

178th Meeting of STATE LEVEL BANKERS` COMMITTEE OF ANDHRA PRADESH

Agenda & Background Notes

**Date: 26.06.2012 - Time: 11.30 AM
Venue: Jubilee Hall, Public Gardens, Hyderabad**

**STATE LEVEL BANKERS` COMMITTEE OF A.P
CONVENOR  ANDHRA BANK**

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01. Adoption of the Minutes of 177th SLBC Meeting held on 24.03.2012 & Adoption of Minutes of other meetings of the SLBC held after 24.03.2012.

The Minutes of **177th SLBC Meeting** held on **March 24, 2012** were circulated to the members of SLBC, LDMs and Government Departments concerned.

The Minutes of Sub-committee Meetings and Steering Committee Meetings held after 24.03.2012 and upto 06.06.2012 were circulated to the members of SLBC, LDMs and Government Departments concerned.

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 31.03.2012**

Total Number of bank branches (Nos)	
Rural - 3245 Semi Urban - 2327	8878
Urban - 2096 Metro - 1210	

(Rs. In crores)

Total Deposits in the State	341894
Total Advances in the State	394398
Credit Deposit Ratio (RBI norm 60%)	115.36%
Incremental CD Ratio	115.15%

Total Priority Sector Advances	179743
% of Priority Sector Advances to ANBC (RBI Norm 40%)	54.92%

Outstanding Priority Sector Advances	(Rs. In Crores)
Agricultural Advances % of Agrl. Adv. to ANBC (RBI norm 18%)	101690 (31.07%)
Non Farm Sector (% to Net Banking Credit)	31569 (8.00%)
Other Priority Sector Advances (% to Net Banking Credit)	46484 (11.79%)
Total Priority Sector Advances	179743
Of which Educational Loans	5483

Housing Loans	27649
SHGs	15548

BANKING KEY INDICATORS OF ANDHRA PRADESH

S.No	Particulars	As on 31.03.2009	As on 31.03.2010	As on 31.03.2011	As on 31.03.2012
1.	Number of Branches:				
	Rural	2733	2857	2997	3245
	Semi Urban	1754	1941	2107	2327
	Urban	1601	1922	2030	2096
	Metro	911	956	1077	1210
	Total	6999	7676	8211	8878
2.	Deposits (Rs.Crores)	2,05,899	2,45,686	2,83,600	3,41,894
3.	Incremental Deposits (Rs.Crores) (Growth)	44,909 (27.90%)	39,787 (19.32%)	37,914 (15.43%)	58,294 (20.56%)
4.	Advances (Rs.Crores)	2,10,294	2,69,760	3,27,275	3,94,398
5.	Incremental advances (Growth)	62,279 (42.08%)	59,466 (28.28%)	57,515 (21.32%)	67,123 (20.51%)
6.	C.D. Ratio (60%)	102.13%	109.80%	115.40%	115.36%
7.	Incremental CD Ratio	138.68%	149.49%	151.70%	115.15%

- Number of bank branches in the State as on **31.03.2012** is **8878**. During the year under reference **667** branches were opened (Rural-248, Semi urban-220, Urban-66 and Metro-133).
- The Credit Deposit Ratio of banking sector in Andhra Pradesh as on **31.03.2012** is **115.36%** as against the stipulated ratio of 60% and incremental CD ratio is 115.15%.
- Deposits of banking sector in A.P. are **Rs.3,41,894 crores** as at the end of **March, 2012** with a growth rate of **20.56 %** from **March, 2011** (i.e., year on year growth).
- Aggregate advances of banking sector in A.P. as at the end of **March, 2012** are **Rs.3,94,398 crores** registering a growth rate of **20.51%** over **March, 2011** (i.e., year on year growth).

STATEMENT OF PRIORITY SECTOR ADVANCES (OUTSTANDINGS)

Rupees in crores

S.No	Particulars	As on 31.03.2009	As on 31.03.2010	As on 31.03.2011	As on 31.03.2012
1	Crop Production	28,665	33,986	41,752	52,127
2	Agri.Term Loans including allied activities	22,822	34,672	41,346	49,563
3	Total Agri.Advances	51,487	68,658	83,098	1,01,690
4	% of Agri.advances to ANBC (18%)	34.78%	32.65%	30.80%	31.07%
5	SSI & Rural Artisans (% of Net Bank Credit – NBC)	21,128 (10.05%)	22,868 (8.48%)	27,033 (8.26%)	31,569 (8.00%)
6	Other Priority Sector Advances (% of Net Bank Credit – NBC)	27,710 (13.18%)	34,989 (12.97%)	44,096 (13.47%)	46,484 (11.79%)
Total Priority Sector Advances		1,00,325	1,26,515	1,54,227	1,79,743
% of Priority Sector to ANBC (40%)		67.78%	60.16%	57.17%	54.92%

- Total Agricultural advances as at the end of March, 2012 are **Rs.1,01,690 crores** constituting **31.07%** of previous year's Net bank credit as against the RBI norm of 18%.
- Total Agricultural advances registered a growth of **22.37%** over March, 2011 (i.e., year on year growth).
- Total Priority sector advances are **Rs.1,79,743 crores** as on 31.03.2012 constituting **54.92%** of previous year's Net bank credit as against the prescribed RBI norm of **40%**.
- Priority sector advances registered a growth rate of **16.54%** over March, 2011 (i.e., year on year growth).

03. Achievement of Annual Credit Plan 2011-12 (Disbursements)**ANNUAL CREDIT PLAN 2011-12 - Achievement as on 31.03.2012****(Rs. crores)**

Sl.No	Item	Target 2011-12	Achievement (Disbursements during 01.04.11 to 31.03.2012)	% of Achmt
1.	Crop Loans			
	Khariff	20,285	21,601	106.49
	Rabi	10,700	14,850	138.79
	Total	30,985	36,451	117.64
2.	Agrl.Term Loans			
	Khariff	4,040	5,909	146.26
	Rabi	3,360	5,392	160.48
	Total	7,400	11,301	152.72
3.	Allied to Agriculture			
	Khariff	5,131	5,039	98.21
	Rabi	4,484	5,720	127.56
	Total	9,615	10,759	111.90
	TOTAL AGRICULTURE	48,000	58,511	121.90
	Khariff	29,456	32,549	110.50
	Rabi	18,544	25,962	140.00
4.	Non-Farm Sector	8,198	8,226	100.35
5.	Other Priority Sector	17,118	12,039	70.33
	Total Priority Sector	73,316	78,776	107.45

Annual Credit Plan Achievements (Disbursements) Last three years

(Amount in Rs. Crores)

Sl.No.	Item	2009-10		2010-11		2011-12	
		Target	Achvmt	Target	Achvmt	Target	Achvmt
1	Crop Production Loans	23500	24845	26261	30229	30985	36451
2	Agri.Term Loans including allied activities	9000	12728	11574	17701	17015	22060
3.	Total Agriculture	32500	37573	37835	47930	48000	58511
4.	Non Farm Sector	8000	7399	8150	11051	8198	8226
5.	Other Priority Sector	15000	12200	15700	13897	17118	12039
	Total Priority Sector	55500	57172	61685	72878	73316	78776

- **Short Term Crop Production Loans:** Total Achievement is **Rs.36,451 crores** against the target of Rs.30,985 crores for the year, which is **117.64%**.
- **Agri Term Loans including allied activities:** Total Achievement is **Rs.22,060 crores** against the target of **Rs.17,015 crores** for the year, which is **129.65 %**.
- **Non Farm Sector:** Achievement is **Rs 8,226 crores** against the target of **Rs.8,198 crores** for the year, which is **100.35%**.
- **Other Priority Sector Advances:** Achievement is **Rs.12,039 crores** against the target of **Rs.17,118 crores** for the year, which is **70.33%**.
- **Total Priority Sector Advances:** Achievement is **Rs.78,776 crores** against the target of **Rs.73,316**

crores for the year, which is **107.45 %**.

C) Proposed State Credit Plan for the year 2012-13

PROPOSED CREDIT PLAN IN A.P FOR THE YEAR 2012-2013

(Rs. In crores)

Sl.No.	Sector	Projections for 2012-2013
1.	Crop Loans	37,128
2	Agri.Term Loans	6,328
3	Allied Activities	9,516
Total Agriculture		52,972
4	Non Farm Sector	9,343
5	Other Priority Sector	19,852
Total Priority Sector		82,167
6	Non Priority Sector	28,778
Total Credit Plan		1,10,945

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
<u>Small and Micro Enterprises</u> Preparation of Model Project at District Level as per Dr. K. C. Chakrabarthy Committee recommendations.	The process is yet to commence and all the LDMs and DICs to take immediate steps on the matter involving KVIC/KVIB.
<u>Central Registry by GoAP:</u> Establishment of Central registry by GoAP as per the recommendations of K.C. Chakrabarthy Committee.	Government of Andhra Pradesh to expedite formation of Central Registry.
<u>Pattadar Pass Books:</u> Requested to issue fool proof Pattadar Pass Books in all districts. Requested GoAP to take immediate steps for on line availability of land records to bank branches.	GoAP started issuing Security featured Pattadar Pass Books on pilot project in three districts (Anantapur, Prakasam and Warangal). GoAP is requested to implement the same in all districts. In the recent Steering Committee meeting of SLBC a decision was taken to send a team, to Bangalore to study the Bhoomi Project implemented in Karnataka to facilitate the State Government for implementation of the online records system, with the representatives of SLBC, Agriculture Department, GoAP, OSD (Finance) and CCLA.
<u>Opening of FLCCs:</u> FLCCs are to be opened in all districts in Andhra Pradesh State by the concerned lead banks	FLCCs are opened in 22 Districts of Andhra Pradesh except in Hyderabad district. All Lead Banks are advised to open FLCCs in all Divisional Head quarters in their respective districts to further extend the services for improving financial literacy RBI Vide their Cir.No.RPCD.FLC.No.12452/12.01.018/2011-12, Dt. June 6, 2012 advised that : All Lead banks to set up FLCCs in all its LDM offices and

	<p>the existing FLCC will continue.</p> <p>Banks may consider opening of FLCCs in other Locations also.</p> <p>Financial Literacy activity to be taken up by all Rural branches.</p>
<p><u>Opening of bank branches shifted due to security reasons:</u></p> <p>Bank branches shifted to other places due to security reasons should be shifted back as per GOI guidelines by the end of June, 2012.</p>	<p>All Banks were advised to re-open their Bank branches shifted to other places due to security reasons as per GOI guidelines before June, 2012.</p> <p>It is brought to the notice of SLBC by the District Collector, East Godavari that there are no Banks in 3 Agency Mandals i.e., Agency Gangavaram, Y. Ramavaram and Maredumilli of East Godavari District.</p> <p>RBI has addressed a letter with regard to East Godavari District that branches shifted due to security reasons were not shifted back Inspite of clear directions from RBI and Gol.</p> <p>Branches of State Bank of India were existed in Agency Gangavaram and Y. Ramavaram Villages and Andhra Bank in Maredumilli, but these branches were closed or shifted to some other place for security reasons.</p> <p>It is advised that these branches may be shifted back immediately as per RBI/Gol guidelines.</p> <p>Further keeping the guidelines of Gol and RBI in view all banks may initiate immediate steps for shifting back the earlier shifted branches.</p>

5. Agriculture-credit flow to agriculture

A) Progress in lending – Crop loans & Agricultural Term loans including Allied activities (Rs. crores)

Sl.No	Item	Target 2011-12	Achievement (Disbursements during 01.04.11 to 31.03.2012)	% of Achmt
1.	Crop Loans			
	Khariff	20,285	21,601	106.49
	Rabi	10,700	14,850	138.79
	Total	30,985	36,451	117.64
2.	Agri.Term Loans			
	Khariff	4,040	5,909	146.26
	Rabi	3,360	5,392	160.48
	Total	7,400	11,301	152.72
3.	Allied to Agriculture			
	Khariff	5,131	5,039	98.21
	Rabi	4,484	5,720	127.56
	Total	9,615	10,759	111.90
	TOTAL AGRICULTURE	48,000	58,511	121.90
	Khariff	29,456	32,549	110.50
	Rabi	18,544	25,962	140.00

B. Progress in lending to Tenant farmers /Licensed Cultivators during the last Four years

Year	No. of Tenant farmers financed
2008-09	8,238
2009-10	1,26,511
2010-11	95,000
2011-12	1,97,747
Target for 2012-13	Rs.2,000 crores (approved in 1st Steering committee meeting held on 15.05.2012)

The Chief Commissioner of Land Administration & Special Chief Secretary to Government of AP, Hyderabad, organised a **Work shop** on the implementation of Loan Eligibility Cards (LECs) on **22nd February, 2012** at National Institute of Rural Development, Rajendra Nagar, Hyderabad, where the Hon`ble Minister for Revenue & Rehabilitation, GoAP was present.

The workshop is organised to discuss and resolve issues concerning the Licensed Cultivators in the State for making institutional finance available to all the needed Licensed Cultivators by way of short term crop loans as per the provisions of the A.P. Licensed Cultivators Act, 2011.

It was decided during the deliberations that a small group constituted by SLBC shall discuss and bring forth certain implementable suggestions for improved lending under LEC Cards.

A sub-Committee was constituted by SLBC and the Sub-committee Meeting was held on **8th March, 2012** and discussed the problems in financing LEC holders.

In the meeting, the following important suggestions emanated:

1. The cards are to be timely issued well before the commencement of Season.
2. The Grama Sabhas are to be conducted in an orderly manner by involving all the concerned agencies.
3. All Branch Managers to give lists of their loanee farmers (village-wise) to Agriculture Department.
4. Immediately on enrolling farmers who are eligible to get LECs at Grama Sabha, the list need to be sent to concerned Service area Bank branch.
5. The LECs are to be issued for a fairly longer duration say 5 years.
6. Agriculture Department needs to create machinery for coordinating with Banks for matters relating to recovery and identification of new farmers, etc.
7. Govt. of AP may consider creation of Risk Fund to help tenant farmers in case of natural calamities.
8. Govt. may undertake publicity with regard to the features of LECs and awareness need to be built up among farmers.
9. Banks to give clear instructions to all branches and ensure that all eligible LEC holders get Bank finance.
10. Agril. Department to ensure that all LEC holders financed during last year get LEC cards during the current year also.

A Sub-Committee Constituted by NABARD to study and suggest the remedies for removing the impediments and to give impetus to flow of Credit to Rural Areas.

1st meeting of the Sub-Committee was conducted on 8th May, 2012 and the important points emerged in the meeting are as follows:

- In Andhra Pradesh 1128 Mandals with 4 crore land records and 1.25 crore Pattadars are available. Till November, 2011, Land records are available in respective Mandal Computers and the data is verified and corrected wherever required.
- All Data was posted to Centralised data base in State Data Centre. Logical validations applied before porting and web applications also developed by NIC, Hyderabad.
- State level unique codes are allotted for various types of Govt lands and 34 categories of Govt lands identified.
- Land Records module was released and presently 1 to 15 columns data of Adangal/Pahani is available in SDC. Module released for data entry of crops data and is expected completion by September, 2012.
- Land records Mutation-module for automation of mutations workflow – generation of notices, passing Tahsildar order, and change in the Pahani/Adangal. So far around 7,000 mutations carried out in web land system.

- AP ESD Rules, 2011- Digital certificates -All Tahsildars were given Digital Signature Certificates. A.P. Electronic Service Delivery (ESD) Rules 2011 framed giving legal status to Digital Signatures and to the certificates issued from Mee Seva kiosk centers. User ids were created for each Tahsildar on web application. After logging in, each record was verified and digitally signed by Tahsildar.
- Digital certificates are electronic counterparts to driver licenses, passports.
- One can present a Digital Certificate electronically to prove one's identity or one's right to access information or services online.
- Each Tahsildar (1128) is given a pair of keys, i.e. Private Key & Public Key.
- **Authentication** – Digital signatures can be used to authenticate source of messages
- **Integrity** – If digitally signed message is changed, will invalidate the signature and a message to that effect will be displayed on verification of the signature.
- **Non-repudiation** – An entity that has signed some information cannot at a later time deny having signed it.
- So far 3.62 crore land records (92%) ported onto State Data Center (SDC) and 2.81 crore land records (71%) are digitally signed.

RECORDS – DIGITAL SIGNING STATUS AS ON 13.06.2012

Sl.No.	District	Total Land records	Digitally signed	% Digitally Signed
1	Medak	2332971	2239183	96
2	Vizianagaram	2852035	2665262	93
3	Ranga Reddy	1151040	1069664	93
4	Krishna	1826348	1678074	92
5	Chittoor	3618318	3308244	91
6	Karimnagar	2194507	1957504	89
7	West Godavari	1515888	1347750	89
8	Adilabad	1149235	1012487	88
9	Nellore	1780530	1553381	87
10	Nizamabad	1602932	1301642	81
11	Nalgonda	2212919	1730377	78
12	Mahabubnagar	2797529	2185901	78
13	Kurnool	1479679	930756	63
14	Visakhapatnam	2164751	1267298	59
15	Khammam	1290890	750367	58
16	Kadapa	1500818	829898	55
17	Ananthapur	2000000	947682	47
18	Guntur	1197740	547946	46
19	Prakasam	1091076	415957	38
20	Warangal	1410034	331483	24
21	Srikakulam	2320821	308	0
	Total	39490061	28071164	71
* East Godavari has not Started Digital Signing.				

MEE SEVA PROJECT –CATEGORISATION OF SERVICES

- Category A
 - Can be issued Across-The-Counter (ATC)
 - No supporting documents required
 - Prerequisite : Availability of Digitally Signed Database
- Category B
 - Non-availability of Digitally signed databases.
 - Statutory workflow process required
 - Supporting documents required as per pre-defined checklists.

HOW CAN BANKS USE THE DATA

- Whenever a farmer approaches bank with Pahani/Adangal or ROR-1B copy taken from Mee Seva center, banker can verify its genuineness on Mee Seva portal.
- Read-only permission can be given to identify bank users.
- A separate consumer application can be developed to make web service calls to land records data and add bank loan & repayment details from banking side

It is informed by CCLA that some banks are not accepting the Mee Seva certificates and seeking permissions from their controlling offices and hence SLBC is requested to inform all bankers about the certificates issued from Mee Seva centers.

As per the deliberations made on 8th May, 2012 another meeting was conducted on 15.06.2012 and a presentation was arranged on the Present status of computerisation of land Records in A.P.

- All Banks to give list of their branches to CCLA to enable them to give Read only access to the digitally signed Land records.
- The representatives from CCLA Office, NABARD, Finance (IF) Department, GoAP and SLBC will visit Karnataka and study the Bhoomi Project.

C) GOI Action Plan for improving Agricultural Credit

1) Progress in implementation

GOI advised to take up a special campaign from 1st December to 15th December, 2011 regarding coverage of all non-loanee farmers and non-farmer households. The campaign was extended upto 15th January, 2012.

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 non-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, time and place and supports BCs for undertaking requests for account opening, loan and recovery.	HO/ZO
11	Whether Branch Manager himself visits one village in a week	ZO
12	Whether schedule for opening new branches as per the	ZO/HO

	new Guidelines on Financial Inclusion has been prepared and being implemented.	
13	Whether accounts are being opened as per guidelines on KYC issued by DFS	HO/ZO

Ministry of Finance is continuously monitoring the progress on the specific points mentioned above. Sri.L.K. Meena, Director, Ministry of Finance has visited West Godavari District on the 18th Feb 2012 and reviewed the progress by visiting few Bank Branches/F.I. Villages. This is followed by one Video Conference with the Controlling authorities on 09-03-2012 & another visit to West Godavari District Bank branches again on 17th March 2012.

All Banks are advised to take note of the seriousness with which the Government is viewing the need to provide adequate finance to all needy farmers and work for the same.

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.

SLBC advised all LDMs to make modifications to the Service Area Plans as directed by MOF and upload the revised plans on their respective web sites. Only few districts were uploaded the revised plans.

It is also emphasized in the meeting of SLBC Convenors held on 02.02.2012 by Secretary, DFS, and GOI that an Officer of Service area Bank branch has to visit the service area village of the Branch on a specified day and time of every week to collect loan applications. The Officer has to move in the village along with appointed BC so as to create a confidence in the minds of villagers. To have continuity the same Officer need to visit the village every week. The schedule of visits of Officers needs to be displayed in a prominent place in the village including notice board of Gram Panchayat Office.

It is also informed by the Secretary in the meeting that officials of Ministry of Finance will be visiting some of the villages to assess the impact of the FIP and GOI Action Plan implemented for coverage of all non loanee farmers and non farmer households.

GOI has advised all Banks to ensure that accounts are to be opened to all households and all eligible farmer households/non-farmer households are to be provided with KCC/GCC facility.

Visits by Officials of DFS, MOF, GOI:

As a part of monitoring the implementation of GOI Action Plan and Financial Inclusion Plan, on 18-02-2012 and 17.03.2012, Sri L.K. Meena, Director, Department of Financial Services, MOF, GOI has visited West Godavari District along with the Convenor, SLBC and had interaction with some bank branches and verified the progress of implementation of GOI Action Plan and FI Plan.

All Banks are advised that there may be visits by the officials of Department of Financial Services in future also to monitor the implementation of GOI Action plan and FI Plan.

