procedure will be followed.**
- 7) Wherever internal guidelines of the bank permits to go beyond the ratio of 1:4, the same will be applied in all cases – existing and new.

House may discuss on the above.

E) Micro Finance Institutions in Andhra Pradesh –An update:

Lending to MFIs by Banks

- As per the data collected, the exposure of Banks and SIDBI to MFIs is Rs. 5280 Cr. in the State of Andhra Pradesh as at the end of September, 2011. The overdue constitute 409.84 Cr and NPA constitute Rs. 167.53 Cr.

Proposal of MFIN:

The salient features of the proposal of MFIN are given below:

1. The MFIs are offering a restructuring package to the microfinance borrowers in Andhra Pradesh with the objective of reducing their repayment burden. The relief being offered on existing loans is in the form of reduction of interest rate and an interest-free extension of loan tenors. This is estimated to result in a financial benefit of about Rs 1,657 Cr to the borrowers.
2. All future lending by MFIs to be with greater focus on customer-centricity and within the framework of all applicable laws and RBI guidelines.
3. GoAP to facilitate establishment of an appropriate enabling environment for MFIs to normalize their business operations.
4. GoAP to make changes, as may be necessary, in legal enactments/rules/regulations for MFIs to commence making new loans to microfinance borrowers in AP. In particular, the approval processes for grant of new loans to be simplified and fully automated.

It was also requested that Banks may extend support to MFIs for recovery of their dues.

The proposal was discussed in the 4th Steering Committee Meeting of SLBC held on 28.10.2011. In the meeting, it was resolved that *The MFIs may plan for their recovery strategy and to popularise the*

restructuring package offered by MFIN. If any law and order problem arises, MFIN may approach GoAP for required assistance.

The above resolution was adopted in view of the following:

- The GoAP is not willing to change/ relax any of the provisions their Ordinance at this stage.
- The MFIs may improve the recovery position only if their lending operations are normalized. As per the provisions of the Ordinance, the MFI need to take approval of GoAP before lending and any member of SHG is eligible to have only two loans. Many of the borrowers of MFIs are not eligible to take loans because of this provision and GoAP is not prepared to relax the norm.
- Many Banks have expressed that overdues under SHG-Bank linkage programme are mounting and only with active participation of SERP, the recoveries are forthcoming. In view of this, Banks are not in a position to extend support to MFIs in recovery of their dues.

14. Lead Bank Scheme:

Implementation of High level Committee Recommendations-Progress Report September,2011:

HIGH LEVEL COMMITTEE TO REVIEW LEAD BANK SCHEME

ACTION POINTS FOR SLBC CONVENOR BANKS as on 30th September 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 fora under LBS should focus on addressing the 'enablers' and 'impeders' in advancing greater financial inclusion and flow of credit to priority sectors, while monitoring govt. Sponsored Schemes. (para 3.1, 3.8)	The State Level Bankers' Committee is setting a target for Priority Sector Advances under Annual Credit Plan by consolidating the District Credit Plans received from all districts in the State. SLBC is monitoring the progress under all Government sponsored schemes and achievement of Annual Credit Plan quarterly and taking the steps for 100% achievement of target of Priority Sector Advances. Required corrective steps are being initiated whenever required.
2	3	The over arching objective of Lead bank Scheme shall be to enable banks and State Governments to work together for inclusive growth.)Para 3.4)	In the State of Andhra Pradesh State Government and Banks are working together to achieve the inclusive growth.
3	4	It is necessary to broad base the scope of the scheme to cover initiatives for financial inclusion, role of State Governments, financial literacy and credit counseling as also 'credit plus' activities, formulate action plans to facilitate 'enablers' and remove / minimize	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,

		'impeders' for banking development for inclusive growth, develop grievance redressal mechanism, etc.(Para 3.7)	2012 as a part of financial Inclusion. As on 30-09-2011 4209 villages are covered with Banking facilities. As on 30-09-2011 there are Eight FLCCs in Srikakulam, East Godavari, West Godavari, Guntur, Adilabad & Medak, and Krishna & Chittoor Districts. In the month of October 2010, Three FLCCs have opened in the districts of Kurnool, Kadapa & Prakasam. 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 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)	Banks are taking maximum advantage from the IT Solutions. Banks have issued smart cards to the tune 102.73 lakhs for the payment of Social Security Pensions & NREGA Payments. Banks are implementing ICT Based BC Model for providing banking facilities in the villages of more than 2000 population as a part of Financial Inclusion.
5	9	Although permitted, Primary Agricultural Credit Societies (PACS) are not being used as BCs. Concerted efforts may be made for using PACS as BCs where such PACS are running well.(Para 3.16)	We 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 mall centers where penetration by the formal banking system is required. The achievement of such connectivity may be monitored by a sub -committee of the DCC. Advantage may be taken of the special scheme offered by RBI of satellite connectivity through small V-SATs in remote areas. (Para 3.19)	We are pursuing with State Government to provide road/digital connectivity where penetration by the formal banking system is required. We have advised all Banks to open bank branches in Naxal affected areas and requested State Government to provide necessary security arrangements.
7	12	State Governments to ensure conducive law and order situation, adequate security uninterrupted power, water supply and irrigation facilities. (Para 3.20)	We are pursuing with State Government to ensure conducive law and order situation, adequate security, uninterrupted power, water supply and

