

**Minutes of 181st Meeting of
STATE LEVEL BANKERS` COMMITTEE OF
ANDHRA PRADESH**

Date: 04.06.2013 - Time: 11.30 AM
Venue: Hotel Taj Krishna, Banjara Hills, Hyderabad

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

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The 181st Meeting of the SLBC of Andhra Pradesh was conducted on 04.06.2013 at Hotel Taj Krishna, Banjara Hills, Hyderabad at 11.30 A.M. Sri N. Kiran Kumar Reddy, Hon'ble Chief Minister of Andhra Pradesh participated in the meeting as Chief Guest.

Hon'ble Ministers Sri Anam Ramanarayana Reddy, Sri N. Raghuvveera Reddy, Sri Kanna Lakshminarayana, Smt. Sunitha Lakshma Reddy, Sri Dokka Manikya Vara Prasad, Sri Pithani Satyanarayana, Sri Kasu Venkata Krishna Reddy, Sri P.K. Mohanthy, IAS, Chief Secretary, Principal Secretaries, Secretaries, Commissioners, Directors, Heads of Departments of Govt. of AP , Sri R.N. Dash, General Manager, Reserve Bank of India, Sri K.R. Nair, CGM, NABARD , Dr.V. Suresh Babu, Chief General Manager, SBH, Sri Rakesh Sarma, CGM, SBI, Sri M.S. Rama Rao, MD, APCOB, officials from Government of India and Andhra Pradesh, executives from Banks , Chairmen- RRBs, Lead District Managers participated in the meeting. The detailed list of participants is given as annexure.

Keynote address-Sri B.A. Prabhakar, CMD, Andhra Bank and President, SLBC of AP:

The President, SLBC extended a warm and hearty welcome to the invitees of the 181st meeting of SLBC of Andhra Pradesh.

He placed before the House, the progress under implementation of Annual Credit Plan (ACP) 2012-13.

Annual Credit Plan 2012-13

He stated that Banks are continuously surpassing the targets under Annual Action Plan every year and 2012-13 was no exception. As against the Target of Rs. 82,167 crores under Priority Sector for the year 2012-13, Banks have disbursed Rs. 99,534 crores thus achieving 121% of the target. If Non Priority sector is also taken into consideration, the achievement is 129% with disbursements of Rs. 1,42,900 crores against the projection of Rs. 1,10,417 crores.

Under Crop production Credit, against the target of Rs. 37,128 crores, the achievement is Rs.50,157 crores with an achievement of 135%. An amount of Rs.23,491 crores was disbursed under Agricultural Term Loans against the target of Rs. 15,844 crores with an achievement of 148%. Total disbursements under Agricultural Credit during the year 2012-13 was Rs.73,648 crores against the target of Rs.52,972 crores with an achievement of 139%.

Under MSE sector, banks have disbursed Rs.11,255 crores during the year 2012-13 against the projection of Rs.9,343 crores and the achievement is 120%.

The achievement under other Priority sectors was not satisfactory as banks could disburse only Rs.14,631 crores against the projection of Rs.19,852 crores. Banks need to take steps for improving the performance under this segment.

Agriculture Credit

The President, SLBC informed that the outstanding Agriculture credit of banks was at Rs.1,25,760 Crores as on March 31, 2013 which was 31.89% of ANBC against regulatory stipulation of 18 %. The outstanding Crop production credit was at Rs.70,047 crores and the Agricultural Term loans including Allied activities were at Rs.55,713 crores as on Mach 31, 2013. He further informed that the outstanding Agriculture credit of Andhra Pradesh continues to be one of the highest in the country.

He stated that the issues concerning the Finance to Licensed Cultivators and uncovered farmers continue. It was requested by SLBC to enroll uncovered farmers during the recently conducted Rythu Chaitanya Yatras. It was also requested by SLBC to complete the process of issuing Loan Eligibility Cards (LECs) to the eligible Licensed Cultivators by the end of April, 2013 and handover the list of farmers to the bank branches and the LDMs concerned. He informed that the process is yet to be completed. In the absence of information at branch level, the branch managers may have difficulty in rejecting loans to owner farmers.

He shared with concern that the misconception of a section of farmers about another debt waiver is hampering the recovery process of Agriculture loans. He recalled that the issue was already brought to the notice of Hon'ble Chief Minister earlier and felt that there is a need for building up machinery in Agriculture Department of Government to address problems relating to recovery for long term subsistence of the level of Agriculture Credit portfolio which the State has achieved.