(Action: All Banks, LDMs and GoAP)

Financing to Uncovered farmers / new non Loanee farmers

Year	Number	Credit extended (Rs. In Crores)
2006-07	421402	982.75
2007-08	454250	996.45
2008-09	169892	214.63
2009-10	755044	2416.22
2010-11	779273	1936.73
2011-12	471590	1325.36

D) Implementation of Revised KCC Scheme- Operationalising Savings cum Loan Account - Issues

GoAP has requested to place the following issues before the Steering committee of SLBC of AP on implementation of the Revised Kisan Credit Card scheme

KCC accounts are required to be treated as loan cum saving bank accounts amongst others. The other positive features of KCC which needs to be implemented are:

- Assessment of crop loan component based on the scale of finance for the crop plus insurance premium X Extent of area cultivated + 10% of the limit towards post-harvest/household/ consumption requirements + 20% of limit towards maintenance expenses of farm assets.
- First year limit for crop cultivation purpose arrived at as above plus 10% of the limit towards cost escalation/increase in scale of finance for every successive year (2nd, 3rd, 4th and 5th year) and estimated Term loan component for the tenure of Kisan Credit Card, i.e., five years.
- For farmers raising more than one crop in a year, the limit is to be fixed as above depending upon the crops cultivated as per proposed cropping pattern for the first year and an additional 10% of the limit towards cost escalation/increase in scale of finance for every successive year. In case the cropping pattern adopted by the farmer is changed in the subsequent year, the limit may be reworked.
- Flexi KCC: A flexible limit of Rs.10, 000 to 50,000 be provided based on the land holding and crops grown for marginal farmers.
- Validity of KCC for 5 years.
- Maximum Permissible Limit: The short term loan limit arrived for the 5th year plus the estimated long term loan requirement will be the Maximum Permissible Limit (MPL) and treated as the Kisan Credit Card Limit.

- The card limit is to be bifurcated into separate sub limits for short term cash credit limit cum savings account and term loans.
- For crop loans, no separate margin need to be insisted as the margin is in-built in scale of finance.
- No withdrawal in the account to remain outstanding for more than 12 months no need to bring the debit balances in the account to zero at any point of time.
- Interest subvention/incentive for prompt repayment to be available as per the Government of India and/or State Government norms.
- No processing fee up to a limit of Rs.3.00 lakh.
- One time documentation at the time of first availment and thereafter simple declaration (about crops raised/proposed) by farmer.
- Wherever the card limit/liability so arrived warrants additional security, the banks may take suitable collateral as per their policy.
- KCC cum SB account instead of farmers having two separate accounts. The credit balance in KCC cum SB accounts to be allowed to fetch interest at saving bank rate.
- Disbursement through various delivery channels, including ICT driven channels like ATM/PoS/Mobile handsets.
- Interest Subvention/incentive for prompt repayment is also available under the scheme.

The issues were discussed in the steering committee meeting held on 06.06.2012 and all banks were advised to initiate steps for implementation of the scheme at the earliest.

Background:

SLBC has circulated the Revised KCC guidelines issued by Reserve bank of India and NABARD vide circulars dated May 11, 2012 and April 12, 2012 respectively to all Banks and advised them to take steps for implementation of the new scheme during the current year. A small group meeting with select Bankers, Reserve Bank of India, NABARD and representative from Finance Department, GoAP on 28.05.2012 and discussed the implications of the new scheme and steps to be taken for implementing the scheme.

The following action points emerged on discussion.

- Banks need to take steps for implementing revised KCC scheme immediately and from this season, only revised KCC scheme is to be implemented.
- NABARD/RBI may look into the aspects of the KCC which need clarification and take up at appropriate level.

- a) Assessing investment credit requirements for 5 years from now may not be feasible in the farmer's context. Though it is planned, the execution will depend on many factors including nature.
- b) Each installment of drawal limit in a particular year is to be repaid within 12 months as per guidelines. It may be difficult to flag and maintain track of each drawal.
- c) Till composite card is designed, two cards are to be issued separately for CC limit and term loan limits, which may complicate the operation of the scheme.
- d) The facility of on-line charge creation on land records is necessary to simplify the process and it is not in place in many of the states including Andhra Pradesh.
- e) Payment of insurance premium under NAIS is linked to disbursements and under MNAIS and WBCIS it is based on sanction.

Since One year repayment time is given for each drawal a farmer may not draw his total requirement before the cut-off dates specified.

If premium is paid based on sanction and if crop gets changed during actual season, the premium already paid may have to be readjusted. Necessary mechanism need to be put in place by AIC and other Insurance Companies. Work load also increase at branches.

- f) Ware house receipt loan is to be linked to KCC account and needs tracking of repayment made to earlier fixed 12 months repayment for each drawal.
- GoAP may consider waiver of Stamp duty upto Rs.5.00 lakhs irrespective of category of farmer.
- GoAP may take immediate steps for online availability of land records and facilitate bank branches to create charge/remove charge on-line.

Revised guidelines on Kisan Credit Card – Printing of Booklet

The Ministry of Finance, Government of India is reviewing the implementation and Operationalisation of the revised KCC scheme. NABARD has brought out a booklet on revised guidelines on KCC and distributed few copies among Banks and State Government Nodal departments during the Steering Committee meeting of SLBC held on 06.06.2012 and also State Level meeting convened by the Department of Agriculture. As desired in the Steering Committee meeting NABARD has communicated the address of the printer to enable banks for necessary action. NABARD also informed that the soft copy of the booklet can be obtained from them, if required.

Address of the printer:

**Shri Shyam Mohan, Editor
8-3-825/5/4/3/1, Srinagar Colony, HYDERABAD -500073**

All Banks are advised to note the above.

E) Conducting of Rythu Chaitanya Yatras and Rythu Sadassulu

SLBC has communicated the details about Rythu Chaitanya Yatras and Rythu Sadassulu vide Lr.No.666/30/02/119, Dt.21.04.2012 and also advised the following vide Lr.No.666/SLBC/30/02/186, Dt.04.05.2012.

1. All Banks are requested to advise their Branch Managers/Officers to participate in the Rythu Chaitanya Yatras in respect of their service area villages to explain about Bank's Schemes.
2. SLBC has given publicity material on opening of SB accounts and repayment aspects to Agriculture Department to print sufficient number of pamphlets for circulation during Yatras.
3. During Rythu Chaitanya Yatras enrolment of non loanee farmers will be taken up by the Agriculture Department and duly filled in common application forms will be handed over to concerned bank branches. Necessary instructions are to be issued to all branches.
4. AIC of India, LIC of India and UIL Co., Ltd. may take steps for popularizing their schemes during yatras.
5. Banks, AIC of India, LIC of India and UIL co. Ltd., may take steps to exhibiting their products during Rythu Sadassus in the exhibition proposed to be conducted.

F) Input subsidy to the farmers

SLBC vide their Lr.No.666/SLBC/30/02/195, Dt.05.05.2012, communicated the following guidelines to all banks and LDMs:

- The JDAs will be giving the list of farmers with details of Name, village, Mandal, Amount of Input subsidy, Account Number of the farmer and Name of Branch along with consolidated banker's Cheque to the Principal bank branches.
- The Principal Bank branches have to Credit the amount to the respective accounts of the farmers having accounts in different branches of that bank in the district. For any reason, if any amount is not credited, the amount is to be returned to JDAs within 3 days.
- Branches are to be advised to open SB a/cs. In a campaign mode, if necessary.
- To facilitate e_payment smoothly, IT officer may be advised to interact with concerned principal branches.

During the 2nd Steering Committee Meeting of SLBC held on 06.06.2012 initiating discussion on the subject Sri. Madhusudhan Rao, IAS, commissioner of Agriculture has informed that a total of Rs. 1816 cr was sanctioned as input subsidy and out of this Rs. 750 Cr. was already released to Banks and only Rs. 240 cr was credited to farmer's accounts.

He detailed on the district wise and bank-wise position of input subsidy released and adjusted to the accounts of the farmers.

Responding to the above, banks have informed that this is mainly due to incorrect number of accounts being given by Agriculture Dept. In some cases (Ananthapur Dist), the C.Ds are not given by Agriculture Dept.

The Principal Secretary, Agriculture Dept, has requested that banks may accept either SB A/c /KCC a/c number since KCC account permit to withdraw amount by farmer.

He requested all Banks to contact their principal branches and ascertain actual reasons and take steps for speeding up the process. He pointed out that out of 52 lakhs farmers eligible for input subsidy, only 38 lakhs are having SB A/cs leaving a large gap to be fulfilled by banks.

He requested banks to open SB A/cs on a campaign mode. The Convener, SLBC has drawn the attention of the members to the GOI guidelines that all households need to be opened accounts by the end of June, 2012 as per GOI guidelines. He suggested for opening of NO FRILL Accounts.

Action Points

- All banks to open SB A/cs / No FRILL A/Cs on a campaign mode to cover all farmer households.
- Steps are to be taken by Agriculture Dept. & Banks to ensure crediting amount of input subsidy to farmer's accounts atleast by the end of June, 2012.
- Whenever the input subsidy amount is credited to KCC account, banks should allow withdrawal of amount by farmer.

(Action: All Banks & Agriculture Department)

G) Online of Land Records by the Revenue officials to facilitate verification by the bankers

GoAP is requested to complete the process of online of the land records in Andhra Pradesh to facilitate the bankers for verifying the land holdings of the farmers for easy and hassle free disbursement of loans.

The matter was discussed during the video conference of Sri **L.K. Meena, Director of DFS, MOF, GOI**, with the Convenor and Five Lead banks on **09.03.2012**, and advised SLBC to follow up the matter with the State Government for completing the process of online the Land records by the Revenue Department.

In this regard, SLBC invite the attention of Government of Andhra Pradesh, and inform that in Karnataka State under the Bhoomi Programme 200 lakhs land records of 67 lakhs farmers in 203 Taluks have been computerized. The manual records have been invalidated by law. In 82 Taluks the land records data base is fully compliant with IT Act 2000 through use of Public Key Infrastructure (PKI).

SLBC request the State Government of Andhra Pradesh also to initiate and take up the on lining of land records on similar lines which enable the banks as well as every farmer to have online land data at any time for verification.

To expedite the process a study team consists of representatives from SLBC, Finance (IF) Dept. GoAP, NABARD and CCLA Office will be visiting Bangalore shortly to study the Bhoomi Project in Karnataka State and submit a report to facilitate the GoAP to go further in on line the land records.

H) Pavala Vaddi Scheme for crop Loans disbursed during 2011-12 and New total Interest Subsidy scheme announced by Government of Andhra Pradesh on Crop loans from RABI, 2011

SLBC has circulated the copy of letter received from the Commissioner and Director of Agriculture, GoAP, furnishing the details of Rate of Interest to be charged to the farmers, GOI Interest subvention, Credit incentive for prompt repayment and interest amount to be claimed by the banks under Pavala Vaddi for information of all banks vide our Lr.No.666/SLBC/30/337/1093, Dt.24.01.2012.

The commissioner stated that some of the Bankers have claimed at 4% rate of interest instead of 3% under Pavala Vaddi on crop loans disbursed in 2009-10.

All banks are requested to claim the amounts under Pavala Vaddi as per the prevailing rate of interests on crop loans for prompt repayment (i.e., **@3% for 2009-10, @2% for 2010-11 and @1% for 2011-12**) and advise the branches to adjust the amounts to the accounts of eligible farmers scrupulously.

SLBC also communicated 2% interest subvention scheme of GOI announced in the union budget 2011-12 (guidelines issued by RBI Vide their Lr.No. RBI/2011-12/344,RPCD.No.PLFS.BC.54/05.04.02/2011-12, dated .January 9, 2012) vide Lr.No.666/SLBC/30/2/1012, Dt.10.01.2012 to all banks.

I) NAIS/MNAIS/Weather Based Crop Insurance Scheme – for Khariff 2012**NAIS:**

GoAP has issued GO Rt.No.645, Dt.14.06.2012 with regard to National Agricultural Insurance Scheme (NAIS) and the Department of Agriculture, GoAP has communicated the same to SLBC on 15.06.2012.

SLBC has circulated the GO along with the letter received from the Department of Agriculture, GoAP Vide Lr.No.666/30/46/413, Dt.16.06.2012 to all Banks for necessary coverage and Implement NAIS smoothly. The GO is with regard to notification of NAIS Scheme of crops and Areas (District-wise) under Village as Unit. All Banks are advised to follow the GO and cover the crops under Insurance.

MNAIS:

Notification is to be released by the GoAP.

Weather based Crop Insurance Scheme-Khariff 2012:

SLBC has been receiving requests from the banks that the Notification under Weather Based Crop Insurance Scheme Khariff -2012 is yet to be released by the GoAP. As the season is already commenced in Anantapur and in other districts, banks are requesting for the guidelines at the earliest in this regard.

SLBC also received requests from the Banks that the cut-off date for coverage of Crop Insurance is to be extended upto 31st August, 2012.

J) Farm Mechanisation Scheme Implemented by GoAP

Slightly Modified Systematic Rice Intensification (SMSRI):

Department of Agriculture proposes to establish 110 custom hiring centers with high cost machinery like,

Project cost : Rs 75.34 Lakhs
 50% Subsidy Component: Rs 37.67 lakhs
 50% Loan Component : Rs 37.67 Lakhs

Under this scheme High cost machineries like

Sl.No.	Description	Proposed by Government		
		Quantity	Price per Unit	Total price (in lakhs)
1	Laser Guided Land Leveller	1	3.50	3.50
2	4 wheel drive Tractor with Rotovator	2	6.00	12.00
3	Soil Pulveriser 5 HP	2	0.32	0.64
4	Nursery Trays	16000	0.001	16.00
5	Nursery Raising Machine	2	2.10	4.20
6	Paddy Transplanter 6 rows/ 8 rows	2	18	36.00
7	Power weeder	5	0.60	3.00
				75.34

M/s Kubota Agricultural Machinery India Pvt Ltd, Chennai and M/s Vasushapriya Agrotech Pvt Ltd, Bangalore are the suppliers under this scheme. Each firm has given options as enclosed.

Process of Implementation

- Commissioner and Director of Agriculture shall release Sanction Proceedings to the beneficiaries recommended by Technical Expert Committee.
- The Banker may consider this beneficiary for sanctioning of loan.
- If the banker completes the documentation he shall attest the Application cum supply order addressed to the manufacturers duly selecting one of the options given by the Manufacturers towards supply of the machinery and also enclosing the sanction letter of the Branch.

Procedure for release of Subsidy Component.

- The release of subsidy is front end subsidy under this scheme.
- The subsidy shall also be transferred to the Bank Branch provided the Bank Manager writes a letter requesting for release of subsidy to their branch.

- In case if the Bank manager releases only the loan component to the Supplier, in such cases Agros shall release the subsidy component directly to the Supplier on receipt of the Utilisation certificate.
- The Bank Manager should send the Utilisation certificate signed by the team of officials nominated by the Commissioner & Director of Agriculture within 10 days of supplies of the machinery.
- The subsidy is released directly to the supplier in case where bank loan is not involved after obtaining the utilization certificate signed by the team of inspecting officials from Agros.

Bankers can also identify good beneficiaries (group or individual) and shall arrange to submit applications for grounding the custom hiring center.

The farmers have to give an affidavit on Rs. 100/- stamp paper duly notarized that they shall hire the machinery at Rs 3500/- acre. If the group can do work for 200-250 acres the scheme becomes viable.

Proposal for Mechanisation of Systematic Sugarcane Intensification (SSI)

Department of Agriculture proposes to establish 37 custom hiring centers

Project cost: Max : Rs 129.84 Lakhs
 25%Subsidy Component: Rs 32.46 lakhs
 75%Loan Component : Rs 97.38 Lakhs

With high cost machinery like,

Sl.No.	Description	Proposed by Government		
		Quantity	Price per Unit	Total price (in lakhs)
1	Sugarcane Planter	2	1	2
2	Subsurface drip Laying Machinery	1	0.35	0.35
3	Sugarcane Harvester(200T/day)	1	85	85
4	Infield Tractor(min 55 HP)	3	6	18
5	Infielder Tractor Attachment(carrying capacity of 3 Tons)	3	6.5	19.5
6	Mini tractor 18.5 HP (4 feet width)	2	2.5	5
				129.85

Process of Implementation

- Commissioner and Director of Agriculture shall release Sanction Proceedings to the beneficiaries recommended by Technical Expert Committee.

- The Banker shall consider this beneficiary for sanctioning of loan.
- If the banker completes the documentation he shall attest the Application cum supply order addressed to the manufacturers duly selecting one of the options given by the Manufacturers towards supply of the machinery and also enclosing the sanction letter of the Branch.

Procedure for release of Subsidy Component.

- The release of subsidy is front end subsidy under this scheme.
- The subsidy shall also be transferred to the Bank Branch provided the Bank Manager writes a letter requesting for release of subsidy to their branch.
- In case if the Bank manager releases only the loan component to the Supplier, in such cases Agros shall release the subsidy component directly to the Supplier on receipt of the Utilisation certificate.
- The Bank Manager should send the Utilisation certificate signed by the team of officials nominated by the Commissioner & Director of Agriculture within 10 days of supplies of the machinery.
- The subsidy is released directly to the supplier in case where bank loan is not involved after obtaining the utilization certificate signed by the team of inspecting officials from Agros.

Bankers can also identify good beneficiaries (group or individual) and shall arrange to submit applications for grounding the custom hiring center. Sugar factories are also allowed to establish the hiring center provided they submit an undertaking to hire the machineries @Rs 350/-Ton cane harvest.

Additional Farm mechanization project:

Additional Farm Mechanisation project to benefit farming community is introduced for an amount of Rs 25 Crores from this financial year under RKVY II scheme as per the guidelines in implementation of this project.

Process of Implementation:

- This project is a 100% Public sector Bank linked Project.
- Machinery shown below can be supplied to farmer groups / individuals on 50% subsidy basis to either Farmer RMGs or Common Interest Groups (CIGs) as per the norms of the RKVY.
- Suppliers shown in annexure shall be eligible for supply.
- The beneficiary group/ Individual farmer should own cultivable land in the mandal of application.
- The beneficiary may choose the required machinery and the supplier and shall approach the bank for the loan.
- The application cum purchase order proforma enclosed, should be used to place the purchase order directly by the beneficiary to the manufacturer or supplier as in the

suppliers list enclosed, duly attested by the Bank Manager, along with confirmed sanction letter from the bank.

Process of release of Subsidy

1. The bank manager has to address a letter to Commissioner & Director of Agriculture to release subsidy applicable to the branch through RTGS/ DD duly intimating the RTGS No/ IFSC code along with the copy of the application cum Purchase order mentioned above.
2. Based on the request by the Bank Manager Subsidy portion shall be released directly to the Branch by Commissioner & Director of Agriculture. The non utilization of subsidy by the bank is not acceptable.
3. The Utilisation certificate as per proforma (enclosed) should be signed by team constituted and should be sent to O/O C&DA by the bank manager within 10 days of grounding of the machinery.
4. Banker shall intimate O/o C&DA after releasing the entire payment to the supplier along with the Utilisation certificate for recording towards adjustment for release of subsidy component.
5. Beneficiaries/ groups who had availed subsidy under different high cost machinery schemes/projects of Agriculture Department are not eligible under this project.
6. Department of Agriculture proposes to supply high cost machinery like

S.No.	Name of the Implement	Rate per unit (Rs.)	Subsidy proposed (50% limited to Rs.)
	<u>Farmer Groups</u>		
1	Mini Tractor 18 HP Tractor (4 wheel drive) along with Rotavator	2.86	1.43
2	Mini Tractor 24 HP with (4 wheel drive) Rotavator	4.90	2.45
3	Laser Guided Land Leveller	3.20	1.60
4	High Capacity Multi crop thresher with conveyor & elevator/Highly Automated Thresher	4.10	1.50
5	Rotovators (36 blades)	0.80	0.3
6	Cotton Planter (Akola)	0.48	0.24
7	Power Tiller	As per Prices fixed by Agros	0.45
8	Seed drills		0.30
9	Zero till seed drill		0.15
10	Paddy reaper		0.40

If supplied to individual farmers following is the subsidy entitlement

Item	Subsidy allowed
1. Mini Tractor (4 wheel drive) 18/24 HP	Rs.0.45 lakhs
2. Highly Automated Thresher	Rs.1.50 lakhs
3. Rotavators	Rs. 0.30 lakhs
4. Zero till seed drill	Rs 0.15 Lakhs
5. Paddy reaper	Rs 0.40 Lakhs
6. Seed drills	Rs.0.30 Lakhs
7. Power tillers	Rs.0.45 Lakhs

Suppliers list under Additional FM

Additional Farm Mechanization Project (Extended SMSRI Project) under RKVY				
Machinery wise, Company wise Suppliers information who attended the meeting on 31/10/11				
S.No	Name of the machinery	Manufacturing firms/Suppliers	Address	Contact No.
1	Mini Tractor 18 HP (4 wheel drive) along with Rotovator	VST Tillers Tractors Ltd.	P.O.No.4801, Whitefield Road, Mahadevapura Post, Bangalore - 560 048	28510805/6/7,28510275,28510318,99002 64389,99494 39299
2	Mini Tractor 24 HP (4 wheel drive) along with Rotovator	Kubota Agril.Machinery India Pvt.Ltd.	No.15, Medavakkam Road, Sholinganallur, Chennai - 600 119	97042 86602,09500 127615
3	Laser Guided Land Leveller	Spectra Precision Laser Pvt.Ltd	77-80, Shiv Vihar(west), Vikas Nagar, New Delhi- 110059	011 25352643,25352644,25352645,095608110 22
		AJ Precision & Automation Pvt.Ltd./Advance d Agro Tech	AJ Precision & Automation Pvt.Ltd., C-40, Sec-81, Phase-II,Noida, UP - 201304	8686394666

4	High Capacity Multi crop Threshers with Conveyor & Elevator	Sri Balaji Industries	622-1, Elgi Industrial Estate, Trichy Road, Coimbatore	0422-2573464, 2573092, 2313527, 98430 23249, 94430 23392, 099430 23249
		Kumar Traders	85, Auto Nagar, Tenali, Guntur	094422 38833, 099424 65835, 9000349188, 9866789156
		Valasumani Farm Machines Private Ltd.	41/3, Muthur Road, Sivagiri-638109, Erode Dt. Tamilnadu	04204 240478, 240578, 094431 40478
5	Rotovators	All Manufacturing companies that are empanelled with APSAIDC Ltd., Hyderabad.		
6	Cotton Planter (Akola)	Kishan Agro Engineering	Survey No.211, Plot No.4, Narmada Pipe Road, Near Mahendra Oil Mill, Veraval (Shapar), Rajkot (Gujarat)	02827-252385, 098254 50676, 098252 17967
7	Powertillers	All Manufacturing companies that are empanelled with APSAIDC Ltd., Hyderabad		
8	Paddy reapers	All Manufacturing companies that are empanelled with APSAIDC Ltd., Hyderabad		
9	Zero till seed drill	All Manufacturing companies that are empanelled with APSAIDC Ltd., Hyderabad		
10	Seed drills	All Manufacturing companies that are empanelled with APSAIDC Ltd., Hyderabad		

06. Financial Inclusion

A. Strategy and Guidelines on Financial Inclusion

GOI circulated Strategy and guidelines on Financial Inclusion and were circulated by SLBC to all Banks on several Occasions and it was discussed in several meetings.