			irrigation facilities wherever required.
8	18	The DLCCs/ SLBCs may monitor initiatives for providing 'credit plus' services by banks and State Government. The lead banks would need to take expeditious steps to set up RSETIs as per the plan projections. As recommended by the Working Group on Rehabilitation of sick SMEs(Chairman:Dr.K.C.Chakrabarthy, April 2008) , a scheme for utilizing specified NGOs for providing training and other services to tiny micro enterprises may be considered by the SLBC convener banks in consultation with State Governments as per the guidelines contained in RBI circular RPCD.SME&NFS.BC.No.102/06.04.01/2008-09 dated May 04,2009(Para 3.26)	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.
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	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

		forum.(Para 4.2)	Government sponsored schemes & Priority Sector Advances. The coordination is very effective in the State and is regarded as one of the model states.
13	39	In view of the large membership of the SLBC, it would be desirable for the SLBC to constitute Sub- Committees for specific tasks. In addition to the Sub - Committees already in existence, these could include IT enabled financial Inclusion, financial inclusion in urban areas, action plan for financial literacy, grant of educational loans, improvement in land records/other evidence for land ownership/occupation, improving recovery systems, measures to deal with downturn, promoting banks/SHG linkage and addressing issues relating to provision of microfinance in the State. (Para 4.4)	In Andhra Pradesh, the system of conducting steering committee meetings is established and almost all the issues are sorted out in these meetings. We have constituted Sub Committees for review of FIP Progress, SHG-Bank Linkage programme, Housing and Government of India Action Plan for improving Lending to Agriculture Sector.
14	41	The various fora at lower levels should give adequate feedback to the SLBC on issues needed to be discussed on a wider platform. Important issues/decisions of the BLBC, DCC and DLRC should be placed before the next meeting of the SLBC, so that these receive adequate attention at the State Level. (Para 4.6)	We 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	SLBC have constituted a sub-committee of representatives of five Lead Banks for study of common approach to be adopted to provide

	Financial Literacy Division and its help taken to reach out to the common persons. (Para 5.11)	financial counseling services through all financial Literacy & Credit Counseling Centers & State Level FLCC, proposed to be established. The common approach is envisaged to ensure that no duplication of efforts in preparation of material required and to design suitable programmes for financial literacy. However, later the banks have opined that individual approach is better by each Lead Bank in their Lead districts. At present 11 FLCCs are established and once all the FLCCs are established, we will start SLBC division to review & monitor.
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15) Observations made by the House committee of Parliament during their visit to Hyderabad:

SLBC would like to place before the forum that a Parliamentary House Committee visited Hyderabad on **04.11.2011** and reviewed the position with Andhra Bank, State Bank of India and Indian Bank.

The following are the some of the observations of Hon`ble members of Parliament among other things:

1. In some of the districts, Hon`ble M.Ps are not invited to DLRC meetings and their participation is not being ensured. There is also a need to fix the date of meeting in advance and communicated to all the concerned.
2. Whenever Banks are opening their branches, some of the Banks are not informing/inviting Hon`ble M.Ps.
3. Banks are not giving adequate thrust for financing S.Cs/S.T.s, farmers, Educational loans etc. The tenant farmers are being denied loans even after LEC system is introduced in the State.
4. Banks are insisting urban properties as collateral security for sanctioning of projects, which many of the entrepreneurs are unable to provide.
5. For tractor and other agricultural term loans, longer repayment period may be fixed and branch managers need to educate the farmers and inculcate prompt repayment culture.
6. After implementing ADWDRS 2008, some of the bank branches are not allowing any fresh loans to the beneficiaries, contravening to the scheme guidelines.
7. Some of the Banks are denying issuing credit card to Hon`ble M.P.s.