He informed the house that under Vaddileni Runalu Scheme for crop loans, it was originally proposed to place advance fund with Banks and later it was decided by Government to reimburse the amount of interest on repaid crop loans to banks on daily basis. The G.O pertaining to the Scheme was issued on 27.04.2013 and now banks are following the system and are not collecting interest from the farmers, when the loan is repaid before stipulated due date.

MSE Sector

The outstanding Credit under MSE sector was Rs. 45,128 Crores as on March 31, 2013 with a growth of 14.20 % during the year 2012-13.

Banks have covered 21,569 units under CGTMSE scheme during the year 2012-13. There has been considerable improvement and Andhra Pradesh occupied Sixth position in the Country compared to 14th position of 2010-11.

During the current year, by May 27, 2013, banks have covered 4,791 units under CGTMSE scheme and efforts that are being made by banks and the Industry Associations need to be continued. A Target for coverage of a minimum of 35,000 units under CGTMSE scheme is proposed for the current year.

SHG-Bank Linkage Programme

He informed the house that banks have surpassed the target in both Rural and Urban SHG segments during the year 2012-13. Banks have extended finance to SHGs an amount of Rs.12,864 crores during the year 2012-13.

Deposits and Advances

The Deposits of the banks stood at Rs. 4,00,209 Crores as on March 31, 2013 with advances of Rs. 4,71,623 Crores and CD ratio of 117.84 %. As discussed in every meeting, the CD ratio of the state continues to be on a high side.

State Credit Plan 2013-14

The President, SLBC informed that it is proposed to release the Andhra Pradesh State Credit Plan for the year 2013-14 by Hon'ble Chief Minister. The outlay of State Credit Plan is at Rs.99,894 crores under Priority sector which is 21.57% higher compared to the outlay of Rs.82,167 crores for the year 2012-13. With the proposed outlay of Rs.33,180 crores under Non-priority sector, the total outlay is at Rs.1,33,074 crores for the current year.

Lending under Agriculture sector is proposed at Rs.67,224 crores which is 26.90% higher compared to the outlay of Rs.52,972 crores for the year 2012-13.

The share of MSME sector is Rs.12,604 crores. Under Housing Loan and Educational Loans Rs.6,657 crores and Rs.2,093 crores of lending is proposed respectively.

The President, SLBC felt that the following are the major Issues to be resolved

1. **Integration of Land records with Banking System:** The process initiated to replicate the BHOOMI project of Karnataka for integration of land records with the banking system is yet to take off. Further, there is requirement for interface between Revenue Department and Registration Department for automatic updation. This being pending, the Government may handover soft / hard copy of the updated 1-B register to the branch managers to facilitate smooth credit flow.
2. Issuance of LECs well before commencement of season and giving list of LEC holders to the concerned Service Area bank branch.
3. As per information available with SLBC, about 40% overdue in respect of loans allowed to LEC holders during 2011-12. The balance in overdue in respect of total Agriculture advances is 19.31%. I request Agriculture Department to extend required help to Banks. Creation of viable machinery in Agriculture & Industries departments to tackle chronic overdues will help Banks.

Financial Inclusion

He stated that Government of India and Reserve Bank of India have initiated several measures for improving financial inclusion. He shared with the house that banks in Andhra Pradesh have responded very positively to these initiatives. Thirteen districts of the state were selected under Phase-I and Phase-II under Direct Benefit Transfer (DBT). In five districts of the State (out of 20 districts in the country) under Phase-I, DBT for LPG consumers was also operationalized from June 1, 2013.

As per information available with SLBC, out of 15.93 lakh beneficiaries under 26 Government sponsored schemes, beneficiary details were received in respect of 13.31 lakh beneficiaries (83.57%). Bank Accounts were opened in respect of 12.75 lakh beneficiaries (95.78%). However Aadhaar Number is available only in respect of 4.99 lakh beneficiaries (37.51%). In respect of these beneficiaries Aadhaar Seeding was completed in respect of 3.99 lakh beneficiaries (80%). He requested all Lead Banks to provide "Aadhaar Look up" facility at the office of LDM to enable him to check up the status of Aadhaar Seeding on daily basis and alert the concerned banks.