Setting up of Ultra Small Branches - Providing Lap tops with VPN connectivity to CBS – Ministry of Finance, Govt of India directions.

- 1) Ministry of Finance, Govt of India vide letter no. F. No. 21/13/2009-FI (Pt) dated 21.10.2011 communicated to all Banks the Strategy and Guidelines on Financial inclusion. In terms of the above guidelines, Banks have been directed to open brick and mortar branches in their service

area villages having population above 5000 located in under banked districts, if there is no bank branch within a radius of 5 kms and in habitations having population above 10000 in other districts by September, 2012. Para 5.3 of the above communication covers the guidelines on opening of branches in the villages.

- 2) In continuation to the above guidelines, the Ministry of Finance, Govt. of India vide letter no. F. No. 21/13/2009-FI (Pt) dated 28.12.2011 communicated to all Banks the following Action Plan after taking into consideration the issue of costs to banks in opening of rural branches:
 - a) At places where opening of a brick and mortar branch is considered viable, Banks to open the branches initially with two staff and it should be on total e-governance platform. Once the branch becomes profitable within a maximum period of two years, additional staff can be posted.
 - b) At places where opening of a brick and mortar branch is presently not viable, Banks may set up **Ultra Small branches** which have the following characteristics:
 - i. An area of 100-200 sq.ft should be available for the branch
 - ii. BC Agent should be appointed for that service area to operate from the branch for conducting all cash transactions and routine work.
 - iii. One Officer from the Bank should visit the branch on a specified day at least once in a week with a laptop having VPN connectivity to CBS. The Officer would not be dealing with cash transactions. He would clear applications for new a/c openings, loans, recovery follow-up and Business development.
 - iv. Once the ultra small branch reaches desired level of business, it can be upgraded into a regular bank branch.

Ministry of Finance, Govt of India vide letter no. F. No. 21/13/2009-FI (part) dated 09.02.2012 sent the following communication in continuation to the above guidelines on opening of ultra small branches:

Ultra Small Branch be set up in **all villages** covered under Financial inclusion considering the need of close supervision and mentoring by the respective bank branch and also to ensure that a range of banking services are available to the residents of villages. They would be set up as follows:

- a) Ultra small branch will be set up in all villages covered under FI or to be covered under FI in future (less than 2000 population)
- b) The bank branch has to designate a specific Officer to visit villages on pre-notified fixed day and time every week. In course of time the periodicity of visits to be enhanced.
- c) The visiting Official should carry a laptop having VPN connectivity to the CBS in order to render the designed services such as verification, field inspections etc.
- d) Bank to identify a place in the village for the ultra small branch duly requesting the local bodies to provide such place free of cost. The BCA shall also operate from such premises.
- e) Banks to strengthen their rural branches so that adequate man power is available for the above aspects.
- f) The BC or its agent would be responsible for the cash transactions and the Bank Official will provide other services.

- g) Visits by the Bank Officials to be increased in duration and / or days, till such time setting up of a regular brick and mortar branch is found feasible.

MoF, Govt of India also informed that the guidelines as above would apply to the earlier instructions on branch openings in habitations in terms of para 5.3 of the strategy and guidelines on Financial inclusion. i.e. initially all these could be Ultra Small Branches only. The Ministry has advised Banks to set up the Ultra Small Branches by 31.03.2012.

B. Providing Banking Services in all Villages with above 2000 - Population by March, 2012 – Progress as on 31-03.2012

Banks have covered 6640 villages with above 2000 population as against the target of 6640 which is 100% achievement by the end of March, 2012. (Statement enclosed)

C. Status of Implementation of Financial Inclusion Plan in the villages with population 1600 to 2000 under `SWABHIMAN`

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.

SLBC has already completed the exercise of allocation of the villages with population of below 2000 i.e., <500 population, >500 to <1000 and >1000 to <2000 to all LDMs. LDMs have reallocated the villages in their districts to various Banks as per service area villages.

Of late, DFS, MoF, GoI has given instructions to complete the coverage of villages above 1600 to 2000 population as per 2001 census before March, 2013 under **SWABHIMAN**.

SLBC has reallocated the villages with population of 1600-2000 as per 2001 census and advised all Banks to cover all the villages by March, 2013

D. Launch of campaign to ensure at least one bank account for each family in FI Villages

Department of Financial Services, MoF, GoI vide Lr.No.F.No.8/11/2011-FI, dated 15th May, 2012, draw, the attention of all banks to para 7 of the Master Circular on Strategy and Guidelines on Financial Inclusion (issued on 4th April, 2012) relating to Electronic Benefit Transfer where in Convenor Banks of SLBC have been advised to take up the matter of electronic transfer of subsidies under 32 schemes of Govt. of India in which benefits are to be given directly into the accounts of the beneficiaries who can then withdraw it from the bank branch or the ATM or the micro ATM. For such electronic transfer of subsidies, it is important that the beneficiaries have an account in the service area bank in tune with the guidelines of the Reserve Bank of India on ``One District – Many Banks –One Leader Bank`` Model.

In view of the above, it has been decided by the DFS, that:

- Each bank to launch a campaign to ensure that each family living in the service area of a branch having villages attached to it has an account with the branch. If the family has an account, no new account needs to be opened.
- In cases where the family already has more than one account in the name of its member(s), they may be encouraged to combine these into a Joint Family Account. However, in case the family wishes to continue with the separate account(s), they should be allowed to maintain such account(s).
- No separate account need to be opened for each benefit and each household to be covered with account.
- For this purpose, the last electoral roll of each village may be obtained and they may be assigned to respective BCA for the sub-service area assigned to them and where there is no BCA to any other staff of nearby branch for opening of bank account.
- Wherever the account holder has obtained an Aadhaar number, the same should also be obtained at the time of opening of account and included in the account details.
- During the campaign, people may be motivated to get their account opened in banks considering that banks are already on the Core Banking Solution and electronic transfer of subsidies to the account of the beneficiary and its withdrawal through the huge network of branches/ATM/micro ATMs will be convenient.
- It needs to be ensured that opening of new account and changes in the existing account is completed by June, 2012.

SLBC has already circulated the guidelines to all Banks and LDMs and advised to take initiatives in this regard to launch the campaign.

E. Financial Inclusion drive to open Bank accounts of migrant labour and street vendors/hawkers in urban areas

Department of Financial Services, MoF, GoI, vide their Lr.No.F.No.7/13/2012-BO II, dated 26th April, 2012, issued guidelines to all Public Sector Banks to launch a drive to open bank accounts of migrant labour and street vendors/hawkers who are working within 500 meters of the branches in Urban and Metro areas as a part of Financial Inclusion.

It is suggested by the MoF, that the outcome of the drive may be monitored at Zonal/Apex level in the bank, on a regular basis and the progress in terms of accounts opened by the banks may be reported to the Department of Financial Services on Monthly basis.

It is also suggested by MoF that the progress of the drive and the issues in this regard, if any may also be discussed in each SLBC Meeting, as a standard agenda item also for sharing of learning and experiences.

All Banks are advised to confirm the progress made in this regard and any issues to be discussed in this regard in the forum.

Further SLBC vide Letter No.666/30/302/229, dt.11.05.2012 has advised all LDMs to ensure allocation of all wards to different bank branches operating in the area to facilitate Urban Financial Inclusion.

All LDMs are once again advised to speed up the process.

F. Financial Inclusion and Payment System and guidelines thereof

Unique Identification Authority of India (UIDAI) vide their Lr.No. UIDAI /Hyd/FIP/ 1043-382 to 389, dated 9th March, 2012 informed SLBC the guidelines issued by the UIDAI and SLBC is placing the same for the benefit of the member Banks.

Banks are aware that financial inclusion is UIDAI Mission. The Financial Inclusion and Payment Systems initiative of the UIDAI is primarily aimed at providing all the residents with bank account, bringing electronic banking facility to the doorsteps of the common man and facilitating electronic benefit transfers by the Government with full backup and visibility. Accordingly, an eco-system has been evolved and a proof of concept has been done in the State of Jharkhand in 2010 and more recently, a pilot project has been successfully initiated to make NREGA payments using Aadhaar Payment Bridge (APB) and Aadhaar Enabled Payment Systems (AEPS). Three banks namely BoI, UBI and ICICI have already been on-boarded and they are in different capability levels of production with BCs.

The overall scheme of Financial Inclusion with Aadhaar interface is as follows:

- Opening of new Aadhaar Enabled accounts based upon option exercised by residents at the time of enrolment following the protocols set out in and after obtaining approval of the respective SLBC.
- Linking of existing bank accounts of bank customers with Aadhaar.
- Signing Authentication Service (ASA) and Authentication User Agency (AUA) agreements with State Government Departments as a prelude to making Aadhaar Enabled Payments.
- On boarding banks headquartered in each region to work as Authentication User Agency (AUA).
- Anticipated applications and likely number of payments to be made using Aadhaar in the region during 2012-13.
- Anticipated number of Micro ATMs to be deployed at the rate of one Micro ATM for every 2000 Aadhaar Enabled accounts.
- Initiating one or two pilot projects with Banks/State Government before scaling up.

UIDAI informed that some preliminary discussions and exchange of notes have been done with the DGMs (FID) of AB and SBH and Chief Manager (FID) of UBI and Sr. Manager (FID) of Bank of India, Zonal Office, at Hyderabad.

UIDAI also informed that now they propose that suitable pilots in coordination with State Government Departments are done by each bank so that scaling up of production for AEPS becomes smoother in the State of Andhra Pradesh which has achieved maximum enrolments and Aadhaar so far and will be saturated in one year's time covering the entire population in the State. The Deputy Director General, UIDAI, has requested SLBC to extend necessary cooperation and coordination in this regard.

All banks are requested to take necessary initiative and support the payment system of UIDAI.

Urban Financial Inclusion- enabling Aadhar Based Financial Inclusion

As per directions of GoI, banking services have been provided to villages in the population range of above 2000 by March, 2012. At present banks are in the process of providing banking services in the villages in the population range of 1600-2000 as per 2001 census.

All banks are aware that under Aadhar enabled payment system (AEPS), National Payments Corporation of India has offered payment service to Banks and financial institutions using Aadhar number and online Unique Identification Authority of India (UIDAI) authentication through their respective Business Correspondents.

The main Objective of AEPS is:

- To empower bank customers to use Aadhar as his identity to access his respective Aadhar enabled bank account and perform basic banking transactions through BC.
- To facilitate disbursements of Government departments, using Aadhar and authentication there of as supported by UIDAI.
- To facilitate inter operability across banks on the safe and secured manner.

In Andhra Pradesh State, the process of AEPS has commenced in Hyderabad, Ranga Reddy, Chittoor, East Godavari and Anantapur districts and gradually it will be extended to all the districts. To enable AEPS, banks are in the process of seeding Aadhar number to Bank accounts and the process may take some time. In the meanwhile, it has come for discussion that as far as rural areas are concerned 100% allocation of villages is completed among different bank branches, but same is not the case in respect of Semi-urban/Urban/Metro areas. To facilitate Urban Financial Inclusion, such allocation is felt necessary.

Hence, all Lead District Managers were advised by SLBC to allocate wards in Semi Urban/Urban/Metro areas to different bank branches based on their location/proximity and the process need to be completed at the earliest. Once the allocation is completed, it will be the responsibility of the concerned bank to open accounts of all the residents/households in that particular area. This allocation will be the basis for implementation of Government sponsored/other schemes henceforth.

Hence, all LDMs are once again advised to complete the allocation process and take steps for opening of accounts by June, 2012

G. Green Initiative – e- payment under Government sponsored schemes – Directions of GoI

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 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 beneficiaries. 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 in A.P.

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) Lead Banks may advise their LDMs to have a meeting with their District Administration and see that all grants/subsidies under these schemes are directly credited to the account of the beneficiary electronically.

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

Department of Agriculture, GoAP has released Input subsidy to farmers to a tune of Rs.1800 crores and the entire amount should be credited to the farmers by way of online credits to the accounts. SLBC has advised all Banks to see that every household is opened SB account with the concerned Service Area Bank branch to facilitate the government to implement all government scheme payments through e-payments.

A campaign is launched to open SB account for each household and bankers are advised to take up the campaign in a big way and see that all households are covered with bank accounts.

H. Operational Guidelines on implementation of Electronic Benefit Transfer (EBT) and its Convergence with Financial Inclusion Plan (FIP)

Immediately on receipt of direction of GOI on implementation of EBT for Government sponsored schemes, we have taken up with GoAP and all Banks. It is informed by Government that except in case of a few Schemes, EBT is being implemented in respect of all Government sponsored schemes and efforts are being made to achieve 100%. We have taken up with Government in several fora and all LDMs are advised to take up in all the district level meetings.

Though Government has confirmed, on field level verification, it is observed that EBT is being fully implemented only in respect of NREGS, Social Security Pensions and Indira Jala Prabha Schemes. In respect of other Schemes, the implementation is only partial.

In some districts, input subsidy to farmers is being given through EBT. With the initiation of SLBC, GoAP has agreed to transfer all input subsidy payments being undertaken by Agriculture department to

farmers and Scholarship payments to students through EBT only apart from other Government sponsored schemes. To enable EBT, Government departments are collecting account numbers of farmers and other beneficiaries.

The matter was also discussed in the recently held SLBC meeting on 24.03.2012 and GoAP was requested to make payments through EBT only. All Banks were advised to open NO FRILL accounts liberally to facilitate the process.

To know the level of EBT implementation in various districts, we have advised all LDMs to furnish status in their districts in respect of all Government sponsored schemes as per the format enclosed (given in annexure for your reference).

Convergence of FIP and EBT

Immediately on receipt of guidelines of RBI and Government of India on convergence of FIP and EBT the Sub Committee of SLBC on Financial Inclusion discussed the issue and it was also discussed in the subsequent SLBC/ Steering Committee meetings. On behalf of SLBC, Convenor advised that Banks need to implement the guidelines of RBI on convergence. There will be Leader Bank at district level and actual payment at field level will be undertaken by FIP implementing Bank branches.

In Andhra Pradesh EBT is under implementation for NREGS and Social Security Pension payments. The EBT is under Service Area Approach model in six districts by 10 banks and under One Bank- One District Model in the remaining 16 districts by 7 Banks and Post Office in two districts.

Keeping the above in view, the following five alternatives were suggested by GoAP and they were placed for discussion in the above meetings.

Brief summary of the suggestions given by GoAP and views of Banks is given below:

Category	Situation	Views of Banks
Category A	<u>Gram panchayat has only the FI CSP:</u> EBT activities shall be added to the CSP provided Bank is willing to complete enrolment and issue of smart card within an agreed period.	There is no objection to Banks to this suggestion.

Category B	<u>Gram Panchayat has only EBT CSP:</u> The existing CSP shall be allowed to undertake FI activities provided the bank sets up brick-and-mortar branch within 30 km radius within one year. If the bank fails to open the branch within one year, the village shall be allotted to the service area bank for setting up a CSP within 6 months from the date of expiry of the period. During the interregnum, EBT CSP will provide all services	Banks have expressed the opinion that only FIP implementing CSPs need to take up EBT payments and till the time FIP CSP is put in place, the existing set up to continue.
Category C	<u>GPs where both CSPs exist, belonging to the same bank:</u> In these cases, the bank shall allocate specific habitations in the Gram Panchayat to each of the CSPs so that both banking and EBT services are provided by both the CSPs in mutually exclusive areas in the GP.	In course of time as EBT operations are to be dovetailed with FIP operation. Individual banks may adopt their own strategy, depending upon work load. However, EBT is to be routed through FI A/Cs.
Category D	<u>GPs where both CSPs exist belonging to different banks:</u> In these cases, DCC shall be authorised to allocate specific habitations in the Gram Panchayat to each of the CSPs so that both banking and EBT services are provided by both the CSPs in mutually exclusive areas in the GP. The EBT bank shall however agree to open a brick-and mortar branch within 30 km radius within one year, failing which they will have to withdraw their CSP and allow only FI CSP to operate.	Banks have expressed the opinion that only FIP implementing CSPs need to take up EBT payments.
Category E	<u>GPs where neither FI nor EBT exists:</u> These GPs shall be allotted to the respective service area bank with a mandate to place a CSP within 6 months, irrespective of the population criteria. If the bank fails to set up	The FIP implementing Bank will take the responsibility of EBT payments.

	the CSP within 6 months period, RBI will allot such villages to any other bank having a branch within 30 kms radius & willing to set up the CSP.	
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The proposals given by GoAP are not accepted by Banks and hence no logical conclusion could be arrived in the meetings.

All banks were advised to offer their specific views on the options suggested by Government of AP and model suggested by RBI.

Against the above backdrop the Sub-Committee of SLBC on Financial Inclusion met on 12.06.2012 and discussed in detail and it is resolved to convene a special Steering Committee Meeting on 20.06.2012 to have a detailed discussion and arrive at a final conclusion. Some of the important points emerged in the meeting held on 12.06.2012 are placed below for information of the members.

CONVERGENCE OF EBT WITH FIP-MINUTES OF THE MEETING OF THE SUB-COMMITTEE OF SLBC HELD ON 12.06.2012 AT 11 AM

Principal Secretary (IF) presided over the meeting. She complimented the banks for achieving the task of implementing FIPs in villages with population above 2000 by the end of March 2012. As per the guidelines of Government of India, there should be convergence of the EBT and FIP in order to eliminate duplication of efforts by banks. This Issue was discussed earlier in the Sub-committee as well as the Steering Committee meetings of SLBC.

Principal Secretary (IF) requested the General Manager RBI to put forth the views of RBI, in this regard.

General Manager RBI:

General Manager RBI in his address stated that though banks implemented FIP to the extent of appointment CSPs in the villages, the benefits would accrue to the families only if accounts are opened and operations are conducted in these accounts.

Regarding convergence of EBT and FIP, the General Manager RBI referred to proceedings of SLBC Steering Committee meeting held on 08.02.2012 in which the alternatives suggested by Principal Secretary, Rural Development were discussed. The scenario of two different CSPs appointed by two different banks, one providing services under EBT and the other under FIP in the same village, is to be discussed. RBI envisages a situation where services are provided by a single CSP which includes EBT services also. Now this issue needs to be deliberated by the committee.

SLBC:

General Manager, Andhra Bank and Convener SLBC referred to the RBI circular of November 2011, in which the deficiencies of "one district one bank model were highlighted. Guidelines of RBI to overcome those problems by way of implementing "One district - Many banks -One leader bank" model of implementing FIP, is to be examined by the committee.

A.P being an early bird in implementing EBT, the present issues has come up. EBT is only disbursal of Government benefits, while FIP is providing a range of banking services. Ministry of Finance desires that only one bank CSP should be able to provide all services in a village. This implies FIP bank to take over EBT payments also, in their services area villages.

SLBC:

Convener SLBC clarified that the problem has arisen since the CSP of EBT provides services only on specified days. Since under FIP, the services of CSP are available on all working days, beneficiaries can draw their amount any day. He further opined that as per RBI circular, once the amounts are credited to the accounts of beneficiaries, the accounts cannot be debited without the mandate of the account holders.

He requested the Government to bring to their notice of any deficiencies in the working of banks, so that corrective steps can be taken.

Principal Finance Secretary (IF):

Principal Secretary (IF) observed that any audit requirement should not vitiate service delivery. Since the beneficiaries are provided with smart card, if the amount is credited to the bank account, they will be able to draw the same as and when need arises.

She also observed that realizing the short comings of EBT scheme, Government of India as well as RBI came up with the revised guidelines of convergence. She, however, felt that convergence should take place in a phased manner so that EBT payments would not suffer.