We advise all the Banks and LDMs to note the above observations and take appropriate steps and inform compliance to SLBC.

16. Government Sponsored Scheme:

A) Central Government Sponsored Schemes:

1). Prime Ministers Employment Generation Programme (PMEGP):

Target & Achievement for the year 2011-12 as on 31.10 2011 (Rs. In Lakhs)

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	1221.64	8730	218	888.27	173	763.30	5343
KVIC DO Vizag	242	339.36	2420	86	271.68	63	200.55	586
APKVIB	1115	1560.99	11150	994	2175.01	470	1561.72	10932
DIC	1486	2081.31	14860	819	2505.11	779	2100.37	14703
Total	3716	5203.30	37160	2117	5840.07	1485	4625.94	31564

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.
- SC Corporation / ST Corporation / Sainik Welfare Board/ Minorities Corporation are requested to create awareness among the target group about the PMEGP scheme.
- All the LDMs are advised to review the position of implementation of PMEGP in all the DCC / DLRC / JMLBC meetings regularly.

(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 28.11.2011

(Rs. In Crores)

Target	No of Applns. filed	No of applns. sanctioned		No of loans disbursed		Subsidy claimed	
		Units	Amount	Units	Amount	Units	Amount
85641	36883	18629	56.37	11120	33.12	7980	5.93

Bank wise sanctions under ISHUP scheme As on 30.09. 2011:

Name of the Bank	Target	Applns. Filed	Sanctioned		Disbursements	
			Units	Amount	Units	Amount
Allahabad Bank	209	54	0	0	0	0
Andhra Bank	16597	6780	2667	8.07	1201	3.62
APGB	3161	705	0	0	0	0
APGVB	2081	642	119	0.38	69	0.24
Axis Bank	196	0	0	0	0	0
B o B	1276	406	351	1.05	191	0.57
B o I	1547	1042	344	1.03	190	0.55
Bank of Maharashtra	150	9	9	0.02	9	0.02
Canara Bank	3506	1171	534	1.60	106	0.32
Cathelic bank	121	0	0	0	0	0
C B I	1983	1087	728	2.25	402	1.28
City Union Bank	151	0	0	0	0	0
Corp n Bank	1752	675	578	1.73	65	0.16
DCCB	320	16	1	0.0	0	0
DGB	2484	356	198	0.60	164	0.50
HDFC	75	0	0	0	0	0
ICICI	181	30	30	0.10	0	0
IDBI	25	0	0	00	0	0
Indian Bank	3671	1789	981	2.94	484	1.36
I O B	2314	849	563	1.69	382	1.15
Indus Ind bank	25	0	0	0	0	0
ING Vysya Bank	1880	558	267	0.80	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	188	0.56	45	0.13

SGGB	1483	556	236	0.71	164	0.33
S B H	14095	3636	1739	5.25	848	2.55
S B I	16260	7487	2999	9.32	1885	5.74
S B M	312	29	18	0.05	0	00
S B T	40	40	0	0	0	0
Syn. Bank	4440	2794	865	2.60	333	0.92
UCO Bank	363	127	98	0.29	98	0.30
Union Bank	2848	668	430	1.30	111	0.33
Vijaya bank	1048	445	245	0.71	64	0.17
Total	85641	32490	14278	43.32	6811	20.24

District wise sanctions under ISHUP schemes as on 30.09.2011

Name of the District	Target	Applications filed	Sanctioned		Disbursements	
			Units	Amount	Units	Amount
Srikakulam	2169	885	788	2.37	70	0.21
Vizianagaram	4351	1133	599	1.79	507	1.50
Visakhapatnam	1264	405	0	0	0	0
East Godavari	1429	746	245	0.90	245	0.85
West Godavari	1394	1625	96	0.29	76	0.22
Krishna	2495	604	282	0.85	184	0.55
Guntur	2531	2062	1370	4.11	1329	3.99
Prakasam	950	647	30	0.01	30	0.09
Nellore	11847	6164	2967	8.92	1242	3.73
Chittoor	5867	2263	1091	3.27	319	0.42
Kadapa	3780	3172	3132	9.40	319	0.96
Anantapur	6126	1458	724	2.17	154	0.39
Kurnool	9671	3535	160	0.71	160	0.71
Mahaboobnagar	4200	817	0	0	0	0
Rangareddy	1238	349	0	0	0	0
Medak	2358	1056	274	0.97	265	0.96
Nizamabad	5347	262	248	0.74	247	0.74
Adilabad	6800	775	775	2.31	513	1.52
Karimnagar	2537	1224	708	2.13	502	1.51
Warangal	4714	2547	567	1.71	531	1.60
Khammam	2527	394	118	0.36	118	0.29
Nalgonda	2046	367	104	0.31	0	00
Total	85641	32490	14278	43.32	6811	20.24