Additional Commissioner - RD:

Additional Commissioner (RD) expressed that if service area banks are committed to render all services including EBT, the department may not have any objection.

He felt that there were several gaps in meeting the requirements of the population in the villages. This lead to a situation where individuals approach either money lenders or MFIs to meet their credit requirements at a very high cost. In this connection he felt that existence of two banks in a village may not be detrimental to the interests of the people to be served. If this gap can be filled by the FIP bankers, it is a welcome feature.

The issue of surrender of village by some EBT banks was resolved and the same were allocated to the post offices.

SLBC:

Convener SLBC clarified that Banks in the state are continuously reaching the AAP targets. This is a continuous process and banks are committed to the same. At present a campaign is going on in all villages to open accounts to all households and to extend finance to all eligible farmers and non farmer households.

Principal Finance Secretary (IF):

Principal Secretary (IF) in her concluding remarks observed that deepening of banking services is now taking place. The concern of the Government is to ensure that the left out families are covered with the basic banking services.

As far as convergence of EBT and FIP is concerned the issue needs to be settled and resolved at higher level. Banks which are rendering EBT services also should be involved in the process. There should be a clear timeline to resolve the issue.

She suggested that a special Steering Committee Meeting can be convened by the SLBC next week to discuss the issue and arrive at a clear road-map in resolving the issue. She also suggested to the Rural Development Department to identify 'pilot districts' to implement the latest guidelines of GOI/RBI, before it can be extended to the other districts.

Implementation of Central Plan Scheme Monitoring System (CPSMS) in the Ministry of Rural Development (MoRD)

The Ministry of Rural Development has decided to adopt the e_ payment system of the Central Plan Scheme Monitoring System (CPSMS) and the Scheme monitoring through CPSMS of 3 Schemes viz. Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Pradhan Mantri Gram Sadak Yojana (PMGSY) and National Rural Livelihood Mission (NRLM).

It has been decided by the Ministry of Rural Development that 100% coverage of the 3 schemes should be achieved through CPSMS by 1st December, 2012 in all States.

All payments to the beneficiaries under these schemes will be routed electronically to all banks interface with CPSMS. All Banks are requested to ensure compliance with the standards delineated in latest design document shared by O/o. Controller General of Accounts (CPSMS Project Cell).

It is also informed that the process of integration with CPSMS should be completed by June, 2012 in all respects. For any clarification, Banks may contact Central Plan Scheme Monitoring System, Project Cell in the office of Controller General of Accounts at the very earliest.

It is also informed by the MoRD that opening of beneficiaries accounts may also be promoted so that advantage of change is realized by all stakeholders.

Hence, all banks are advised to issue necessary directions in the matter to ensure the objective of transparency and efficiency in implementation of the largest social sector schemes of Government of India.

I) Sub- membership of the Centralised payment systems to all banks including the State Cooperative Banks and the urban cooperative Banks.

SLBC has received a Communication from Department of Financial Services, that RBI has issued a circular dated 9th April, 2012 to expand the sub-membership route hitherto available only to regional rural banks; to enable all licensed banks to participate in centralised payment systems, like, NEFT and RTGS.

This would be an alternate mechanism to all licensed banks which have the technological capabilities but are not participating in centralised payment systems on account of either not meeting the access criteria or because of cost considerations.

On 25th April, 2012, DFS wrote to all the public sector banks (PSBs) advising them to proactively offer sub-membership of the centralised payment systems to all the banks including the State cooperative banks and the urban cooperative banks. Further, the PSBs could also offer their systems to enable these cooperative banks and regional rural banks to provide the remaining payment products such as ATMs, PoS, Credit and Debit Cards to their customers.

A meeting was conducted by the Department of Financial Services under the chairman ship of Shri Alok Nigam, Joint Secretary (BO), DFS on 16th May, 2012. Some of the Banks, viz. Bank of Maharashtra, Syndicate Bank, Andhra Bank, Bank of India, Central Bank of India, SBI, IDBI, Vijaya bank, OBC, etc., have participated and a consensus was that the PSBs could offer the sub-memberships and interlinking with payments systems to other licensed banks like cooperative banks and urban cooperative banks within a period of two months. The chairman indicated to the PSBs that all of them must take expeditious action to ensure that all the licensed banks in their lead Districts are offered/connected to the centralised payments systems at the earliest and the action taken by them will be monitored by the Government.

Action Point:

All the PSBs to indicate the strategy and confirm the time-lines for offering the sub-membership to the centralised payment systems and other payment products to all licensed banks. The response of all the PSBs may kindly reach DFS by 31.05.2012.

All banks are requested to discuss and report to GoI as advised by the Department of Financial Services, MoF, GoI.

J) Automation of State Government Treasuries and Automated interface with State Governments

The Department of Financial Services, MOF, GOI vide Lr.No.7/1/2012-BO.II dated 5th March, 2012 advised to take up the matter of automation of State Government Treasuries and automated interface with the concerned State Governments at appropriate higher levels, preferably at the Executive Director / General Manager Level of the bank who is designated as the nodal officer for this purpose, with the Principal Secretary (Finance) of the State Government. In the interim, the State Governments may be requested to avail the on-line banking facilities or similar packages offered by the bank so that such processes are automated at the earliest, and subsequently may be migrated to the integrated financial management system of the State Government, as and when the concerned State Governments are prepared with such systems. GOI also requested to discuss this issue in each forthcoming meetings of the **SLBC as a standing agenda**, where your bank is the convenor of the SLBC.

Government of Andhra Pradesh is requested to initiate appropriate steps for creating interface of government treasuries with banks.

K) 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 in their Lead districts.

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 their respective District Head Quarters.”

At present FLCCCs are functioning in all Districts in Andhra Pradesh except in Hyderabad district which is also going to be opened shortly and all Lead Banks are advised to run the FLCCs more effectively.

It is decided that all Lead Banks are advised to open FLCCs in all Divisional Head quarters in their respective districts to further extend the services for improving financial literacy

Financial Literacy Centres (FLCs) - Guidelines

RBI/2011-12/590, RPCD.FLC.No. 12452/12.01.018/2011-12, dated June 6, 2012.

It is informed by RBI that a study on the functioning of the FLCCs has been conducted through a nationwide sample survey of 30 FLCCs spread across 16 states. The findings of the study indicate the limitation of the model scheme in scaling up the financial literacy efforts in the desired manner and some of the findings of the study are given below:

- a) All FLCCs are located in Urban and Semi Urban areas. No FLCC is functioning in the rural areas, where the largest sections of financially excluded population reside.
- b) Awareness of existence of FLCC among local populace is limited.
- c) FLCCs are mostly serving walk in clients, whereas outdoor literacy drives by FLCCs are exceptions.
- d) The literacy material available at FLCCs is generally the publicity material pertaining to various products of sponsor banks.
- e) Even though 53% of the FLCCs are run by separate Trusts/Societies formed for the purpose, these are actually working as institutions of sponsor banks due to their dependence for funding and administrative support. Thus, FLCCs are not in a position to maintain arms-length distance from sponsor bank as envisaged in the Model scheme.

With a view to scaling up of Financial Literacy efforts manifold, it has now been decided to modify the existing FLCC scheme as follows:

- The existing FLCCs would continue to function with a renewed focus on financial literacy
- Lead Banks are advised to set up Financial Literacy Centres (FLCs) in each of the Lead District Manager (LDM) offices in a time bound manner.
- Banks may also consider setting up need based FLCs in other locations as well.
- Financial literacy activities will also be undertaken by all the rural branches of Scheduled Commercial Banks including RRBs.
- The FLCs will impart financial literacy in the form of simple messages like why save, Why save early in your life, Why save with banks, Why borrow from banks, Why borrow as far as possible

for income generating activities, Why repay in time, Why Insure yourself, Why save for your retirement etc.

- The FLCs and rural branches of the banks would also conduct outdoor Financial Literacy Camps with focus on financially excluded people at least once a month.
- The help of experienced NGOs may also be taken.
- The responsibility of the officer specially identified for the purpose in LDM offices and rural branches of banks is to ensure that mis selling of financial products and services does not take place.
- The officials working at FLCs should be provided training in behaviour orientation so as to enable them to work as effective trainers along with periodic knowledge up gradation on various banking products and services.

In order to facilitate effective implementation of the above guidelines, we are in the process of preparing Standard financial literacy material/training modules, to be distributed to banks for providing awareness and knowledge of basic banking throughout the country. If necessary, banks may also prepare material on above illustrative topics in vernacular language using stories and pictorial representations to disseminate information on the four basic banking products:

- Savings cum overdraft account
- Pure savings product ideally a recurring deposit scheme
- Remittance product for electronic benefits transfer and other remittances and
- Entrepreneurial credit in the form of General Purpose Credit Card(GCC) or Kisan Credit Card(KCC).

FLCs and rural branches of banks should maintain record in the form of a register containing details such as name, gender, age, profession, contact details, whether banked or unbanked, details of services availed etc. The Head/Controlling Offices of the concerned banks should monitor the financial literacy efforts undertaken by their FLCs/Branches through periodic reporting and also by resorting to random on-site visits. They would periodically (at least once in a year) undertake impact evaluation of their literacy efforts so as to make way for continuous improvement.

RBI directed that SLBC/UTLBCs would review the financial literacy efforts undertaken by banks under their jurisdiction as an agenda item in the SLBC/UTLBC meetings and would submit a Quarterly report on the functioning of FLCs to the respective Regional Offices of RBI within 20 days after the end of each quarter, as per enclosed format.

All Lead District Managers and Banks are advised to follow the guidelines and initiate immediate steps for implementing the same.

L) 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.

Performance of RSETIs during the year 2011-12:

During the year 237 programmes were conducted by the RSETIs and 6382 people were trained of which 2781 settlements were done.

Review of RSETIs being done by the GoAP, it was advised that-

- It may be ensured that all RSETIs are adequately staffed as advised by Ministry of Finance.
- Each Institute should ensure that a minimum of 2700 candidates are trained in one year with success rate of over 70%.
- Focus on training more required for self employment in the SC/ST, Minorities segments
- All RSETIs are requested to send their approved annual Training schedule to the Chief Project Coordinator, at Bangalore by 31-03-2012.

All Banks are advised to extend finance to all the RSETIs trained candidates to fulfill the purpose of establishment of RSETIs. This should be discussed at DCC level also periodically.

M) Construction of RSETI building at Kadapa by Syndicate Bank-Request for Waiver of Municipal charges

It is informed by Syndicate Bank, Regional Office, Hyderabad that their Bank is proposed to construct RSETI own building with modern facilities at Kadapa, which is for imparting Training for Rural poor.

The Land for the Building was allotted by the Government of Andhra Pradesh free of cost, but the Municipal Corporation, Kadapa is demanding Building licence fee of Rs.10.43 lakhs for construction of the RSETI building.

It is also informed by Syndicate Bank that they have made a representation to the Principal Secretary, GoAP, Municipal Administration and Urban Development Department and also to the Principal Secretary to GoAP, Rural Development Department requesting for waiver of Building license fee of Rs.10.43 lakhs.

Their corporate office, Bangalore has taken up the matter with Ministry of Rural Development, GoI, as the building is constructing for imparting Training for promoting Self employment opportunities.

SLBC has already referred the matter to GoAP and the matter was discussed in the 5th Steering committee Meeting of SLBC of AP held on 12.01.2012. SLBC addressed a letter to the Principal Secretary, Finance (IF) Department, GoAP, vide Lr.No.666/30/96/326, Dt.30.05.2012 requesting them to consider exemption of charges under copy to the Principal Secretary, Municipal Administration and Urban Development Department.

We once again request you to kindly look into the matter and give suitable instructions for waiver of fees of Rs.10.43 lakhs as it is for a good cause of the society.

N) Action Plan for Financial Inclusion in LWE affected States viz., Andhra Pradesh, Chhattisgarh, Bihar, Jarkhand and Odissa

A meeting to work out an action plan for Financial Inclusion in Left Wing Extremism (LWE) districts of five states (Andhra Pradesh, Chhattisgarh, Bihar, Jarkhand and Odissa) was held at Department of Financial Services, Ministry of Finance under the Chairmanship of Secretary (FS) on 21.02.2012 with representatives from Ministry of Rural Development, NABARD and SLBC convenors of these five states.

In the meeting a draft action plan consisting of 19 points under the broad headings of Infrastructure, Credit availability, Advocacy and Livelihood Development was taken up for discussion.

In Andhra Pradesh, 16 Districts were identified as LWE districts and all LDMs and Banks are advised to implement the following action plan proposed by GOI.

Copy of the circulated action plan furnished below for ready reference of all banks.

Sl.No.	Subject	Date wise	Responsibility of Banks/NABARD
	<u>Infrastructure</u>		
1.	Service Area Plan		
2.	Branch Opening(Brick & Mortar)		
3.	Manpower in Rural Branch		
4.	Back up Power		
5.	USB-Mobile Van		
6.	BCA		
7.	Debit Card		
8.	ATM		
9.	POS		
10.	Currency Chest/Clearing House		
11.	Joint activities with LIC/ Non-life Insurance Co.		
12.	Visit to each 2000/1000 (tribal areas) villages at least once a week by one officer of the branch		
	<u>Credit Availability</u>		
1.	KCC		
2.	SHG-NGO selection		
3.	Promotion in each village		
4.	E-payment		
	<u>Advocacy</u>		
1.	FLCC/LDM		
2.	Ad Campaign in local Haats		
	<u>Livelihood Development</u>		
1.	Integration of schemes		

Secretary (FS), Department of Financial Services, MoF, GoI, has taken a video conference on 24.04.2012 with convenor, SLBC, CGM, NABARD, LIC of India, General Insurance Company of India and SBH for reviewing the progress on implementation of Government of India action Plan for Left Wing Extremism

affected Districts. The above action points are emerged in the meeting and the same were communicated to all Banks and LDMs with an advice to initiate necessary action.

7. Housing Loans

A. Position of Housing Loans – March, 2012

Outstanding amount as on 31.03.2012 is Rs.27,648.60 crores (Bank wise statement is enclosed)

As decided in the 177th SLBC meeting, a Sub-Committee was constituted by SLBC to review the progress and reasons for not picking up finance under housing programmes. It was advised by the Principal Secretary, Housing that Hon`ble Minister, Housing will also attend the Sub-committee and SLBC has written a letter to the Principal Secretary for Convenient date of Hon`ble Minister to conduct the Meeting and the reply from the Principal Secretary, Housing is awaited.

8. Educational Loans

A. Position of Educational loans – March, 2012

Outstanding amount as on 31.03.2012 is Rs.5,482.59 crores (Bank wise statement is enclosed)

IBA has communicated a Model Educational Loan scheme for pursuing higher studies in India and abroad was formulated initially in the year 2001 and modified subsequently from time to time with the objective of facilitating pursuit of higher studies by meritorious students. The focus was mainly on technical and professional courses in recognised colleges and Universities.

The Model Loan Scheme for Vocational Education and Training aims at providing financial support from the banking system to those who have the minimum educational qualification, as required by the institution/organisation running the course eligible under the scheme.

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

A. Position of lending under SME /MSME sector

The total outstandings under SME sector as on **31.03.2012** is **Rs.39,516 crores** and total MSME sector is **Rs.51,776 crores**.

(Detailed statement is enclosed)

B. 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.

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	31.03.2012	9029	573.30
07	01.04.2012-21.06.2012	2151	157.06

(Detailed data enclosed in Annexure)

As decided in 177th Meeting of SLBC held on 24.03.2012, a Sub-committee of SLBC was constituted and Sub-committee meeting on CGTMSE scheme was conducted at Andhra Bank, Head Office on 09.05.2012 at 5.00 PM and discussed in detail with regard to how to improve the finance under CGTMSE.

After discussion in the forum, the following action points were emerged.

Action Points:

- All Branch Managers are to be sensitized with regard to CGTMSE. Since security should not be taken for loans upto Rs.10 lakhs, these loans are to be covered under this scheme without exception.
- Some banks have entered MoU with CGTMSE upto 25 lakhs to cover under CGTMSE but some Branch Managers are insisting for collateral security. Controllers of Banks need to give suitable instructions to their branches.
- All PMEGP loans and other Government sponsored scheme loans are to be covered 100% under CGTMSE. Controlling Offices have to ensure 100% coverage of PMEGP loans.
- Awareness is to be created among Entrepreneurs, Banks, and LDMs at the District level since most of the people are not aware of the scheme details. Apart from Banks, Industry Associations may also take active part in conducting awareness programmes.
- The premium being paid to the CGTMSE should be based on liability and not on limit sanctioned. RBI/SLBC may once again take up the matter with CGTMSE. Further RBI may also take up for coverage of Retail Trade loan to Rs.20.00 lakhs under the scheme.
- Implementation of the scheme should be reviewed in JMLBC/DCC Meetings regularly.
- Industry Associations and DICs may bring to the notice of LDMs about specific cases where

Banks are asking for collateral security from the entrepreneurs instead of covering under CGTMSE scheme. In the next stage, the details may be brought to the notice of SLBC.

ALL BANKS ARE ADVISED TO INITIATE APPROPRIATE STEPS FOR IMPROVING THE IMPLEMENTATION OF THE SCHEME

C. 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:

- A) Banks are not encouraging covering of the loans under CGTMSE and this is causing undue hardship to the selected candidates.
- B) Further, it was also observed that even though the targets are achieved 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 not be rejected at branch level and should be referred to Controlling office.
- 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.
- 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:

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.

D. MSME –Clusters

SLBC has received a communication from the Development Commissioner, MSME, Government of India, with regard to coverage of 2,441 clusters in the country in the registered MSME sector as per Fourth All India Census of MSMEs (2006-2007) through specialised SME Bank Branches.

SLBC has received a comprehensive list of 2441 clusters in the country of which 58 clusters in Andhra Pradesh, which were circulated to all Banks. These clusters are having concentration of 100 or more registered MSME units which are engaged in manufacturing the same product.

Development Commissioner, MSME, informed that as per the information on specialised SME branches made available by the Reserve Bank of India, there are 1220 such branches set up by Public Sector Banks as on 31st march, 2011. These branches located in various states/UTs could play an effective role in augmenting the flow of credit to the identified MSME clusters.

It is therefore requested by the Development Commissioner that specialised SME branches of banks may give focussed attention for extensive coverage of 2441 clusters expeditiously and ensure that the credit needs of these clusters are adequately met. Banks could also consider opening more specialised SME branches for coverage of all the indentified clusters.

The Lead Banks in the districts where the MSME clusters are located may also focus on their credit requirements and enhance credit flow to MSMEs, particularly in the clusters where banking facilities are inadequate.

All banks are advised to follow the guidelines and extend the credit needs to the clusters which fall in the state of Andhra Pradesh.

E. Modified Guidelines of Micro and Small Enterprises Cluster Development Programme (MSE-CDP)

Objectives of the Scheme:

- To support the sustainability and growth of MSEs by addressing common issues such as improvement of technology, skills and quality, market access, access to capital, etc.
- To build capacity of MSEs for common supportive action through formation of Self help groups, consortia, upgradation of associations, etc.
- To create/upgrade infrastructural facilities in the new/existing industrial areas/clusters of MSEs.

- To set up common facility centres (for testing, training centre, raw material depot, effluent treatment, completing production process, etc.)

The activities admissible under the scheme are:

- Diagnostic Study Reports (DSR)
- Soft Interventions
- Detailed Project Report (DPR)
- Hard Intervention/Common Facility Centers (CFCs) and
- Infrastructure Development

F. Government of India Schemes for MSMEs

MSME Schemes:

1. CREDIT GUARANTEE SCHEME FOR MSEs: Collateral – free credit to new/existing MSEs upto a maximum Loan of amount Rs.100 lakhs.

2. CREDIT LINKED CAPITAL SUBSIDY SCHEMES FOR TECHNOLOGY UPGRADATION: 15% upfront capital subsidy (max Rs.15 lakhs) on Institutional finance for MSEs for induction of well established & improved technologies.

3. ISO9000/14000/HACCP CERTIFICATION EXPENSES REIMBURSEMENT SCHEME: Reimbursement of 75% of expenses incurred by MSEs in acquiring these certifications, subject to a maximum of Rs.75000/- per unit.

4. MARKET DEVELOPMENT ASSISTANCE SCHEME-PARTICIPATION IN INTERNATIONAL TRADE FAIRS: Subsidy in air fare (75% - General, 100%-women/SC/ST) and space rent (50%-Gen, 100%-Women/SC/ST) subject to a max of Rs.1.25 lakhs to MSEs for participation in select International Trade Fairs.

5. SCHEME FOR CAPACITY BUILDING: Grants to MSE Industry Associations for upgrading Office equipment for building Database (matching grant, subject to a max of Rs.5 lakhs) and organising Seminars/workshops (based on reach of Association, subject to max of Rs.2 lakhs).

6. MSE-CLUSTER DEVELOPMENT PROGRAMME: Grants to identified Clusters by providing soft and hard interventions: a) Max grant of Rs.2.5 lakhs for preparation of Diagnostic Survey Report, b) 75-90% (subject to max project cost of Rs.25 lakhs) towards soft interventions, c) grant of Max of Rs.5 lakhs for Detailed Project Report preparation, d) 70-90% of a max project cost of Rs.15 crores for setting up Common facility Center etc towards hard interventions, e) Grant of 60% (80% for women/Sc/ST Infrastructure) of a max project cost of Rs.10 crores, for infrastructure development in new/existing Industrial Estates.

Other Schemes- NMCP Schemes:

1. BAR CODE FEE REIMBURSEMENT SCHEME: Reimbursement of 75% of one time Registration fee and Annual fee for first 3 years for MSEs that have acquired Bar Code.

2. BUSINESS INCUBATOR SCHEME: Grants (Rs.4-8 lakhs per idea) to Technical Institutions for setting up Business Incubators for new ideas.

3. QUALITY MANAGEMENT STANDARDS/QUALITY TESTING TOOLS: To sensitize and encourage MSEs to adopt latest QMS/QT techniques like Six Sigma, 5S, Kaizan, TQM, QMS etc and to keep watch on sectoral development.

4. LEAN MANUFACTURE SCHEME: Mini clusters (group of at least 10MSEs) are encouraged to adopt lean manufacture techniques like TPM, JIT, Six Sigma, 5S, Standard Operation procedures etc. Grant is given in form of subsidy in Consultant fee.

5. MINI TOOL ROOM: Grant to State Govt. Industry Associations, NGOs for setting up Mini Tool Rooms, a max of 90% of cost of machinery, subject to max of Rs.9 crores, is given.

6. INTELLECTUAL PROPERTY RIGHTS: Grant of Rs.0.25 lakhs for domestic patent, 2 lakh for foreign patent and 1 lakhs for GSI to MSE.

7. TECHNOLOGY & QUALITY UPGRADATION SCHEME (TEQUP): Grant of Rs.2 lakhs to MSEs for International Product Certification, 1.5 lakhs for national Product Certification, and 25% subsidy for adopting Energy Efficient Technologies.

8. DESIGN CLINIC: 60% subsidy in Designer fee for MSE s engaging Design expertise.

9. MARKETING ASSISTANCE AND TECHNOLOGY UPGRADATION SCHEME: Subsidy (50% in stall rent and train travel) to MSEs for participating in domestic exhibitions, Reimbursement of 75% of expenses to MSEs in acquiring ISO 18000/22000/27000 certification, and 50% subsidy for MSEs adopting Corporate Governance Practices.

10. SCHEME FOR PROMOTING I.T. IN MSME CLUSTERS: MSME clusters to be assisted in adopting IT techniques through subsidy in procurement of hardware and software and through establishment of National Portal for MSMEs.

All banks are advised to circulate the schemes to their branches and ensure that finance to MSME is improved considerably.

G. Pending Projects for regulatory clearances 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.

State Government has informed that in respect of proposals listed by DFS, GOI, there was no pendency of the proposals at their end for want of clearances. SLBC has advised all the Banks to refer the proposals to SLBC wherever such instances are there for being taken up with GoAP.

10. Handloom Weavers

A. Revival, Reform and Restructuring Package for Handloom Sector- Implementation of Handloom package announced by the Hon`ble Finance Minister in the Union Budget 2011-12

The “Revival, Reform and Restructuring Package for Handloom Sector” will be implemented, starting with the current financial year, as a new Centrally Sponsored Plan Scheme with a total outlay of Rs.3884 crore. The required funds will be placed with NABARD as the implementing agency. This intervention is likely to benefit 15000 Cooperative Societies and 3 lakh Weavers across the country. Under the scheme, funds will be provided for repayment of 100% of principal and 25% interest as on date of loan becoming NPA which is overdue as on 31.3.2010 in respect of viable and potentially viable Primary Weavers Cooperative Societies and Apex Societies as well as in respect of individual handloom weavers, master weavers, Self Help Groups (SHGs) and Joint liability groups (JLGs) who have taken such loans for handloom weaving purposes, provided the banks agree for sanctioning fresh loans. There would be an overall ceiling of Rs.50, 000 per individual beneficiary as far as funding under this scheme is concerned in respect of waiver of overdues of individual handloom weavers.

The Government has further approved an interest subvention of 3% for 3 years to be extended from the date of disbursal of the fresh loan extended by banks to the eligible handloom cooperative societies and individual handloom weavers covered under the scheme. The interest subvention would not be available after the date on which a loan becomes non-performing asset. The Government will make necessary provision towards payment of Guarantee Fee @1 % and Annual Service [Fee@0.5%](#) , to be paid to CGTMSE, for credit guarantee for a period of three years for the fresh loans.

SLBC has already circulated the Guidelines to all Banks and advised them to circulate the guidelines to their branches for implementation of the scheme.

B. Weavers Credit Card and Financial Package- Conduct of Awareness camps

Weavers Credit Card scheme aims at providing adequate and timely assistance from the Banking institutions to the weavers to meet their credit requirements i.e., for investments needs as well as for working capital in a flexible and cost effective manner. The scheme would be implemented both in rural and urban areas.

SLBC has already circulated the scheme guidelines to all banks and Lead District managers with an advice to implement the scheme in a big way. In this regard awareness camps are being organised by the Weavers Service Centre, Ministry of Textiles, GOI at 10 clusters and Hand looms and Textiles Department, GoAP at 24 clusters in Andhra Pradesh.

All Lead District Managers were advised to co-ordinate the camps in all the clusters.

C. Institutional Credit- under Integrated Handlooms Development Scheme

SLBC has received communication from the Commissioner of Handlooms and Textiles, GoAP, along with a copy of Lr.No.9/1/2011-DCH/Cluster, dated 9th January, 2012, where in Guidelines for implementation of a new Component, ``Institutional Credit`` under integrated Handlooms Development Scheme, were given in detail.

D) Handlooms and Textiles – Certain Relief Package for the Textile Industry

Department of Handlooms and Textiles, GoAP, basing on the representation received from the Chairman, A.P. Spinning Mills Association, Guntur, requesting the Government to submit a proposal to the Central Government with regard to certain relief measures to be announced by the Reserve bank of India.

The Chairman, AP Spinning Mills Association, Guntur has stated that the Textile Industry in the State is facing grave crisis due to various domestic and international circumstances and incurred huge losses within a span of three months resulting in erosion of their working capital and not able to repay loans and interest. In order to avoid the crisis in the Textile Industry they have proposed certain relief measures to be announced by the Reserve Bank of India.

1. A moratorium of 2 years on repayment of all loans and interest may be allowed including TUF loans for all Textile companies, suitable modification in prudential guidelines on restructuring may be made.
2. In view of the steep decline in prices of raw materials and finished goods, there has been a reduction in the drawing power resulting in erosion of working capital. It is submitted that the same may be converted into Working Capital Term Loan (WCTL) for a period of five years with a moratorium of six months.
3. Working capital for cotton may be provided at 10% margin money and at 7% interest rate so that mills can continue to buy cotton. This would also help the cotton farming sector, which is heading towards a crisis in the coming months because of low consumption by mills.
4. An interest subvention of 4.5 per cent may be allowed on export of textile and clothing. Interest subvention for 4.5 percent has been provided during recession in the past which may be restored.

As the other states like Tamilnadu, Maharastra, Punjab and Gujarat have requested the Central Government to extend above reliefs to the Industry in their states, the association has requested the Government of AP also to refer to Gol through Hon`ble Chief Minister.

The matter was discussed in the Steering committee Meeting of SLBC of AP on 15.05.2012 and it is resolved that Government can go ahead with the proposal referring to Central Government and advised all Banks to go through the package and come back with specific opinion to SLBC without taking much time.

E. Proceedings of NIMRC & SIMRC Meetings – Major Action Points

Proceedings of NIMRC meeting

The 4th meeting of the National Implementation, Monitoring & Review Committee (NIMRC), WAS HELD ON 18.04.2012 AT New Delhi and some of the issues discussed, clarifications provided and decisions taken in the meeting are as follows:

1. Coverage of Individual Weavers' loans

1. The quantum of loan waiver would be restricted to 100% of the Principal and 25% interest overdue on the date of advance becoming Non Performing Asset (NPA) and which is overdue as on 31.03.2010, subject to the maximum limit of Rs.50,000/-per loan account in case of individual weavers' loan.
2. If the overdue loan plus 25% of the interest is more than Rs.50, 000/-, the lending institution or the borrower will have to bear the same on their own
3. Since the basic purpose of the package is Revival of the Handloom Sector and declogging of the choked lines of credit, banks must sanction fresh loans to borrowers under the package.
4. As far as eligibility condition is concerned it has been reiterated that the person should have been a handloom weaver at the time of taking loan
5. That the borrower is a weaver can be ascertained from any one of the following:
 - a) Weavers' Identity card issued by the O/o. DC (Handlooms)
 - b) Health card issued as a part of implementation of Health Insurance scheme,
 - c) From the certificate or Identity cards issued by the State Government.
6. The loan should be overdue as on 31st March 2010 and the purpose of the loan specified as per the bank documents should have been identified/certified as handloom weaving or handloom weaving related activity.
7. Banks are required to prepare a list of borrowers who are eligible for the loan waiver under the scheme, The list would be displayed on the notice board of the Bank Branch concerned within 60 days of the date of issuance. This shall be the date of the letter of commitment issued by the State Government.
8. In case a person indicates in writing that he is not interested in taking a fresh loan, he would still be eligible for waiver as per the package conditions.

2. Banks should agree to share interest and sanction of fresh loans:

It has been made clear that the banks have to bear 75% of interest and 100% of penal interest as on the date of loan becoming NPA, if any, and also to sanction fresh loans. If banks do not agree to those conditions, the loan would not be waived.

Proceedings of SIMRC Meeting:

Minutes of the 1st State Implementation, Monitoring and Review Committee (SIMRC) meeting held at 3.00 PM on 08-05-2012 at NABARD, Regional Office, on Revival, Reform and Restructuring Package for Handloom Sector

Sl.No	Agenda	Resolution
1	Identification of Chartered Accountant and Special Invitee for SIMRC. Nomination of Chartered Accountants for all DIMRCs.	Identification of Chartered Accountants for SIMRC and DIMRCs to be done. While selecting, preference may be given to those CAs who were associated with SLIC / DLIC under VC - I. (Action : NABARD)
2	Commencement of Special Audit of APCO as on 31.03.2010 and completion by 31.05.2012.	Special audit of APCO has to be commenced at the earliest in consultation with the Auditors and the Registrar of Cooperative Societies. The target date for completion is 31 st May 2012. (Action : APCO & NABARD)
3.	Commencement of Special Audit as on 31.03.2010 of 483 viable and potentially viable PWCS (excluding 107 PWCS of Anantapur district) and completion by 31.05.2012	(50) Fifty auditors for conduct of special audit of 483 viable and potential viable PWCS as assessed by Dept. of Handlooms & Textiles to be identified in consultation with RCS. The list of Auditors may be furnished to NABARD at the earliest. (Action : Dept. of Handlooms & Textiles)
4.	Training of Auditors identified for Special Audit of PWCS – Auditors of APCO trained at NBSC may act as Master Trainers.	Training of 50 auditors identified for Special Audit of PWCS in two batches to be conducted the third week of May 2012. (Action : NABARD)

5.	Claim / data collection format devised by New Delhi RO.	<p>The claim/data collection format received from NABARD, RO, New Delhi shall be finalized in consultation with the SLBC. After finalization, the same may be communicated to all the Controlling authorities of Banks for submission of claims by 31-5-2012.</p> <p>(Action: NABARD & SLBC)</p>
6.	Issue of guidelines by the Controlling Offices of all the participating banks to their respective branches.	<p>The SLBC is to ensure displaying list of borrowers and general information in the local language and all concerned branches and letters to the eligible weavers by 17th May 2012 and claims in respect of all eligible individual borrowers should reach NABARD by 31st May 2012.</p> <p>(Action: SLBC)</p> <p>Devising a common letter to be used by the bank branches for communicating relief to the individual borrowers under the scheme.</p> <p>(Action : NABARD)</p> <p>The Department of Handlooms to provide information regarding list of eligible weavers to the SLBC by 20-5-2012 duly collecting the information from the Districts.</p> <p>(Action : Dept. of Handlooms & Textiles)</p>
7.	Other related issues, if any. Special Invitees for the next SIMRC meeting	<p>1) Registrar of Cooperative Societies, GoAP may be invited as a Special Invitee for the next meeting of SIMRC to suggest legal reforms/ amendments to the relevant provisions and byelaws of the Societies Act under the Scheme.</p> <p>(Action : Dept. of Handlooms & Textiles)</p>
		<p>2) A Senior Officer from Small Industries Development Bank of India (SIDBI) to be invited for the next meeting of SIMRC to brief the members on CGTMSE.</p> <p>(Action : Dept. of Handlooms & Textiles)</p>
		<p>3) Chief Executive Officer of District Central Cooperative Banks to be made Special Invitee of DIMRCs.</p> <p>(Action : Dept. of Handlooms & Textiles)</p>

8(a)		A committee may be formed within Department of Handlooms and Textiles urgently to suggest legal reforms / amendments in the relevant provisions and byelaws of the Societies Act in consultation with RCS as suggested in the Scheme. (Action : Dept. of Handlooms & Textiles)
8(b)		State Level Bankers Committee, to advise the implementing banks for appointment of Grievance Redressal Officer (GRO) under the scheme. (Action : SLBC / Dept. of Handlooms & Textiles)

11. Social Welfare Schemes

A. 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.

As on **31.03.2012**, lending to Minority Communities under Priority Sector lending is at Rs.12,124.31 crores which constitute 6.75% of Priority sector advances. (Bank wise statement enclosed). The figures given are outstanding as on 31.03.2012 in respect of finance extended to all Minority communities.

In terms of 177 th SLBC proceedings, a Sub-Committee to review the progress on loans to Minority Communities and SCs/STs was constituted by SLBC and a meeting was held on 09.05.2012 to discuss the issues causing low progress.

MD, Minorities Corporation informed that in old city the density of Minorities population is very high and adequate numbers of Bank branches are not opened to cater the needs of Minority communities. He also stated that banks are rejecting the applications saying the reason that there are no repayments forth coming. Corporation is requested to submit the District –wise and Mandal wise Population list to SLBC for the benefit of All Banks.

Responding to the request made by Minority Corporation for providing total list of beneficiaries financed by banks to all minority communities, banks have felt that it may not be feasible as banks extend loans to several segments.

In view of the practical difficulties it was agreed upon by all and MD AP State Minorities Corporation to obtain the Bank wise branch wise list through Lead District Managers.

The Government should enable the Credit flow to the Minority communities and help the banks by:-

1. Conducting Entrepreneurship Development programmes especially in Industry Clusters in association with Industries Department.
2. Referring selected candidates to concerned RSETIs in each district to enable them to conduct exclusive training programmes.

Responding to the above, the MD Minorities Corporation has suggested awareness camps are to be conducted at select villages.

Banks have expressed that they are willing to participate in such awareness camps. Convenor requested corporation to write to concerned Government department and take steps for conducting awareness camps. He suggested that instead of concentrating in all Mandals, it is better to focus on Mandals, where minority population is high and requested corporation to send list to SLBC. The list can be used by banks for opening branches also.

Convenor requested that the Minority Corporation officials have to participate in the DCC and JMLBC meetings and the matter is to be reviewed.

After discussions the following action points emerged:

Action Points:

- LDMs to discuss the progress under Minority communities in all JMLBC meetings and DCC Meetings regularly.
- Special DCC Meetings are to be conducted by all LDMs and the representatives from the District Level Office of Minority Communities should attend for fruitful deliberations.
- LDMs should intimate the dates of DCCs to the MD, Minorities Corporation in advance to facilitate participation from state level and to ensure participation of District Officers.
- Special awareness camps are to be conducted for identification of candidates under Minority action plan and the Minorities Department to take initiation for conducting of such camps with the approval of District Collectors.
- It is advised that SME loans also to be promoted to Minority Communities which will enhance the finance to Minority Communities by concentrating in the area of minorities.
- Awareness programmes or camps are to be conducted like MSME clusters, where minority population is concentrated.
- Corporation to ensure that candidates are sponsored to all RSETIs to enable RSETIs to conduct exclusive Programme and further tie-up to Bank credit.
- It is informed by Minority Finance Corporation that except in Hyderabad and Nizamabad district, there is no problem in opening of scholarship accounts. Hence, the LDMs of Hyderabad and Nizamabad are advised to conduct local bankers' meet and if necessary take up reallocation of

institutions among banks.

- The Minority Corporation to ensure participation of their officials in all JMLBC and DCC meetings and issues are to be deliberated.
- The Minority Corporation to ensure that their officials coordinate with Bank for improving recovery.
- Minorities Corporation has to give the list to SLBC indicating the names of districts or mandals where minority population is concentrated.

(Action: All Banks, LDMs, Minority Corporation)

B. Credit flow to Weaker Section

Credit flow to Weaker Section advances **as on 31.03.2012** is **Rs.52,980.95 crores**. As per RBI norms the Weaker Section advances are to be **10%** of ANBC. In our State it is more than the stipulation i.e., **16.18%**.

(Bank wise statement is enclosed)

C. Credit flow to Women

As on 31.03.2012 advances to Women are at Rs. 41,741.58 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., **10.58%**.

(Bank wise statement is enclosed)

D. Credit flow to Scheduled Castes/Scheduled Tribes

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

As on 31.03.2012, the lending to SC/STs is Rs.12,757.96 crores, comprising of **7.09 %** of priority sector advances and **3.23%** of total credit.

(Bank wise statement is enclosed)

In terms of 177 th SLBC proceedings, a Sub-Committee to review the progress on loans to Minority Communities and SCs/STs was constituted by SLBC and a meeting was held on 09.05.2012 to discuss the issues causing low progress.

General Manager, SC Corporation, informed that the performance of KVB, Karnataka Bank, SBH is very good and some banks performance is also satisfactory. He requested Banks to improve their lending to SCs/STs.

He informed that Land purchase scheme is introduced with 50% subsidy; unit cost enhanced from 1 lakh to 3 lakh and requested bankers to encourage the scheme by extending finance. He informed that detailed guidelines will be issued shortly.

General Manager, SC Corporation opined that General loans to SCs/STs are not on expected lines and needs improvement.

SLBC Convenor opined that Non submission of UCs also one of the reasons for reporting low performance and the actual groundings may not be reflecting. So we advise all controlling authorities to ensure submission of UCs immediately after grounding.

Action Points:

- UCs are to be submitted promptly after grounding of the units to the Principal Bank as well as to the Corporation.
- Land Purchase Scheme is to be encouraged and all Banks to pay special attention in this regard. Scheme guidelines are yet to be issued by the Corporation.
- Performance to be reviewed in all JMLBC/DCC Meetings and necessary steps to be taken to improve the performance.

(Action: All Banks and LDMs and Corporation)

E. Credit flow to DRI

As on 31.03.2012 the credit outstanding under DRI is Rs.362.41 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**).

(Bank wise statement is enclosed)

12. Self Help Groups

A. Position of SHG-Bank Linkage Programme- March, 2012

A) Position of SHG Linkage Programme- March, 2012: (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	323120	10978.57	157619	1641.23	420.61
Private Sector Banks	24345	125.79	3542	31.23	18.60
Cooperative Banks	19454	226.60	2610	9.56	7.66
Regional Rural Banks	398061	4217.50	335.32	446.97	70.27
TOTAL	1364980	15548.46	197303	2128.99	567.08

B. Scheme for financing of Women Self Help groups with the support of Anchor NGOs as SHPI

A meeting was conducted on 21.11.2011 by the Secretary, Department of Financial Services, Ministry of Finance GOI, at New Delhi with regard to the importance of the SHGs in promoting Financial Inclusion and need for them to have cash credit limits as per the RBI frame work instead of term loans.

Further a draft document prepared by NABARD for financing women SHGs with the support of Anchor NGOs, as Self Help Promoting Institution (SHPI) was discussed. It was agreed that the role of NGOs is very important to keep the SHGs sustainable and therefore the NGOs should be given responsibility for lively hood development of the members of SHGs. Lead Banks and their RRBs will therefore open two special branches in each block of the allotted district for implementing of this model.

The NGOs will be paid an incentive but will bear full responsibility for avoiding NPAs. NGOs shall not be given any direct loan.

Department of Financial Services, MOF, has communicated the guidelines with regard to the scheme for financing of Women self help groups with the support of Anchor NGOs as SHPI.

Back ground:

SHG Bank linkage model, pioneered by NABARD, continues to be the predominant model in the Indian micro finance context with about 7.4 million SHGs, catering to about 100 million households saving with the formal banking system to the tune of Rs.7016 crore. Over the years, the SHG Bank linkage Programme has emerged as a viable model for financial inclusion of hitherto unreachable poor households particularly in rural areas.

Despite these efforts, a large number of the poor households continue to remain outside the fold of the formal banking system. The committee on Financial Inclusion which had attempted an analysis of the

district-wide gaps in financial inclusion, suggested that critical exclusion (In terms of credit) is manifest in 256 districts in the country, spread across 17 states, where credit gap is of 95% and above. Thus poor households continue to face challenges for seeking financial services from banks.

Under this model, the Self Help Promoting Institution (SHPI), usually a Non-governmental Organisation (NGO), nurtures groups of 10-20 individuals from poor households to pool their thrift and make loans amongst themselves for a short period of about six months after which they are credit linked to banks. The SHPI receives due consideration either from Government or institutions like NABARD or such other agencies for promoting and nurturing the groups and enabling their linkages with banks. Once the groups have been linked to the bank, they often monitor the loan portfolio.

Role of Anchor NGO as SHPI:

This scheme is proposed to overcome some of the persisting problems and facilitating a greater role for banks and SHPIs in inclusive development and also ensuring a faster expansion of the SHG-bank linkage Programme.