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 and Achievement as on 31.10. 2011 (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	90.27	2.38	56.49	4.20	153.35

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 and achievement for 2011-12 as on 07.12.2011 (Rs. In crores)

S. No.	Item	Target		Achievement	
		Accounts	Amounts	Accounts	Amount
1	SHG Bank Linkage	81650	1600.00	43694	942.23
2	SHG Disability Programme	2532	48.00	613	4.13
3	USEP Programme under SJSRY	10000	100.00	576	2.30
	TOTAL	94182	1748.00	44883	948.66

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 30.09.2011
Rs.3,27,275	Rs.3,272.75	Rs.250.07

Action Points:

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

(Action: All Banks)

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

Target and Achievement for the year 2011-12 - as on 30.09.2011 (Rs. In Crores)

	Physical			Subsidy	Benef. Contribution / Credit requirement	Total Project Outlay
	Area (in Hect)	Total GOI	State Share			
	1	2	3			
Target	1,50,000	351.04	452.36	803.40	61.24	864.64
Achvt.	25,583	53.99	78.62	132.62	14.39	586.00

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

Pasu Kranthi Padhakam

Projections and Achievements as on 31.10.2011 (Rs. In Crores)

Annual Target		Achievement	
Phy	Fin (In Lakhs)	No. of animals inducted (Phy)	Fin (In Lakhs)
22057	42.03	5740	11.50

Rashtriya Krishi Vikas Yojana

Projections and Achievements as on 31.10.2011 (Rs. In Crores)

Annual Target	Physical Target	Subsidy released	Achievement
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Phy(units)	Financial	Up to Oct 11(30%)	Units	Budget released	Units	Financial
8945	42.30	2684	1909	9.24	171	0.86

8. Fisheries :

Projections and Achievements for the year 2011-12 as on 30.09.2011

(Rs. in Crores)

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

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 31.10.2011

(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	1726	689	3.28	515	2.55

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

Projections and Achievement for the year 2011-12 as on 30.09.2011

(Rs. in Crores)

Scheme	Target	Finance (Crores)	Appl. sponsored	Sanctioned	Financed so far (crores)	%of Target
Artisan Credit Cards	12150	121.50	3702	760	2.47	6%

Scheme	Target for the year 2011-12	Financial outlay for the year 2011-12	No of Groups formed	No of Groups covered by Banks	Amount released by the Banks (Crores)	% of Achievement in total target

Handloom Weavers group	12700	127.00	506	99	1.09	3.98%
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11. A.P. Backward Classes Co-op. Finance Corporation:

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

Progress Report as on 30.09.2011

(Rs. In crores)

Annual Targets		Sponsored Applications		Sanctioned		Grounded		%of target
Phy.Nos	Amount	Units	Benif	Phy.Nos	Amount	Phy.Nos	Amount	
2565	2.10	3145	3172	327	1.15	39	0.09	4

Rajiv Abhyudaya Yojana Scheme:

Progress Report as on 30.09.2011

(Rs. In Crores)

Annual Targets		Sponsored Applications		Sanctioned		Grounded		%of target
Phy.Nos	Amount	Units	Benif	Phy.Nos	Amount	Phy.Nos	Amount	
2603	4.20	1134	1279	613	1.50	99	0.21	5

Andhra Pradesh Krishna Balija , Poosala Cooperative societies Federation Ltd.

Annual Action Plan 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	0.21	0.05	0.51

Progress Report as on 30.09.2011

(Rs. in Crores)

Annual Target		Appl. Sanctioned		Applications Grounded			
No	Amount	No	Amount	No	% of target	Amount	% of target
34	0.25	8	0.06	0	0	0	0

Andhra Pradesh Nayee Brahmins Cooperative Societies Federation Ltd

Annual Action Plan 2011-12

(Rs. In Crores)

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

Progress Report as on 30.09.2011

(Rs. in Crores)

Annual Target		Appl. Sanctioned		Applications Grounded			
No	Amount	No	Amount	No	% of target	Amount	% of target
34	0.25	8	0.06	0	0	0	0

Andhra Pradesh Washermen Cooperative Societies federation Ltd

Annual Action Plan for "FINANCIAL ASSISTANCE SCHEME"

(Rs. In crores)

Population of Rajaka	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

Progress Report as on 30.09.2011

(Rs. in Crores)

Annual Target		Appl. Sanctioned		Applications Grounded			
No	Amount	No	Amount	No	% of target	Amount	% of target
34	0.25	0	0	0	0	0	0

Andhra Pradesh Uppara Cooperative Societies Federation Ltd.