Under this scheme identification of **one not-for-profit NGO in each district**, which will act as SHPI for promotion and nurturing of SHGs as well as facilitator for banks for on lending to SHGs. This will promote, nurture, and rate the SHG, assess the loan requirement, process the loan application and enable the bank branch to lend the loan to SHG on its recommendation.

Identification of NGOs and support:

- a) One not-for-profit NGO in each district will be identified to act as SHPI. It is desirable to Enlist the NGO-SHPI as BC.
- b) Identified NGO should be in existence atleast for three years, submit three years balance Sheet and should have good track record.
- c) Due diligence to be made by the Bank in selection of NGO.
- d) Bank's may consider lending to SHGs promoted by BCs at interest rate of 18% per annum on Reducing balances. Suitable interest sharing approach may be worked out with the NGO.
- e) The NGO may be given 6 to 7% of the interest to cover the administrative, transaction and Risk costs.
- f) Incentives for recovery may also be considered for the NGO.
- g) Banks may consider providing soft loan (@ 2% per annum) to the NGOs to meet their initial Administrative costs.

For implementation of this model, In Andhra Pradesh, **two districts** namely **Adilabad and Khammam** where State Bank of Hyderabad is the Lead Bank and in Odisha state **Gajapathi district** where Andhra Bank is the Lead Bank, were identified.

SLBC has communicated the guidelines issued by the Ministry of Finance, GOI, in this regard to all the Lead District Managers of Adilabad and Gajapathi.

- NGOs will be given Rs.10, 000/- per SHG promoted by them by NABARD.
- NGOs are to be given service charges of 5% per annum which will be charged to the SHGs.
- Interest to be charged to SHGs shall not be more than Base rate + 5% as per our Bank base rate.

During the recent review meeting conducted by GOI, it was informed that in Andhra Pradesh, SERP is playing the role of SHPI in rural areas and near saturation is achieved in promotion.

The Secretary, DFS, GoI, advised if Government is taking care of promotion of SHGs, the same can be continued.

The GoI has extended the support and promotion of women SHGs with Anchor NGOs to all 16 LWE districts in Andhra Pradesh.

Ministry of Finance has given instructions to identify an NGO in the above districts as SHPI and enter into MoU before 31st May, 2012. As the information available with SLBC, MoU has been entered in all 16 Districts.

SERP and NABARD are requested to give specific action plan to be implemented in 16 LWE districts during the year 2012-13.

Progress report submitted by NABARD with regard to Action Points for Financial Inclusion in LWE affected States- Video Conference by Secretary (FS), GOI -24 April 2012

Based on the action points as indicated by CPD, the status/ progress of WSHGs and Financial Inclusion in 16 LWE affected districts of Andhra Pradesh is indicated below:-

1. Progress in Implementation of Women SHG scheme in LWE affected districts

- SERP has been identified as Anchor NGO for 16 LWE affected districts of Andhra Pradesh.
- MOUs have been signed between major banks in the 16 LWE affected districts and SERP.
- Sanction letters have been issued in respect of all 16 districts to SERP.
- Further, on accepting the terms and conditions an upfront grant of 5% i.e. Rs. 72.45 lakh has been released by NABARD to SERP (The Anchor NGO), the details are as under:-

S.No	District	No of Mandals	No of WSHGs to be promoted during 12-13	Grant assistance sanctioned	Upfront grant assistance (@5% of grant sanctioned)
				Rs in Lakhs	Rs. Lakh
1	Adilabad	52	1000	100.00	5.00
2	Nizamabad	36	670	67.00	3.35
3	Karimnagar	57	835	83.50	4.175
4	Warangal	45	1000	100.00	5.00
5	Nalgonda	59	1000	100.00	5.00
6	Khammam	46	1000	100.00	5.00

7	Medak	46	1000	100.00	5.00
8	Guntur	57	1000	100.00	5.00
9	Prakasham	56	1000	100.00	5.00
10	Vishakapatnam	39	934	93.40	4.67
11	Vizianagaram	34	553	55.30	2.765
12	Srikakulam	38	1000	100.00	5.00
13	Kurnool	54	498	49.80	2.49
14	Ananthapur	63	1000	100.00	5.00
15	Mahabubnagar	64	1000	100.00	5.00
16	East Godavari	58	1000	100.00	5.00
	TOTAL		14490	1449.00	72.45

Note:-Rs. 72.45 lakh has been released on 12.06.2012 to SERP.

2. To ensure every woman in each village become a member of SHG and to ensure that there is a credit saturation in these villages, SERP has given District wise – Mandal wise No. of SHGs proposed to be formed by them during the year 2012-13, 2013-14, 2014-15.

3. Further, in order to support capacity building activities for SHGs, NABARD has planned to conduct 200 MEDPs during FY12-13 with the help of NGOs working in 16 LWE affected districts of Andhra Pradesh. The district-wise allocation is indicated in annexure. The amount of expenditure in this regard would be booked under WSHG fund. We have so far sanctioned 12 MEDPs in 03 districts of Andhra Pradesh for various activities such as Dairy, Block Painting, Artificial Jewellery, Polishing, Sanitary Napkins, Tailoring etc. We are in the process of mobilising the proposals.

4 For the purpose of making awareness about financial literacy and communicate the benefits of various schemes in these areas, we have printed 06 brochures covering various subjects viz. Savings, Planning, Remittance, insurance etc..The same would be distributed amongst banks working in these areas. Further, the posters have been printed in association with SLBC and the same are being displayed in all the bank branches of these districts.

MEDPs proposed for the FY 2012-13 in LWE affected districts in Andhra Pradesh

Sl. No.	District	Proposed	Sanctioned
1	Adilabad	10	
2	Anantapur	15	3
3	East Godavari	15	-
4	Guntur	10	6
5	Karimnagar	15	-

6	Khammam	10	-
7	Kurnool	10	-
8	Mahabubnagar	15	-
9	Medak	10	-
10	Nalgonda	10	3
11	Nizamabad	10	-
12	Prakasam	15	-
13	Srikakulam	10	-
14	Visakhapatnam	20	-
15	Vizianagaram	10	-
16	Warangal	15	-
	Total	200	12

C. SHG – Bank Linkage – Cash Credit facility

Department of Financial Services, Ministry of Finance, GOI vide their Lr.F.No.3/45/2011-AC, dated 17th November, 2011, issued guidelines to all Public Sector Banks with regard to Cash Credit Limit to SHGs.

- 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 sanctioned 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.

The matter was discussed at length in the 5th Steering Committee Meeting of SLBC held on 12.01.2011 and it was agreed that the following procedure may in general be adopted after obtaining approval from the competent authority in the Bank:

- The existing SHG loans **including overdue accounts** will be converted into CCL before 28.02.2012 with existing sanctioned limits. However **existing NPA accounts will be excluded.**
- Fresh loans will be in the form of Cash Credit Limit based on the corpus and projected 5 year savings of the SHG. However, the initial drawing power of the fresh loan has to be based on the assessment as on the date of sanction.
- The term loans sanctioned for housing purpose (bridge loans) will continue to be term loans.
- Since, it may take some time for Banks to develop suitable software for sanction of SHG loans under CC limit, the Bank branches will continue to sanction term loans as per the existing norms and convert these loans into CC limits later.
- GoAP to consider SHGs eligible for 'Vaddi Leni Runalu' (Interest free loans), only if they have repaid/credited into their CCL account some minimum amount which is at least 3% of Drawing Power at regular monthly intervals. This minimum amount of 3% per month credited into the account is not to be withdrawn for a period of six months. And at the end of sixth month, the SHGs will be permitted to draw this amount up to the eligible Drawing Power (DP) and continue to repay @ 3% of DP per month. However Groups can do transactions by crediting amounts and withdrawing amounts in excess of minimum 3% p.m. However, Banks are free to allow the operations in the CC limits to the extent of DP at any point of time. **The repayment of 3% of DP condition is only for providing interest subsidy by GoAP.**
- Any SHG finance given for seasonal activities can be fixed repayments accordingly. In case of SHG finance for other economic activity, repayment may be fixed as per existing guidelines.
- Documentation part is to be looked after by the Individual banks as per their guidelines.
- MEPMA will also follow the same guidelines as in the case of SERP.
- All fresh loans as CCs to be given from 1st February, 2012.
- All existing loans upon conversion can fix the due dates as original term loan due dates and Afterwards while reviewing can change for 5 year period to avoid all the accounts falling due at the same period.

Department of Financial Services, MoF, GoI, vide their Lr.No.3/37/2012-AC, dated 2nd April, 2012, has informed that:

Some representations requesting for grant of term loan facility to SHG's have been received from IBA, Ministry of Rural Development and NABARD. The matter has been considered by the Department of Financial Services and it has now been decided that:

- In those Government schemes which have back ended subsidy and release of subsidy is contingent on repayment of term loans, the SHG1s can be extended term loans in such schemes.

- The term loans can also be given to those SHGs in such cases where the SHG undertake a group activity and the loan from the bank is taken to undertake SHG for that activity.

The self Help Group will get a cash Credit limit in all cases other than those mentioned in above paras. The members-inter-se will get a term loan from the group.

NABARD vide their circular No: 65(A)/MCID-04/2011-12, dated 27th March, 2012 issued some directions with regard to:

Cash Credit/Overdraft for SHGs:

- There are instances of non-sanction of repeat loans to SHGs, as also cases of limiting need based credit. Sanction of a cash credit/overdraft system of lending for SHGs for a longer operational tenure may therefore be adopted to overcome these issues and to permit SHGs to have larger loans in tune with increasing pooled savings.
- This approach will provide considerable flexibility to SHGs in meeting their frequent needs as well as help them in reducing their cost of borrowings.
- The loan limit may be sanctioned for a period of three to five years based on the projected savings of the SHGs upto the end of 3 to 5 years, thus avoiding repeated documentation. Drawal limits for each year can however, be fixed within this aggregate ceiling as a multiple of actual pooled savings reached.
- Although the approach has been in operation in certain States and has found reasonable acceptance among the banks and SHG clients, apprehensions are mooted by some that such an approach could drive to financial indiscipline at the SHG level to over borrowing and potential defaults.

Enabling Joint Liability Groups (JLGs) within SHGs.

- A few members of an SHG may graduate faster to start or expand economic activities requiring much higher levels of loans than required by other SHG members. In such cases, the other members may not like to stand mutual guarantee for a few large sized loans.
- In such cases, a smaller ``**Joint Liability Group (JLG)**`` from members of an SHG may be created. The members of JLG will continue to remain members of the SHGs and continue to participate in the activities of SHGs as earlier.
- Banks may encourage creation of such enterprise/livelihood based JLGs as a separate entity. Banks may use financial and other support extended by NABARD for this purpose.
- These JLGs may be created and financed by the bank on the line of NABARD guidelines on JLGs already in vogue and such financing would be in addition to the loan/credit limit to the SHG.

NABARD has also given in the above circular about the Improving Risk Mitigation Systems, Building second tier institutions, strengthening the monitoring mechanism and addressing Training requirements.

All Banks are advised to follow the guidelines issued by NABARD.

D) SHG Bank Linkage- Interest Subvention- Bank -wise Performance

SLBC has received a communication from CEO, SERP with regard to SHG Bank Linkage – Interest Subvention- Bank-wise performance and we place below the same for the benefit of all concerned.

Name of the Bank	No. of SHG loan accounts processed	No. of loan accounts became eligible for Pavala Vaddi	Percentage of eligible SHGs to total SHGs	Pavala Vaddi amount Rs. In Lakhs
State Bank of India	2,28,625	1,53,101	66.97	7,415.02
Andhra bank	1,77,475	1,34,396	75.73	7,883.34
State Bank of Hyderabad	1,13,712	86,874	76.40	3,578.92
AP Grameena Vikas Bank	1,34,370	83,992	62.51	3,255.11
AP Pragathi Grameena Bank	77,415	54,133	69.93	2,289.85
Deccan Grameena Bank	58,060	42,489	73.18	1,545.43
Syndicate Bank	56,622	33,989	60.03	953.79
Indian Bank	43,939	29,359	66.82	2,494.99
Saptagiri Grameena Bank	34,124	25,413	74.47	1,910.02
Canara Bank	29,462	22,683	76.99	869.68
Indian Overseas Bank	26,271	19,580	74.53	1,067.60
Chaitanya Godavari Bank	19,701	15,263	77.47	879.66
DCCB	17,042	12,421	72.88	656.48
ING Vysya Bank	12,571	9,865	78.47	449.26
Corporation Bank	12,528	9,581	76.48	455.52
Central Bank of India	12,936	8,755	67.68	340.81
Bank of Baroda	10,527	8,017	76.16	303.98
Union Bank of India	20,476	6,220	30.38	363.17
Bank of India	7,316	5,538	75.70	322.55
Vijaya Bank	7,288	5,467	75.01	225.94
SNEHA MACTCS	4,021	3,120	77.59	111.23
Punjab National Bank	3,896	3,080	79.06	111.62
UCO Bank	3,663	2,849	77.78	156.45
Allahabad Bank	2,575	1,674	65.01	42.19
ADCC	1,908	1,417	74.27	33.25
Bank of Maharastra	1,102	754	68.42	14.26
Dena Bank	560	449	80.18	9.40
State Bank of Mysore	434	242	55.76	5.67
FSCS	170	133	78.24	7.65
Karnataka Bank	159	127	79.87	3.80

AASSAV MACS	252	116	46.03	1.62
Cooperative Central Bank	127	83	65.35	2.41
Oriental Bank of Commerce	67	1053	79.10	1.45
PACS	10	410	100.00	0.33
South Indian Bank	20	4	20.00	0.11
United Bank of India	2	2	100.00	0.01
TOTAL	11,19,432	7,81,249	69.78	332.75

It is observed from the above statement that nearly 30% SHG loan accounts numbering 3.38 lakhs could not get the benefit of Pavalavaddi for many reasons, but the main reason is due to lack of financial literacy to inculcate repayment culture among the group members.

All Banks can take initiate simple steps to improve the repayment culture to enable all SHGs to avail Pavalavaddi benefit. Some of the initiatives are as follows:

- Issuing of pass books/sanction letters duly furnishing the due date and EMI amount for better understanding of the group members.
- Any charges other than interest debited to the loan account are to be informed to SHGs and recover from EMI.
- Whenever interest is changed, the EMI has to be kept constant by increasing the number of installments under advice to the SHG.
- CBRM to be made mandatory and it has to be reviewed by the Branch Head in the monthly meetings.
- Bank officials should visit/attend the meetings of MMS/VOs and appraise the issues relating to the bank linkage and overdues.

All banks may initiate steps on the above issues.

D) State Milk Mission 2011- Establishment of Paala Pragathi Kendrams (PPKs)-Mini Dairies by JLGs of Women Self Help Group members

Hon`ble Chief Minister of Andhra Pradesh, Government of Andhra Pradesh has approved the State Milk Mission 2011-2015 with an outlay of Rs.5138 crores with the main objective of enhancing the milk production of the state.

The CEO, SERP informed SLBC that the Government wishes to implement most of the key activities in the State Milk Mission i.e. Introduction of milch animals, salvage of dry animals and calf rearing schemes through the SHG groups in the state. Considering the greater role envisaged for the SHGs in the State Milk Mission, the SHGs are gearing up to meet the challenges. As a part of this strategy, the SHGs are encouraged to establish mini dairies by induction of high yielding milch animals from other states with the financial assistance provided by the Banks and the scheme has been named as **Paala Pragathi Kendrams (PPK)**.

It is informed by the SERP that earlier a scheme was prepared by the SERP and communicated to all the Banks in the state for extending loans to the PPKs. Inter alia, the scheme has certain conditions like:

1. All the members of a SHG shall be willing to establish the PPK.
2. Bank loans will be given under the existing SHG Bank linkage Programme.

During the course of interaction with SHG members in the field, it is observed that in most of the cases all the members in a group are not showing interest; instead few members of the group only are interested in establishment of PPKs. Further SHG members are requesting for a separate loan (outside the existing SHG-Bank linkage Programme) for establishment of PPKs by the interested members in JLG mode.

In this context, it is decided by the Govt. to make the following changes to the existing scheme of PPKs.

- Formation of Dairy Joint Liability Groups (JLGs) by SERP with the SHG members interested in establishment of PPKs.
- Request all the major Banks of the state including RRBs to finance dairy JLGs outside the existing SHG-Bank linkage Programme.
- Provide 25% subsidy to the dairy JLGs formed with SC or ST (PoP) members from NRLM funds through SERP.
- Provide infrastructure grant of Rs.1.00 lakh to each dairy JLG from out of NRLM Infrastructure grant through SERP.

A detailed scheme for establishment of mini dairy units (PPKs) by the dairy JLGs of SHG members with 8 milch animals at a total cost of Rs.5.00 lakhs is enclosed.

The matter was discussed in the recent Steering committee meeting held on 15.05.2012 and the discussions are as follows:

The Principal Secretary, Rural Development, GoAP, informed that based on the feedback received the following changes are made for better takeoff of the scheme in the state.

- Formation of Dairy Joint Liability Groups (JLGs) by SERP with the SHG members interested in Establishment of PPKs.
- Request all the major Banks of the state including RRBs to finance dairy JLGs outside the existing SHG-Bank linkage Programme.
- Provide 25% subsidy to the dairy JLGs formed with SC or ST (PoP) members from NRLM funds through SERP.
- Provide infrastructure grant of Rs.1.00 lakh to each dairy JLG from out of NRLM Infrastructure grant through SERP.

The Principal Secretary also informed that apart from the above:

- The Government will take care of the formation of the JLG groups with the help of Village Organisations.
- The Government provides 2 acres of fodder plots to each mini dairy unit either on lease or own basis.
- The Lease period of land will be equal to loan repayment period, if it is on leased basis.

- Both forward and back ward linkages will be taken care of by the Government.
- The member will be selected among the good running groups and where there are no overdues.
- For purchasing animals the Government will float tenders from all India level and select out of them.

He also stated that the Bankers can see the Assets physically unlike in case of normal Bank linkage and only Cross Breed animals will be purchased from UP, Maharastra, Karnataka and Tamilnadu States. Local animals will not be purchased. He also stated that this will not come under Micro finance category. The Mandal level person will be anchoring the PPKs and VOs will be managing the PPKs.

Bank representative expressed doubt whether the Animals purchased from outside the State can sustain in our area and yield better milk production.

Principal Secretary replied that they have conducted study and they are going to purchase those animals which can sustain in this area and give better yielding of milk.

He requested the bankers to accept the applications forwarded by the Village federations and not to insist upon the signature of the IKP people on the applications. He requested the bankers to approve formation of the JLGs out of SHG members and finance the groups apart from SHG linkage since the Government is taking care of the Mini dairy projects with Infrastructure, Health, Marketing and fodder through SERP and this will help Mini Dairies to come up fast. He also informed that this will bring the change towards professionalism.

The SERP has given the proposed targets under SERP for the year 2012-13 Bank-wise and the same is circulated to all members in the steering committee meeting of SLBC conducted on 06.06.2012.

SLBC advised all Banks to discuss the scheme with their Head Offices and confirm their acceptance at the earliest.

13. Lead Bank Scheme

A. Implementation of High Level Committee Recommendations – Progress Report March, 2012

HIGH LEVEL COMMITTEE TO REVIEW LEAD BANK SCHEME

ACTION POINTS FOR SLBC CONVENOR BANKS as on 31st March 2012

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 'impeders' for banking development for inclusive growth, develop grievance redressal mechanism, etc.(Para 3.7)	<p>SLBC is regularly following up with all the Banks and Lead District Managers to ensure that all the 6640 villages with population of over 2000 in the State of Andhra Pradesh are provided with banking services by the end of March, 2012 as a part of financial Inclusion. As on 31-03-2012, 6639 villages are covered with Banking facilities. One village is covered in the 1st week of April, 2012.</p> <p>As on 31-03-2012 there are Eighteen (18) FLCCs in Srikakulam, East Godavari, West Godavari , Guntur , Adilabad & Medak , Krishna , Chittoor, Kurnool, Kadapa, Prakasam, Nellore & Ananthapur Mahaboobnagar, Karimnagar, Nalgonda, Ranga Reddy, Khammam Districts. We are taking steps for the establishment of FLCCs in other districts also during the first quarter of next financial year.</p> <p>In four other districts FLCCs are opened subsequently and at present 22 FLCCs are functioning.</p>
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/	Banks are taking maximum advantage from the IT Solutions. Banks have issued smart cards to the tune 136.42 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.