Annual Action Plan 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

Progress Report as on 30.09.2011

(Rs. in Crores)

Annual Target		Appl. Sanctioned		Applications Grounded			
No	Amount	No	Amount	No	% of target	Amount	% of target
34	0.25	8	0.06	0	0	0	0

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.

Annual Action Plan 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

Progress Report as on 30.09. 2011

(Rs. in Crores)

Annual Target		Appl. Sanctioned		Applications Grounded			
No	Amount	No	Amount	No	% of target	Amount	% of target
34	0.25	6	0.04	0	0	0	0

Andhra Pradesh Bhattraj 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			
	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

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

Economic Support Scheme

District wise progress report on Bank Linked Govt. sponsored. Schemes as on 31.10.2011

(Rs .in Crores)

Annual Targets		Sponsored Applications	Sanctioned up to September 2011		Grounded		%of target
Phy.Nos	Amount		Phy.Nos	Amount	Phy.Nos	Amount	
34701	134.98	20938	13761	41.84	3789	10.38	8

13. Andhra Pradesh State Christian Finance Corporation

Bank Linked Income Generation Schemes

Progress under Govt. sponsored. Schemes during 2011-12 As on 30.09.2011 (Rs. In Crores)

Annual Targets		Sanctioned		Subsidy/MM Released		Subsidy/MM Utilized	
Phy. No	Amount	Phy. No	Amt	Phy. No	Amt	Phy No	Amt
835	17.50	180	1.42	95	0.28	24	0.07

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

Economic Support Scheme

Projections on Bank Linked Govt. sponsored. Schemes for 2011-12 as on 31.10.2011

(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
16908	33.25	60.01	1916	996	1.90	3.54	34	0.22	0.38

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

Progress Report as on 31.10. 2011

(Rs. in Crores)

Annual Target		Appl. Sanctioned		Applications Grounded			
No	Amount	No	Amount	No	% of target	Amount	% of target
2900	8.70	1379	2.50	519	18	1.06	12

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

Action Plan of Rajiv Yuva Shakthi Programme – 2011- 12 - as on 30.09. 2011 (Rs.in Crores)

Annual Target		Applications sponsored	Admn. Sanctions		Subsidy released	
Phy	Amount		Phy	Amount	Phy	Amount
7667	53.67	9610	3200	28.68	172	1.72

- APSTEP was initially targeted during 2011-12 to assist 11500 youth under Rajiv Yuva Shakthi with a subsidy of Rs.23.00 crores. The subsidy was enhanced from 20% of unit cost to 50% of unit cost subject to a maximum of Rs.30, 000/- without insistence on beneficiary contribution. Accordingly the targets were revised so as to assist 7667 Youth within the allocated budget of 2011-12 under RYS.
- As against the target of 7667 units, 2191 units were accorded administrative sanctions (DSC) for release of subsidy and 1512 units are ready for approval of District Sanction Committee.
- Commissioner, APSTEP informed that the Government has permitted to entrust the work of recovery of loans given by banks under Rajiv Yuva Shakthi as per provisions of R.R. Act to the Deputy Tahasildars who are already under deputation to LDM Offices subject to meeting the expenditure on their salary by the respective banks only.
- **Commissioner APSTEP also informed that the CEOs of STEPs and Staff will coordinate and assist the Lead District Manager(LDM) and concerned bank branch managers in recovery of bank loans in respect of the units financed under Rajiv Yuva Shakthi Programme and request the SLBC to place the matter in the SLBC for discussion and approval.**

The House may discuss.

17. Society for Elimination of Rural Poor (SERP)

Projections & Achievement for the year 2011-12 as on 18.11.2011 (Rs. In crores)

Particulars	Target		Achievement	
	Accounts	Amount	Accounts	Amount
SHG Bank linkage	3,92,168	9084.00	1,31,524	2931.92

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

Projections & Achievement for 2011-12 as on 07.12.2011 (Rs. In crores)

S. No.	Item	Target		Achievement	
		Accounts	Amounts	Accounts	Amount
1	SHG Bank Linkage	81650	1600.00	43694	942.23
2	SHG Disability Programme	2532	48.00	613	4.13
3	USEP Programme under SJSRY	10000	100.00	576	2.30
	TOTAL	94182	1748.00	44883	948.66

17. Overdue/NPA position :

Overdue/NPA position under various sectors as on 30.09.2011

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	7212586	39821.14	1939687	16830.27	16830.27	251308	1866.27
Agrl.Term Loans Including Agrl. Allied Activities Advances	2519774	35236.14	542457	10572.19	3122.66	203424	2277.48
Total Agriculture Advances	9782168	75943.70	2473306	26998.49	13622.40	45521	4186.57
Non Farm Sector Advances	599440	22701.09	131496	4181.56	1741.55	70656	1635.86
Other Priority Sector Advances	1483915	37455.38	308755	5981.36	2000.12	188802	1632.18
Total Priority Sector Advances	11899077	137266.03	2613741	26884.95	16047.96	679811	7943.93
Educational Loans Advances	219789	5056.22	36998	734.35	159.86	22151	557.35
Housing Loans Advances	503793	22551.82	86525	3305.96	749.36	51328	1354.57
Self Help Groups Advances	1422702	13207.24	241625	2011.55	629.16	.....	.....

- Sector wise bank wise details are enclosed

Short Term Agriculture Crop Production Loans:

The total outstanding balance in overdue accounts (PNPA) is Rs.16830.27 crores which is 42.26% and NPA is 4.68% to total outstandings and NPA in real terms it is Rs.1866.27 crores.

Agriculture Term Loans Including Allied Activities:

The total outstanding balance in overdue accounts (PNPA) is Rs.10572.19 crores which is 30.00% and of NPA is 6.46% to total outstandings and NPA in real terms it is Rs.2277.48 crores. .

Total Agriculture:

The total outstanding balance in overdue accounts (PNPA) is Rs.13622.40 crores which is 17.93% and NPA is 5.51% to total outstandings and in real terms it is Rs.4186.57 crores.

Non Farm Sector:

The total outstanding balance in overdue accounts (PNPA) is Rs.4181.56 crores which is 18.42% and NPA is 7.20% to total outstandings and in real terms it is Rs.1635.86 crores.

Other Priority Sector Advances:

The total outstanding balance in overdue accounts (PNPA) is Rs.5981.36 crores which is 15.96%. and NPA is 4.36% to total outstandings and in real terms it is Rs.1632.18 crores.

Total Priority Sector Advances:

The total outstanding balance in overdue accounts (PNPA) is Rs.26884.95 crores which is 19.59% and NPA is 5.45% to total outstandings and in real terms it is Rs.7493.93 crores.

Educational Loans:

The total outstanding balance in overdue accounts (PNPA) is Rs.734.35 crores which is 14.52% and NPA is 11.02% to total outstandings and in real terms it is Rs.557.35 crores.

Housing Loans:

The total outstanding balance in overdue accounts (PNPA) is Rs.3305.96 crores which is 14.66% and NPA is 6.00% to total outstandings and in real terms it is Rs.1354.57 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 are 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.

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:

Commissioner and Director of Agriculture, Government of Andhra Pradesh, has communicated Constitution of Special team to recovery of Agricultural advances and informed the proposed dates to be visited by the teams. Commissioner, basing on the information furnished by the banks selected 128 villages as chronic villages and designed the time schedule. The Agriculture Department has deputed Additional Directors of Agriculture as team Heads for the recovery drives.

SLBC has communicated the same to the Bankers and Lead District Managers of the Districts, concerned, and advised them to utilise the services for effective 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.

18. Regional Rural Banks:

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	30.09.2010	31.03.2011	30.09.2011
1	APGVB	3804.51	3910.39	4794.72	4583.08
2	APGB	3517.33	3656.04	4079.05	4162.69
3	CGGB	640.93	652.02	759.16	764.79
4	DGB	2261.53	2093.19	2600.94	2453.13
5	Sapthagiri Grameena	1243.97	1378.63	1553.62	1663.10
	Total	11468.27	11690.27	13787.49	13626.79

Advances:

Rs. In crores

S.No	Name of the RRB	31.03.2010	30.09.2010	31.03.2011	30.09.2011
1	APGVB	3865.10	4367.82	4894.43	5162.22
2	APGB	3563.55	3837.42	4291.01	4929.03
3	CGGB	667.64	832.29	847.42	1012.65
4	DGB	1609.52	1802.17	1966.16	2181.32
5	S G B	1384.62	1568.39	1754.75	1997.81
	Total	11090.43	12408.09	13753.77	15283.03

CD Ratio:

S.No	Name of the RRB	31.03.2010	30.09.2010	31.03.2011	30.09.2011
1	APGVB	101.59	111.70	102.08	112.64
2	APGB	101.31	104.96	105.20	118.41
3	CGGB	104.17	127.65	111.63	132.41
4	DGB	71.17	86.10	75.59	88.92
5	S G B	111.31	113.76	112.95	120.13
	Total	96.71	106.14	99.76	112.15

Bank Net Work:

S.No	Name of the RRB	No. of Branches as on 30.09.2011
1	APGVB	555
2	APGB	390
3	CGGB	105
4	DGB	228
5	S G B	144
	Total	1422

Total Agricultural Advances:

Rs.in crores

S.No	Name of the RRB	Crop Loans		Agrl. Term Loans	
		30.09.2010	30.09.2011	30.09.2010	30.09.2011
1	APGVB	2184.30	1796.44	374.40	1192.94
2	APGB	1995.06	2583.21	1003.91	1352.74
3	CGGB	478.92	593.73	186.79	213.84
4	DGB	597.86	755.67	175.21	660.57
5	S G B	661.34	889.48	445.41	500.95
	Total	5917.48	6618.53	2185.72	3921.04

Total Advances:

Rs. In crores

S.No	Name of the RRB	Outstanding		Total Agriculture	
		30.09.2010	30.09.2011	30.09.2010	30.09.2011
1	APGVB	4367.82	5162.22	2558.70	2989.38
2	APGB	3837.42	4929.03	2998.97	3935.95
3	CGGB	832.29	1012.65	665.71	807.57
4	DGB	1802.17	2181.32	773.07	1416.24
5	S G B	1568.39	1997.81	1106.75	1390.43
	Total	12408.09	15283.03	8103.20	10539.57

- **Deposits:** Between 30.09.2010 and 30.09.2011 the deposits increased from Rs.11, 690.27 Crores to Rs.13, 626.79 Crores registering a growth of Rs1, 936.52 crores which is 16.56 %.
- **Advances:** Between 30.09.2010 and 30.09.2011 the advances increased from Rs.12, 408.09 Crores increased to Rs. 15, 283.03 crores registering a growth of Rs 2,874.94 crores which is 23.16%.
- **CD Ratio:** Between 30.09.2010 and 30.09.2011 the CD ratio increased from 106.14 % to 112.15%.

- **Crop Loans:** Between 30.09.2010 and 30.09.2011 the Crop Loans increased from Rs. 5,917.48 crores to Rs 6,618.53 crores registering a growth of Rs.701.05 crores which is 11.85%.
- **Agriculture Term Loans:** Between 30.09.2010 and 30.09.2011 Agricultural Term Loans increased from Rs. 2,185.72 crores Rs 3921.04 crores, registering a growth of Rs 1,735.32 crores which is 79.39%.
- **Total Agrl Advances:** Between 30.09.2010 and 30.09.2011 the total agricultural advances increased from Rs.8, 103.20 crores to Rs.10, 539.57 crores, registering a growth of Rs.2, 436.37 crores which is 30.06%.
- The % of Agricultural advances to total advances as on 30.09.2010 was 65.30% and increased to 68.96% as on 30.09.2011.

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 30.09.11

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

19. Flow of Information:

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 is 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.

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

20. Important Communications received:

Reserve Bank of India:

**1). CIR No. RBI/2011-12/223, RPCD.CO.RCB.AML.BC.No.23/07.40.00/2011-12
Dated October 17, 2011.**

Regarding Know your customer Norms - Letter issued by Unique Identification Authority of India (UIDAI) containing details of name, address and Aadhaar number.

**2)CIR No.RBI/2010-11/481 RPCD.SME & NFS. BC. No. 62 /06.11.01/ 2010-11
April 21, 2011:**

Scheme of 1% interest subvention on housing loans upto Rs. 10 lakh - Guidelines

Please refer RBI circulars RPCD.SME & NFS.BC.No.16/06.11.01/2010-11 dated August 9, 2010 and RPCD.SME & NFS.BC.No.52/06.11.01/2010-11 dated February 8, 2011 on the captioned subject.

2. In para 43 of the Union Budget Speech of 2011-12, it has been proposed to liberalise the existing scheme of interest subvention of 1 per cent on housing loans by extending it to housing loan **upto Rs.15 lakh** where the cost of the house does not exceed **Rs.25 lakh** from the present limit of Rs.10 lakh and Rs.20 lakh respectively.