		RRBs. (Para 3.13)	
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 also 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)	<p>SLBC is pursuing with BSNL to provide road/digital connectivity where penetration by the formal banking system is required, as per the guidelines of GoI.</p> <p>Banks were also advised to take up with BSNL on the matter.</p> <p>SLBC has advised all Banks to open bank branches in Naxal affected areas and requested State Government to provide necessary security arrangements.</p> <p>It was also advised to shift back all the earlier shifted branches citing extremist activity as reason.</p>
7	12	State Governments to ensure conducive law and order situation, adequate security uninterrupted power, water supply and irrigation facilities. (Para 3.20)	SLBC is 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	<p>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.</p> <p>Industry Associations are also involved in the entrepreneurship education programmes.</p>

		guidelines contained in RBI circular RPCD.SME&NFS.BC.No.102/06.04.01/2008-09 dated May 04,2009(Para 3.26)	
9	31	The educational loans granted by banks may be monitored and progress reviewed in the meetings of the SLBC by evolving a tracking mechanism with the help of State Governments, educational institutions and banks, so as to ensure proper recovery of such loans. (Para 3.44)	<p>The portfolio of Educational loans granted by banks is being monitored by SLBC in every SLBC Meeting and the problems are being discussed.</p> <p>However in Andhra Pradesh as GoAP reimbursing tuition fees to all economically weaker section students, the demand for educational loans is less in the state.</p>
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)	<p>Andhra Pradesh is leading in SHG Bank linkage programme and many innovations have emanated</p> <p>From the State. The NGOs are also actively coordinating in improving house hold incomes.</p> <p>SLBC will continue the efforts.</p>
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, whenever required.
12	37	In States where the Chief Minister or the Finance Minister takes active interest in the SLBC and present in the meetings, the SLBC has been more effective as a coordination forum.(Para 4.2)	In Andhra Pradesh every SLBC Meeting is being attended by Hon'ble Chief Minister of Andhra Pradesh along with concerned Hon'ble Ministers and reviewing the progress under all Government sponsored schemes & Priority Sector Advances. The coordination is very effective in the State and is regarded as one of the model states.
13	39	In view of the large membership of the SLBC, it would be desirable for the SLBC to	In Andhra Pradesh, the system of conducting steering committee meetings is established

		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)	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, Government of India Action Plan for improving Lending to Agriculture Sector, Financial Services State Plan, Government sponsored Housing Loans, Government sponsored schemes, Implementation of CGTMSE Scheme and Lending to Minority communities and SCs/STs.
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)	The important issues/decisions of the BLBC, DCC and DLRC are being placed before the SLBC. DCCs are also encouraged to refer unresolved issues to SLBC.
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)	SLBC office is sufficiently strengthened with all required infrastructure.
16	60	Every SLBC should have its own website where all instructions issued by Reserve Bank and other agencies as also in respect of Government Schemes for the benefit of common persons are made available. (Para 5.8&5.9)	Exclusive website of SLBC of Andhra Pradesh was put in place. The website can be viewed at www.slbcap.nic.in The website can also be viewed from the website of Andhra Bank at www.andhrabank.in by clicking icon – SLBC, Andhra Pradesh available on home page.
17	62	Each SLBC may have a dedicated Financial Literacy Division to propagate the various instructions. The local media should be encouraged to frequently interact with the Financial Literacy Division and its help taken to reach out to the common persons. (Para	SLBC have constituted a sub-committee of representatives of five Lead Banks for study of common approach to be adopted to provide financial counseling services through all financial Literacy & Credit Counseling Centers & State Level FLCC, proposed to be established. The common approach is

		5.11)	<p>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 22 FLCCs are established and once all the FLCCs are established.</p> <p>RBI in its recent communication advised to start FLCs in all LDM Offices and they are also preparing common material on banking/financial services to be used by FLCs for Financial Literacy promotion.</p>
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14. Government Sponsored Schemes**A. Central Government Sponsored Schemes****1). Prime Ministers Employment Generation Programme (PMEGP)**

Achievement as on 31.03.2012

(Rs. In Lakhs)

Name of Organization	Target				No. of application sanctioned by banks during 2011-12		Achievement for the year 2011-12			
	Phy (No)	Fin. (MM)	Bank Credit	Emp	No. of Proj ects	Margin Money	No .of Proje cts	Fin. (MM)	Bank Credit (Rs. Lakh)	Emp
KVIC, SO, Hyd	873	1221.64	3774.87	8730	314	1190.17	302	1149.04	3151.56	8079
KVIC DO Vizag	242	339.36	1048.62	2420	99	332.51	85	282.55	873.07	797
APKVIB	1115	1560.99	4823.46	11150	994	2175.01	516	1724.84	4814.39	12074
DIC	1486	2081.31	8033.86	14860	1056	2995.68	769	2340.94	8965.80	16386
Total	3716	5203.30	17680.81	37160	2463	6693.37	1672	5497.37	17804.82	37336

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

Achievement as on 31.03.2012

(Rs. In Crores)

Target	No of Applns. filed	No of applns. sanctioned		No of loans disbursed	
		Units	Amount	Units	Amount
86159	33052	14741	44.72	7542	22.39

Bank wise sanctions under ISHUP scheme As on 31.03.2012

Name of the Bank	Target	Appls. Filed	Sanctioned		Disbursements	
			Units	Amount	Units	Amount
Allahabad Bank	209	54	0	0	0	0
Andhra Bank	16862	6895	2817	852.40	1489	447.40
APGB	3161	718	0	0	0	0
APGVB	2081	642	119	38.29	69	23.09
Axis Bank	196	0	0	0	0	0
B o B	1276	454	351	105.30	197	59.10
B o I	1549	914	344	103.20	185	53.50
Bank of Maharashtra	150	9	9	2.70	9	2.70
Canara Bank	3531	1182	526	157.80	140	39.00
Catholic bank	121	0	0	0	0	0
C B I	1991	1087	728	225.21	402	127.41
City Union Bank	151	0	0	0	0	0
Corpn Bank	1752	716	619	185.70	85	20.00
DCCB	320	16	1	0.30	0	0
DGB	2484	356	198	59.40	164	49.20
HDFC	75	0	0	0	0	0
ICICI	181	30	30	9.00	0	0
IDBI	25	0	0	0	0	0
Indian Bank	3689	1799	984	295.20	505	142.25
I O B	2335	919	617	185.10	398	119.40
Indus Ind bank	25	0	0	0	0	0
ING Vysya Bank	1885	549	267	80.10	0	0
Karnataka Bank	50	0	0	0	0	0
Karur Vysya Bank	200	0	0	0	0	0
O B C	303	201	141	42.30	63	18.90
P N B	549	347	203	60.90	60	18.00
SGGB	1483	556	236	70.80	164	33.45
S B H	14118	3716	1815	547.53	1045	315.43
S B I	16278	7816	2993	930.13	1905	580.78
S B M	312	29	18	5.40	0	0
S B T	40	40	0	0	0	0
Syn. Bank	4504	2759	868	260.40	352	97.80
UCO Bank	363	127	98	29.40	98	29.40
Union Bank	2856	670	508	152.40	142	42.60
Vijaya bank	1054	451	251	73.30	70.00	19.10
Total	86159	33052	14741	4472.26	7542	2238.51

District wise sanctions under ISHUP schemes as on 31.03.2012

Name of the District	Target	Applications filed	Sanctioned		Disbursements	
			Units	Amount	Units	Amount
Srikakulam	2169	885	788	2.37	134	0.41
Vizianagaram	4351	1133	614	1.82	548	1.62
Visakhapatnam	1264	405	0	0	0	0
East Godavari	1429	746	245	0.88	245	0.85
West Godavari	1905	1646	167	0.50	149	0.44
Krishna	2495	604	282	0.84	184	0.55
Guntur	2531	2153	1387	4.16	1370	4.11
Prakasam	950	647	61	0.19	61	0.17
Nellore	11847	6029	3218	9.65	1564	4.69
Chittoor	5867	2263	1091	3.27	319	0.42
Kadapa	3780	3172	3132	9.40	319	0.96
Anantapur	6126	1798	798	2.40	205	0.49
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	0.96	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	2792	571	1.71	535	1.60
Khammam	2527	394	118	0.36	118	0.29
Nalgonda	2046	367	104	0.31	104	0.31
Total	86159	33052	14741	44.72	7542	22.38

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)

Achievement as on January, 2012

(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	100.97	3.40	59.00	4.67	168.04

Action Points:

- The Chief Executive Officer, Society for Elimination of Rural Poverty (SERP) is requested to initiate necessary steps in the Districts where the performance is poor.
- SERP may ensure capacity building to the Group members on an ongoing basis and also that groups continue to follow the basic concepts of SHG mission.
- All LDMs to ensure achievement of the targets.

(Action: SERP and LDMs)**4. Swarna Jayanthi Shahari Rozgar (SJSRY)**

Achievement as on 31.03.2012

(Rs. In crores)

S. No.	Item	Target		Achievement	
		Accounts	Amounts	Accounts	Amount
1	SHG Bank Linkage	81650	1600.00	77336	1688.58
2	SHG Disability Programme	2532	48.00	864	6.00
3	USEP Programme under SJSRY	10000	100.00	6846	61.62
	TOTAL	94182	1748.00	85046	1756.44

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 31.03.2012
Rs.3,27,275	Rs.3,272.75	Rs.362.41

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

Achievement as on 31.03.2012

(Rs. In Crores)

Target	Physical			Benef. Contribution / Credit requirement	Total Project Outlay
	Area (in Hect)	Total GOI	State Share		
	114000	252.20	242.59		
Achvt.	110063	296.63	318.27	61.13	676.03

7. Animal Husbandry**Pasu Kranthi Padhakam**

Achievements as on 31.03.2012

(Rs. In Crores)

Annual Target		Achievement	
Phy	Fin (In Lakhs)	No. of animals inducted (Phy)	Fin (In Lakhs)
22057	42.03	17701	35.35

Rashtriya Krishi Vikas Yojana

Achievements as of 31-03.2012

(Rs. In Crores)

Annual Target		Physical Target Up to Dec 11(70%)	Subsidy released		Achievement	
Phy(units)	Financial		Units	Budget released	Units	Financial
8945	42.30	6262	4018	19.14	1861	27.92

Jeeva Kranthi Pathakam:

Achievement as on 31.03.2012

(Rs. In crores)

Sheep & Goat Units				Ram Lamb Units			
Target		Achievement		Target		Achievement	
436	1.20	141	0.38	426	0.60	143	0.20

8. Fisheries

Achievement as on 31.03.2012

(Rs. in Crores)

Beneficiary Component	Subsidy Component	Bank Credit Required	Total	Subsidy Released	Achievement
3.22	9.64	16.46	29.32	0.95	NIL

9. Sericulture

Achievement as on 31.03.2012

(Rs. In crores)

Annual Targets		Targets approved by DCC		Applications sponsored	Sanctioned		Units Grounded	
No	Amount of Loan	No	Amount of Loan	No	No	Amount of Loan	No	Amount of Loan
28476	46.42	16205	45.66	2566	1304	6.77	1198	6.50

10. Handlooms & Textiles

Achievements as on 31.03.2012

(Rs. in Crores)

Scheme	Target	Finance (Crores)	Appl. sponsored	Sanctioned	Financed so far (crores)	%of Target
Artisan Credit Cards	12150	121.50	6143	892	2.30	7.34

Scheme	Target	Finance (Crores)	No of Groups formed	No of weavers covered by Banks	Amount released by the Banks (Crores)	%of Target
Handloom Weavers group	12700	127.00	549	2990	1.14	4.32

11. A.P. Backward Classes Co-op. Finance Corporation**Margin Money (Subsidy) Scheme for 2011-12**

Achievement as on 31.03.2012

(Rs. In crores)

Annual Targets		Sponsored Applications		Sanctioned		Grounded		%of target
Phy.Nos	Amount	Units	Benif	Phy.Nos	Amount	Phy.Nos	Amount	
2561	2.00	4889	4970	2319	0.73	1185	0.33	46

Rajiv Abhyudaya Yojana Scheme

Achievement as on 31.03.2012

(Rs. In Crores)

Annual Targets		Sponsored Applications		Sanctioned		Grounded		%of target
Phy.Nos	Amount	Units	Benif	Phy.Nos	Amount	Phy.Nos	Amount	
2578	4.09	2800	3006	2350	8.46	1352	4.72	52

Andhra Pradesh Krishna Balija , Poosala Cooperative societies Federation Ltd.

Achievement as on 31.03.2012

(Rs. in Crores)

Annual Target		Appl. Sanctioned		Applications Grounded	
No	Amount	No	Amount	No	Amount
34	0.25	34	0.25	15	0.11

Andhra Pradesh Nayee Brahmins Cooperative Societies Federation Ltd

Achievement as on 31.03.2012

(Rs. in Crores)

Annual Target		Appl. Sanctioned		Applications Grounded	
No	Amount	No	Amount	No	Amount
34	0.25	33	0.24	6	0.04

Andhra Pradesh Washermen Cooperative Societies federation LtdAchievement as on **31.03.2012**

(Rs. in Crores)

Annual Target		Appl. Sanctioned		Applications Grounded	
No	Amount	No	Amount	No	Amount
34	0.25	33	0.24	19	0.14

Andhra Pradesh Uppara Cooperative Societies Federation Ltd.Achievement as on **31.01.2012**

(Rs. in Crores)

Annual Target		Appl. Sanctioned		Applications Grounded	
No	Amount	No	Amount	No	Amount
34	0.25	25	0.18	1	0.0075

Andhra Pradesh Vaddera Cooperative Societies Federation Ltd.

Achievement as on 31.03.2012

(Rs. in Crores)

Annual Target		Appl. Sanctioned		Applications Grounded			
No	Amount	No	Amount	No	% of target	Amount	% of target
34	0.25	13	0.09	0	0	0	0

Andhra Pradesh Valmiki /Boya Cooperative Societies Federation Ltd.

Achievement as on 31.03.2012

(Rs. in Crores)

Annual Target		Appl. Sanctioned		Applications Grounded	
No	Amount	No	Amount	No	Amount
34	0.25	29	0.21	5	0.04

Andhra Pradesh Bhattraj Cooperative Societies Federation Ltd

Achievement as on 31.03.2012

(Rs. in Crores)

Annual Target		Appl. Sanctioned		Applications Grounded	
No	Amount	No	Amount	No	Amount
34	0.25	23	0.17	3	0.02

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

Achievement as on 30.04.2012

(Rs. in Crores)

Annual Targets		Sponsored Applications	Sanctioned up to April , 2012		Grounded		%of target
Phy.Nos	Amount		Phy.Nos	Amount	Phy.Nos	Amount	
34701	134.98	37487	32105	108.60	21561	67.93	62

13. Andhra Pradesh State Christian Finance Corporation

Achievement as on 31.03.2012

(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	630	13.20	421	1.14	390	1.06

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

Achievement as on 31.03.2012

(Rs. In crores)

TRICOR approved Targets (DCC)			Applications sponsored	Applications Sanctioned up to the month			Applications Grounded up to the month		
Phy No	Bank loan	Total outlay		Phy. No	Bank Loan	Total outlay	Phy. No	Bank Loan	Total outlay
13703	33.65	60.86	8813	7807	19.02	35.40	3142	7.17	13.50

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

Achievement as on 31.03.2012

(Rs. in Crores)

Annual Target		Appl. Sponsored	Appl. Sanctioned		Applications Grounded			
No	Amount		No	Amount	No	% of target	Amount	% of target
2900	8.70	6676	4910	10.23	2973	103	5.24	60

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

Achievement as on 30.04.2012

(Rs. in Crores)

Annual Target		Applications sponsored	Admn. Sanctions		Units grounded	
Phy	Amount		Phy	Amount	Phy	Amount
7667	53.67	10982	8140	73.37	3714	34.03

17. Society for Elimination of Rural Poor (SERP)

Achievement as on 31.03.2012

(Rs. In crores)

Particulars	Target		Achievement	
	Accounts	Amount	Accounts	Amount
SHG Bank linkage	3,42,487	8074.00	3,52,708	8079.00

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

Projections & Achievement for 2011-12 as on 31.03.2012

(Rs. In crores)

S. No.	Item	Target		Achievement	
		Accounts	Amounts	Accounts	Amount
1	SHG Bank Linkage(as on 20.03.2012)	81650	1600.00	77336	1688.58
2	SHG Disability Programme	2532	48.00	864	6.00
3	USEP Programme under SJSRY	10000	100.00	6846	61.62
	TOTAL	94182	1748.00	85046	1756.20

15. Overdue/NPA Position

Overdue/NPA position under various sectors as on 31.03.2012

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	8867888	48227.21	2052216	13798.66	10038.02	332901	1722.53
Agri.Term Loans Including Agri. Allied Activities Advances	2833176	38376.16	595553	8567.25	2601.75	234721	2064.28
Total Agriculture Advances	11705784	86659.27	2653419	22434.93	12631.64	568548	3787.80
Non Farm Sector Advances	625971	27339.14	160025	5000.72	2918.78	114704	3004.29
Other Priority Sector Advances	1646857	39987.98	314251	6266.27	2861.25	176480	2069.06
Total Priority Sector Advances	13983671	154387.60	3168067	32940.35	18395.27	735426	8476.17
Educational Loans Advances	226980	5074.16	46309	652.49	166.29	23562	292.59
Housing Loans Advances	524328	23976.59	107752	3245.86	713.61	55019	1013.69
Self Help Groups Advances	1364980	15548.46	197303	2128.99	567.08	85454	845.46

***overdue data is received from major banks only**

Short Term Agriculture Crop Production Loans:

The total outstanding balance in overdue accounts (PNPA) is **Rs.13798.66 crores** which is 28.61% and NPA is **3.57%** to total outstandings and NPA in real terms it is **Rs.1722.53 crores**.

Agriculture Term Loans Including Allied Activities:

The total outstanding balance in overdue accounts (PNPA) is **Rs.8567.25 crores** which is **22.32%** and of NPA is **5.37%** to total outstandings and NPA in real terms it is **Rs.2064.28 crores**.

Total Agriculture:

The total outstanding balance in overdue accounts (PNPA) is **Rs.22434.93 crores** which is 25.89% and NPA is **4.37%** to total outstandings and in real terms it is **Rs.3787.80 crores**.

Non Farm Sector:

The total outstanding balance in overdue accounts (PNPA) is **Rs.5000.72 crores** which is **18.29%** and NPA is **10.98%** to total outstandings and in real terms it is **Rs.3004.29 crores**.

Other Priority Sector Advances:

The total outstanding balance in overdue accounts (PNPA) is **Rs.6266.27 crores** which is **15.67%**. And NPA is **5.17%** to total outstandings and in real terms it is **Rs.2069.06 crores**.

Total Priority Sector Advances:

The total outstanding balance in overdue accounts (PNPA) is **Rs.32940.35 crores** which is 21.34% and NPA is 5.49% to total outstandings and in real terms it is **Rs.8476.17 crores**.

Educational Loans:

The total outstanding balance in overdue accounts (PNPA) is **Rs.652.49 crores** which is **12.85%** and NPA is **5.76%** to total outstandings and in real terms it is **Rs.292.59 crores**.

Housing Loans:

The total outstanding balance in overdue accounts (PNPA) is **Rs.3245.86 crores** which is **13.53%** and NPA is **4.22%** to total outstandings and in real terms it is **Rs.1013.69 crores**.

Self Help Groups:

The total outstanding balance in overdue accounts (PNPA) is **Rs.2128.99 crores** which is **13.69 %** and NPA is **5.43%** to total outstandings and in real times it is **Rs.845.46 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 Department, 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 Banks 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 and affective co-ordination wherever necessary.

Submission of Overdue and NPA data by Banks

Banks should submit complete and accurate data especially with regards to **OVERDUES AND NPA**, so that SLBC, if necessary will take up the issue at the highest level with the Government for recovery of overdues.

16. 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	31.03.2011	31.03.2012
1	APGVB	3804.51	4794.72	5152.71
2	APGB	3517.33	4079.05	4512.73
3	CGGB	640.93	759.16	949.41
4	DGB	2261.53	2600.94	2920.64
5	Sapthagiri Grameena	1243.97	1553.62	1852.29
	Total	11468.27	13787.49	15387.78

Advances:

Rs. In crores

S.No	Name of the RRB	31.03.2010	31.03.2011	31.03.2012
1	APGVB	3865.10	4894.43	5532.73
2	APGB	3563.55	4291.01	5490.25
3	CGGB	667.64	847.42	1148.74
4	DGB	1609.52	1966.16	2362.32
5	S G B	1384.62	1754.75	2213.56
	Total	11090.43	13753.77	16747.60

CD Ratio:

S.No	Name of the RRB	31.03.2010	31.03.2011	31.03.2012
1	APGVB	101.59	102.08	107.38
2	APGB	101.31	105.20	121.66
3	CGGB	104.17	111.63	121.00
4	DGB	71.17	75.59	80.88
5	S G B	111.31	112.95	119.50
	Total	96.71	99.76	108.84

Bank Net Work:

S.No	Name of the RRB	No. of Branches as on 31.03.2012
1	APGVB	574
2	APGB	421
3	CGGB	116
4	DGB	243
5	S G B	151
	Total	1505

Total Agricultural Advances:**Rs.in crores**

S.No	Name of the RRB	Crop Loans		Agrl. Term Loans	
		31.03.2011	31.03.2012	31.03.2011	31.03.2012
1	APGVB	2027.53	1918.79	800.06	1247.75
2	APGB	1923.15	2809.82	1396.22	1340.30
3	CGGB	441.46	667.87	220.29	265.06
4	DGB	396.69	732.69	366.53	784.87
5	S G B	775.22	996.01	440.49	524.86
	Total	5564.05	7124.18	3223.59	4162.84

Total Advances:**Rs. In crores**

S.No	Name of the RRB	Outstanding		Total Agriculture	
		31.03.2011	31.03.2012	31.03.2011	31.03.2012
1	APGVB	4894.43	5532.73	2827.59	3166.54
2	APGB	4291.01	5490.25	3319.37	4150.12
3	CGGB	847.42	1148.74	661.75	931.93
4	DGB	1966.16	2362.32	763.22	1517.56
5	S G B	1754.75	2213.56	1215.71	1520.87
	Total	13753.77	16747.60	8787.64	11287.02

- **Deposits:** Between **31.03.2011** and **31.03.2012** the deposits increased from **Rs.13, 787.49 Crores** to **Rs.15, 387-78 Crores** registering a growth of **Rs1, 600.29 crores** which is **11.60 %**.
- **Advances:** Between **31.03.2011** and **31.03.2012** the advances increased from **Rs.13, 753.77 Crores** increased to **Rs.16, 747.60 crores** registering a growth of **Rs 2,993.83 crores** which is **21.77%**.
- **CD Ratio:** Between **31.03.2011** and **31.03.2012** the CD ratio increased from **99.76 %** to **108.84%**.
- **Crop Loans:** Between **31.03.2011** and **31.03.2012** the Crop Loans increased from **Rs. 5564.05 crores** to **Rs 7,124.18 crores** registering a growth of **Rs.1, 560.13 crores** which is **28.03%**.
- **Agriculture Term Loans:** Between **31.03.2011** and **31.03.2012** Agricultural Term Loans increased from **Rs. 3,223.59 crores** to **Rs 4,162.84 crores**, registering a growth of **Rs 939.25 crores** which is **29.14%**.
- **Total Agrl Advances:** Between **31.03.2011** and **31.03.2012** the total agricultural advances increased from **Rs.8, 787.64 crores** to **Rs.11, 287.02 crores**, registering a growth of **Rs.2, 499.38 crores** which is **28.44%**.
- **The percentage of Agricultural advances** to total advances as on **31.03.2011** was **63.89%** and increased to **67.39%** as on **31.03.2012**.