3. You are therefore advised to issue necessary instructions to your Controlling Offices and Branch Offices to ensure that these guidelines are implemented immediately. The other terms and conditions of the housing subvention scheme remain unchanged

3) RPCD.MSME & NFS. BC.No. 29 /06.11.01/2011-2012 November 4, 2011

The Chairman / Managing Director All Scheduled Commercial Banks (excluding RRBs)

Scheme of 1% interest subvention on housing loans upto Rs. 10 lakh– Guidelines

Please refer RBI circular RPCD.SME & NFS. BC. No. 62/06.11.01/2010-11 dated April 21, 2011 on the captioned subject. In this connection, it is now clarified as under:

- a) The Scheme is extended up to March 31, 2012.
- b) Loans sanctioned and disbursed between October 01, 2009 and March 31, 2011 are outside the ambit of the new liberalised Scheme and they will be treated as per old instructions (ie. loans up to Rs.10.00 lakh with project cost up to Rs.20.00 lakh)

Banks may continue to claim reimbursement, at present, as per the original Scheme. For claims in respect of the new Scheme, revised instructions would follow.

All other terms and conditions of the interest subvention Scheme remain the same.

4) RBI/2011-12/284, RPCD CO FID BC No.41/12.01.011/2011-12, Dt. November 30, 2011.

The Chairman / Managing Director All Scheduled Commercial Banks (excluding RRBs)

Financial inclusion-Opening of Aadhaar Enabled Bank Accounts (AEBA)

RBI vide Circular RPCD CO BC FID No.16/12.01.019/2011-12, dated August 12, 2011 given the operational guidelines on implementation of Electronic Benefit transfer (EBT) and its convergence with Financial Inclusion Plan (FIP).

In view of the timelines attached to the implementation of EBT for routing MGNREGA wages and social security benefits including proposed cash transfers in respect of subsidies on Kerosene, LPG and Fertilisers, all banks are requested to ensure opening of Aadhaar Enabled Bank Accounts(AEBA) of all the beneficiaries including those residing in villages with less than 2000 population.

5) RBI/2011-12/290, DNBS.CC.PD.No.250/03.10.01/2011-12, December 02, 2011

RBI vide their above circular issued directions with regard to Introduction of New category of NBFCs – Non Banking Financial Company-Micro Finance Institutions` (NBFC-MFIs).

NABARD:

NABARD Letter: 9179/110-C/2011-12, DT: 18.10.2011

Subject: Central Sector scheme for Strengthening of Agricultural Marketing Infrastructure, Grading and Standardisation – Agriculture Marketing Infrastructure, Grading & Standardisation.

Please refer NABARD Ho circular No: NB.ICD/822/AMI-4/2008-09 dated 30.09.2008 advising the revised operational guidelines of the captioned scheme and in their compendium dated 27.06.2011.

It has been clarified by DMI, HO that the project whose construction has started/units are installed before sanction of loan are not eligible for subsidy assistance under AMIGS Scheme. In this connection, we advise that an undertaking from the promoter, duly countersigned by the Bank Manager may be furnished certifying the date of commencement, while submitting subsidy claims in future.

The above stipulation would be applicable in respect of projects sanctioned by banks on or after 29 July 2011.

21. Annexures:

1. Bankwise number of branches as on 30.09.2011
2. Bankwise Deposits and Advances &CD Ratio as on 30.09.2011
3. District wise Key indicators as on 30.09.2011
4. Bankwise Priority Sector Advances as on 30.09.2011
5. Bankwise Agriculture Advances (Direct & Indirect) as on 30.09.2011
6. Bankwise Achievement of Annual Credit Plan 2011-12 as on 30.09.11
7. District wise achievement of Annual Credit Plan 2011-12 as on 30.09.11
8. Benefits extended to LEC holders as on 02.12.2011
9. Credit disbursements to Non loanee farmers as on 31.10.2011
10. Financial Literacy and Credit Counselling Centres (FLCCs) as on 30.11.2011
11. Bankwise CGTMSE approvals from 01.04.2011 to 30.11.2011
12. Bankwise MSME Advances as on 30.09.2011
13. Bankwise Housing Loans as on 30.09.2011
14. Bankwise Education Loans as on 30.09.2011
15. Bankwise Advances to Minorities as on 30.09.2011
16. Bankwise Advances to Weaker Sections as on 30.09.2011
17. Bankwise Advances to Women as on 30.09.2011
18. Bankwise Advances to SC /ST as on 31.10.2011
19. Bankwise Advances under DRI as on 30.09.2011
20. Bankwise Outstanding SHG Advances as on 30.09.2011
21. Detailed Data of Government sponsored Programmes