Implementation of Financial Inclusion Plan (FIP) by RRBs: In Andhra Pradesh state 6640 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 31.03.2012

Name of RRB	No. of Villages covered	Cumulative achievement	% of Achievement	To be achieved
Andhra Pradesh Grameena Bank	546	546	100%	NIL
Andhra Pradesh Grameena Vikas Bank	869	869	100%	NIL
Chaithanya Godavari Grameena Bank	128	128	100%	NIL
Deccan Grameena Bank	252	252	100%	NIL
Sapthagiri Grameena Bank	169	169	100%	NIL
Total	1964	1964	100%	NIL

17. Export Credit

1. EXPORTS – ALL INDIA:

During 2011-12 exports stood at US\$ 303.7 billion and recording a lower growth of 20.9 per cent as compared with an increase of 40.5 per cent during the year 2010-11. Despite the rupee depreciation in the second half of 2011-12, export growth showed significant moderation mainly attributed to the slowdown in global trade caused by dismal economic and financial conditions in the US and euro zone economies. Withdrawal of certain export incentives (e.g. Duty Entitlement Passbook Scheme w.e.f. October, 2011) might also have affected performance of certain export products.

As per commodity-wise exports data available during 2011-12 (April-December), the share of manufacturing sector in total merchandise exports declined from 63.0 percent in April-December 2010 to 60.6 percent in April-December, 2011. In contrast, the respective shares of petroleum products and primary products increased during the period (Table-2). Within manufacturing sector, the share of engineering goods and textile products declined. Exports of engineering goods seem to have been severally affected during the second half as growth in exports from this sector was significantly lower at 16.8 percent during April-December, 2011 as compared with 49.5 percent during April-December, 2010. Within engineering sector, growth in exports of transport equipment manufactures of metals and iron and steel was significantly hit while that of electronic goods moderated marginally.

Within manufacturing other commodities groups, viz., leather & manufacturers, Chemicals & related products and textiles & textile products witnessed higher growth during April-December, 2011 as against the corresponding period of 2010-11. Exports of petroleum products also grew by 54.2 per cent in corresponding period of 2010-11. Within primary products exports of ores and minerals continued to

show decline and was mainly due to multiple problems pertaining prolonged ban on mining in Karnataka, restriction on mining in Orissa and Goa, high export duty, differential railway freight and slowdown in international iron ore prices. The Government had hiked the export duty on iron ore to 30 percent in December, 2011 from 20 percent.

During the 2011-12 (April-December) the share of European Union and OPEC countries in India's exports declined as compared to April-December, 2010. However, the share of developing countries was marginally higher during the period. Destination wise, exports during 2011-12 (April-December) indicate that the UAE continues to remain the biggest destination for Indian goods with a share of 11.6 per cent, followed by the US (11.1 per cent), Singapore and China (5.8 [per cent each) and Hong Kong (4.1 percent). These five countries together accounted for around 38 per cent of India's total exports during April-December, 2011. In spite of uncertainties prevailing in Europe, India's exports to Germany, UK, Netherlands and Belgium grew during April-December, 2011 while the same to France showed a decline of 5.8 per cent. Growth in exports to Japan, SAARC region, Africa and some Latin American countries showed moderation.

2. IMPORTS – ALL INDIA:

During 2011-12 imports stood at US\$ 488.6 billion and registered a growth of 32.1 per cent as compared with 28.2 per cent in the preceding year. Import growth was primarily led by a spurt in petroleum, oil and lubricants (POL), gold & silver and capital goods.

During 2011-12 the POL Imports at US \$ 155.6 billion showed a higher growth of 46.9 per cent (21.6 per cent a 2010-11) reflecting increase in international crude oil prices. The average price of Indian basket of crude oil during 2011-12 stood at US\$111.6 per barrel which was 31.1 per cent higher than US\$85.1 per barrel during 2010-11. However, non-oil non-gold & silver imports at US\$271.5 billion witnessed a lower growth of 22.7 per cent during 2011-12 as compared with 29.0 per cent in 2010-11.

As per latest data available on Commodity-wise imports for 2011-12 (April-December) petroleum and petroleum products continued to be a major item of India's imports, followed by capital goods and gold & silver. Petroleum, Petroleum products and related material accounted for nearly 30.6 per cent of India's total merchandise imports. Import of gold & silver showed a significantly higher growth of 55.1 per cent as compared with 53.2 percent in 2010-11. Higher growth in imports of gold in value terms (50.9 per cent) than that in international prices (29.0 per cent) during April-December, 2011 reflects that price as well as quantum factors led to surge in imports of gold during this period.

Non-oil imports during 2011-12 (April-December) at US\$251.2 billion witnessed a growth of 29.5 per cent as against 33.2 per cent during 2010-11. Deceleration in non-oil imports was mainly on account of deceleration/decline in growth of imports of export related items and certain bulk items, viz. sugar, iron & steel. Import growth in most of export-related items (viz. pearls, precious and semi-precious stones and chemicals) was lower. Imports growth in most of categories of capital goods was higher during April-December 2011-12 than the corresponding period of 2010-11.

During 2011-12 (April-December), the share of European Union in India's total imports declined marginally to 11.9 per cent from 12.1 per cent during the same period of 2010-11. On the other hand, the share of OPEC group of countries, Africa and developing countries rose during April-December 2011-12. Country wise China continued to be the largest source of imports with a share of 12.4 per cent in total imports, followed by the UAE, Switzerland, Saudi Arabia and the US. These five countries together constituted around 37.5 per cent of India's Imports. During April-December, 2011 growth in Imports from OPEC countries, viz. Iraq, Indonesia, Kuwait and Saudi Arabia recorded a sharp increase while growth in imports from UAE decelerated sharply, Iraq replaced Iran as India's second largest crude oil supplier in 2010-11.

The position of Exports from Andhra Pradesh and Export Credit of banks is enclosed. SLBC has not received any issues from any banks/Export authorities/Organisations to be discussed.

18. Flow of Information:

SLBC request all Banks and LDMs to submit the quarterly information to be submitted to SLBC immediately after completion of the respective quarter to enable the SLBC to consolidate the position and to convene the SLBC meetings as per schedule. The delay in submission leads to delay in conducting of SLBC meetings and hence realize the time schedule and submit the data on time to run the SLBC schedule smoothly.

19. Important Communications received:

A. Reserve Bank of India:

1. RBI circular on Priority Sector Lending – Indirect Finance to Housing sector

Reserve Bank of India vide their Cir.No.RPCD.CO.Plan.BC.73/04.09.01/2011-12, dated April 25, 2012.

Reg: Priority Sector Lending –Indirect Finance to Housing Sector.

Pursuant to the announcement made by Union Finance Minister in the Union Budget for the year 2012-13, it has been decided to increase the limit from Rs.5 lakh to Rs.10 lakhs for the bank loans extended to non-governmental agencies, approved by NHB for their refinance, for on-lending for the purpose of construction/reconstruction of individual dwelling units or for slum clearance and rehabilitation of slum, dwellers.

The revised limit is applicable to the bank loans sanctioned from the date of the circular.

All Banks may be noted the same for their guidance.

2. Financial Inclusion- use of Business Correspondents

RBI Cir.No.DBOD.No.BL.BC.105/22.01.009/2011-12, dated May 17, 2012.

Reg: Financial Inclusion – use of Business Correspondents

RBI informed that, with a view to promote financial inclusion, a road map to provide banking services in every village with population above 2000 by March 31, 2012 was drawn up. Banks have covered 74,199 (99.7 percent) out of 74,414 such villages.

In this context, the Hon`ble Finance Minister in his speech on Union Budget 2012-13 has stated that Ultra Small Branches are being set up at these habitations where Business Correspondents (BCs) would deal with cash transactions. Accordingly, it is advised that for furthering financial inclusion, banks may establish outlets in rural centres from which BCs may operate. These BC outlets may be in the form of low cost simple brick and mortar structures.

In terms of para 4 of circular No.DBOD.No.BL.BC.74/22.01.009/2007-08, dated April 24, 2008, every BC is attached to and is under the oversight of a base branch. Accordingly, the base branch will have to provide oversight to the BC outlets which will include periodic visits by officers of the base branch to these outlets as well as to other places of functioning of BCs.

With expanding access to banking services, it is also important that quality services are provided through the ICT based delivery model. In this context, in para 72 (Extract enclosed) of the monetary Policy Statement 2012-13 announced on April 17, 2012, it has been stipulated that it would be necessary to have an intermediate brick and mortar structure (Ultra Small Branch) between the present base branch and BC locations so as to provide support to a cluster of BC units at a reasonable distance. These Ultra Small Branches may be set up between the base branch and BC locations so as to provide support to about 8-10 BC Units at a reasonable distance of 3-4 kilometers. These could be either newly set up or by conversion of the BC outlets. Such Ultra Small Branches should have been minimum infrastructure such as a Core Banking Solution (CBS) terminal linked to a pass book printer and a safe for cash retention for operating large customer transaction and would have to be managed full time by bank officers/employees. It is expected that such an arrangement would lead to efficiency in cash management, documentation, redressal of customer grievances and close supervision of BC operations. These could be satellite officers (as envisaged in circular DBOD No.BL.BC.72/C-168 (64D)-87 dated December 14, 1987 or regular branches as the case may be.

In partial modification to the guidelines stipulated in para 3.3 of circular No. DBOD.No. BL.BC.58/22.01.001/2005-2006 DATED January 25, 2006 which required BF/BC entities ;to conduct their activities at places other than bank premises, it has been decided that BCs can operate from such Ultra Small Branches as their association with the branch will increase their legitimacy and credibility in the area and give people increased confidence to use their services. However, banks should ensure that such an arrangement does not result in BCs limiting operations to serving customers at such branches only, if due to geographical spread, such arrangements may lead to BC services nor being easily available in the entire area of their operations.

Observations:

- RBI previously advised for opening of intermediary brick and mortar structure to support the BCs in a radius of 3-4 Kms.
- MoF directing for opening of USBs in all FI villages.
- Upon opening of USBs, the concept of intermediate structures become redundancy since the required support is provided by the visiting officer.

In view of the above we may seek the advice of RBI in this regard.

3. Home Loans- Levy of fore-closure charges/pre-payment penalty

RBI CIR No.2011-12/589, DBOD No. Dir.BC.107/13.03.00/2011-12, June 5, 2012.

In the Monetary Policy Statement 2012-13 announced on April 17, 2012 with regard to home loans on floating interest rates. The Committee on Customer Service in Banks (Chairman M. Damodaran) had observed that foreclosure charges levied by banks on prepayment of home loans are resented upon by home loan borrowers across the board especially since banks were found to be hesitant in passing on the benefits of lower interest rates to the existing borrowers in a falling interest rate scenario. As such, foreclosure charges are seen as a restrictive practice deterring the borrowers from switching over to cheaper available source.

The removal of foreclosure charges/prepayment penalty on home loans will lead to reduction in the discrimination between existing and new borrowers and competition among banks will result in finer pricing of the floating rate home loans. Though many banks have in the recent past voluntarily abolished pre-payment penalties on floating rate home loans, there is a need to ensure uniformity across the banking system. It has therefore, been decided that **banks will not be permitted to charge foreclosure charges/pre-payment penalties on home loans on floating interest rate basis, with immediate effect.**

4. Financial Literacy Centres (FLCs) - Guidelines

RBI/2011-12/590, RPCD.FLC.No. 12452/12.01.018/2011-12, dated June 6, 2012.

A Study on the functioning of the FLCCs has been conducted through a nationwide sample survey of 30 FLCCs spread across 16 states. The findings of the study indicate the limitation of the model scheme in scaling up the financial literacy efforts in the desired manner and some of the findings of the study are given below:

- a) All FLCCs are located in Urban and Semi Urban areas. No FLCC is functioning in the rural areas, where the largest sections of financially excluded population reside.
- b) Awareness of existence of FLCC among local populace is limited.
- c) FLCCs are mostly serving walk in clients, whereas outdoor literacy drives by FLCCs are exceptions.
- d) The literacy material available at FLCCs is generally the publicity material pertaining to various products of sponsor banks.
- e) Even though 53% of the FLCCs are run by separate Trusts/Societies formed for the purpose, these are actually working as institutions of sponsor banks due to their dependence for funding and administrative

support. Thus, FLCCs are not in a position to maintain arms-length distance from sponsor bank as envisaged in the Model scheme.

With a view to scaling up of Financial Literacy efforts manifold, it has now been decided to modify the existing FLCC scheme as follows:

- The existing FLCCs would continue to function with a renewed focus on financial literacy
- Lead Banks are advised to set up Financial Literacy Centres (FLCs) in each of the Lead District Manager (LDM) offices in a time bound manner.
- Banks may also consider setting up need based FLCs in other locations as well.
- Financial literacy activities will also be undertaken by all the rural branches of Scheduled Commercial Banks including RRBs.
- The FLCs will impart financial literacy in the form of simple messages like why save, Why save early in your life, Why save with banks, Why borrow from banks, Why borrow as far as possible for income generating activities, Why repay in time, Why Insure yourself, Why save for your retirement etc.
- The FLCs and rural branches of the banks would also conduct outdoor Financial Literacy Camps with focus on financially excluded people at least once a month.
- The help of experienced NGOs may also be taken.
- The responsibility of the officer specially identified for the purpose in LDM offices and rural branches of banks is to ensure that misselling of financial products and services does not take place.
- The officials working at FLCs should be provided training in behaviour orientation so as to enable them to work as effective trainers along with periodic knowledge up gradation on various banking products and services.

In order to facilitate effective implementation of the above guidelines, we are in the process of preparing Standard financial literacy material/training modules, to be distributed to banks for providing awareness and knowledge of basic banking throughout the country. Ifr necessary, banks may also prepare material on above illustrative topics in vernacular language using stories and pictorial representations to disseminate information on the four basic banking products:

- Savings cum overdraft account
- Pure savings product ideally a recurring deposit scheme
- Remittance product for electronic benefits transfer and other remittances and
- Entrepreneurial credit in the form of General Purpose Credit Card(GCC) or Kisan Credit Card(KCC).

FLCs and rural branches of banks should maintain record in the form of a register containing details such as name, gender, age, profession, contact details, whether banked or unbanked, details of services availed etc. The Head/Controlling Offices of the concerned banks should monitor the financial literacy efforts undertaken by their FLCs/Branches through periodic reporting and also by resorting to random on-site visits. They would periodically (at least once in a year) undertake impact evaluation of their literacy efforts so as to make way for continuous improvement.

RBI directed that SLBC/UTLBCs would review the financial literacy efforts undertaken by banks under their jurisdiction as an agenda item in the SLBC/UTLBC meetings and would submit a Quarterly report on

the functioning of FLCs to the respective Regional Offices of RBI within 20 days after the end of each quarter, as per enclosed format.

All Lead District Managers and Banks are advised to follow the guidelines and initiate immediate steps for implementing the same.

5. Roadmap-Provision of banking Services in villages with Population below 2000

RBI/2011-12/606 RPCD.CO.LBS.BC.No. 86/02.01.001/2011-12, dated June 6, 2012.

Reserve Bank of India has issued guidelines with regard to provision of banking services in villages with Population below 2000. It is informed that providing banking services for above 2000 population is almost completed 99.7% by March, 2012.

While preparing the roadmap for providing banking services in all unbanked villages of population less than 2000 through a combination of BC and branches, it should be ensured that there is a brick and mortar branch to provide support to a cluster of BC units, i.e., about 8-10 BC units at a reasonable distance of 3-4 kilometers. Therefore, while allotting the unbanked villages, the Sub-committee of DCC should ensure optimal utilization of BC infrastructure already created by banks and accordingly consider the following:

- Existing Brick and Mortar network of banks in the district
- Distance of the village from the nearest bank branch and the ratio of low cost simple brick and mortar branches to BC outlets to be maintained by banks as suggested above.
- Geographical contiguity to the existing BC outlets
- As far as possible, avoid allotment of a lone isolated village to any bank
- Priority for BC location or bank branch to be given to villages having population greater than 1500.
- Emphasis should be given to providing banking access in villages of North East States

6. Revised KCC Guidelines

RBI/2011-12/553 RPCD.FSD.BC.No. 77/05.05.09/2011-12, dated May 11, 2012.

SLBC advise all Banks to follow the revised KCC guidelines issued by RBI and implement the scheme immediately.

B. NABARD

1. NABARD Ref.No.NB.APRO.HYD/499/PCD-4(a)/2012-13, Dt. 12 April 2012

Kisan Credit Card (KCC) - Revised Guidelines – All banks are advised to go through the NABARD circular and follow the same in this regard.

2. SHG2-Revisiting the SHG Bank Linkage Programme

NABARD Ref.No.NB.MICD/1563/SHG-1(Policy)2011-12 Cir.No.65(A)/MCID-D4/2011-12
Dt. 27 th March, 2012

3. NABARD Warehousing scheme 2012-13

NABARD EF.NO.NABARD.APRO/3161/SPD-1 (WAREHOUSE)/2012-13, DATED 11 June, 2012.

SLBC advise all Banks to popularise the scheme among their branches for creating additional ware housing capacity in the State.

4. Agriclincs and Agribusiness Centres (ACABC) – Continuation of the scheme for the financial year 2012-13

All Banks are advised to go through the guidelines and advise their controlling offices/branches on the continuation of the scheme during 2012-13.

C. GOVT. of INDIA

1. Women SHGs Development Fund-Operational guidelines, clarification regarding letter of even No. dated 30th March, 2012

MOF Letter No. F. No.3/6/2011-AC, dated 13th June, 2012. SLBC advise all Banks to note the clarifications.

D. INDIAN BANKS` ASSOCIATION

1. IBA Model Loan Scheme for Vocational Education and Training

IBA Lr.No.CE/209, Dated.31st May 2012 with regard to a new Model Educational Loan scheme for Vocational Education and training. The objective of the scheme is aim at providing financial support from the banking system to those who have the minimum educational qualification, as required by the institution/Organisation running the course eligible under the scheme.

All Banks are advised to go through the scheme and direct their branches for implementation.

E. STATE GOVERNMENT**1. Guidelines for implementation of LEC Cultivators-Instructions Issued**

CCLA & SPL CS. Cir.Instructions No. LRCVI/57/2012, DATED 05.05.2012 issued guidelines with regard to implementation of Loan Eligibility Cards for Licensed Cultivators.

All banks are advised to go through the guidelines and implement the LEC scheme.

(Circular enclosed)

2. Restructured Financial Assistance Scheme

Backward Classes Welfare Department, GoAP has issued G.O.Ms.No.57 dt.06.10.2008 regarding guidelines on restructured Financial Assistance Scheme to be implemented from 08-09 by A.P.Washermen Co-op.Societies Federation Ltd, Hyderabad / A.P.Nayee Brahmin Co-op.Societies Fed.Ltd, Hyd/ A.P.Vaddera Co-op.Societies Fed.Ltd,Hyderabad

All banks are advised to go through the guidelines and implement the scheme.
(G.O. enclosed)

20. Meetings held by SLBC during the year 2012-13

S.No.	Name of the Meeting	Meeting Held on
1	SLIIC Sub-Committee Meeting	03.04.2012
2	LDMs Conference	12.04.2012
3	Sub-Committee Meeting of on Agriculture	27-04-2012
4	Sub-Committee Meeting of SLBC of AP on Minorities/SCs/STs	09/5/2012
5	Sub-Committee Meeting of SLBC of AP on Govt.Sponsored Schemes	09/5/2012
6	Sub-Committee Meeting of SLBC of AP on CGTMSE	09/5/2012
7	1 st Steering committee Meeting of SLBC of AP - 2012-13	15.05.2012
8	Small Group Meeting on KCC	28.05.2012
9	SLIIC Subcommittee Meeting	05.06.2012
10	2 nd Steering Committee of SLBC of AP	06.06.2012
11	3 rd Steering Committee Meeting of SLBC	20.06.2012