In respect of LPG consumers, out of the total beneficiaries of 48.79 lakhs in five pilot districts, Aadhaar seeding is completed in Banks in respect of 8.23 lakhs (17%). SLBC has taken up publicity drive on behalf of all banks in Press and Electronic Media for opening of accounts and Aadhaar seeding. An exclusive Call Centre is established on behalf of all Banks to answer the queries related to opening of accounts and Aadhaar seeding.

All banks have given roadmap for coverage of all villages with the population of below 2000 from 2013-16 as advised by RBI. All banks need to adhere to the road map indicated.

Progress needs to be improved in respect of establishment of onsite ATMs. POS machines and Biometric ATMs as advised by the Govt. of India and transactions need to be improved through BCAs in the villages.

Social Welfare Schemes and Government Sponsored Schemes

The slow progress made in respect of lending to Minority Communities is causing a lot of concern. Though the matter was discussed in several meetings conducted by SLBC, Minority Welfare Department and review made by Chief Secretary, there is no much progress. Government may conduct a series of EDPs for identifying suitable entrepreneurs from these sections. SERP and MEPMA may also initiate steps for achieving saturation in promoting Women SHGs in respect of Women of Minority Community.

He felt that the performance under various Government sponsored schemes need to be improved by effective coordination between Banks and Government Departments at District and Mandal level.

The infrastructure created through RSETIs and other Skill Development Institutes are to be advantageously utilized for improving skills of selected beneficiaries and improving performance under Government sponsored schemes.

All banks need to make concerted efforts to improve the performance during the current year. He requested all Government departments to facilitate the process.

Hon`ble Chief Minister Sri N. Kiran Kumar Reddy garu

Hon`ble Chief Minister Sri N. Kiran Kumar Reddy garu in his key note address highlighted the following points:

He stated that Andhra Pradesh state is far ahead in economic and development sectors in the country. He informed that investment at low interest facilitated by the State Government is the main reason for the development and the State Government is receiving a good support from the Banking Industry. He felt that the state will grow further if we overcome problems at the field level. He informed that in the State the Agricultural Credit has been substantially increasing year after year. He observed that the projection of Agriculture credit for the year 2013-14 is less than the achievement of the year 2012-13. He also suggested that credit flow to priority sector may be enhanced up to Rs.1.00 lakh crores.

Agriculture:

Hon`ble Chief Minister felt that though the scale of finance was increased, there is a need for further increase. He informed that last year Government had released input subsidy of Rs.1800 crores and banks took 6-7 months to credit Rs. 1350 crores to the farmers account. The reasons for non disbursement of the Rs.400 crores may be due to not opening of no frill accounts and farmers are afraid of adjustment of input subsidy amount to their loan accounts.

He requested all Banks to open No frill accounts to all the farmers and not to adjust the input subsidy to loan accounts as the amount is being given to help the farmers who are in distress due to natural calamity. He informed that this year the input subsidy amount is increased from earlier Rs.6,500/- to Rs.10,000/- per hectare.

Financing to LEC holders:

Banks could reach the Target under Agriculture consecutively for the last four years, but LEC financing is very low. This may be due to field level problems from both Government side as well as from Bank side. The Department should issue new cards in time and renew the existing cards as every time the land being cultivated by the tenant farmer is changing.

Direct Benefit Transfer:

Hon`ble Chief Minister stated that special attention is to be paid to five pilot districts with regard to DBT LPG subsidy. Banks, UIDAI, Oil Companies and Civil supplies Department need to work together for success of the scheme.

Vaddi Leni Runalu:

Hon`ble Chief Minister informed that Government of Andhra Pradesh clearly told that Banks should not collect interest from the farmers for the loans repayable from Khariff, 2012 onwards, and the interest will be directly paid by the State government to the Banks.

But, he informed that some branches of DGB in Adilabad District are still insisting the farmers to pay the interest also along with principal in spite of clear-cut direction from the Government which will defeat the purpose of the scheme introduced by the Government and is giving bad name to the Government. He advised all banks to give suitable instructions to their branches and ensure that VLR scheme is implemented in its true spirit.

Hon`ble Chief Minister informed that the Government has released 118 crores so far under the scheme and there is a good scope for improving recovery of loans because of this scheme. He informed that the GoAP has given a toll free Number and the farmers can complain to those numbers with regard to VLR queries.

They are **1800 425 3536** and Kisan Call Centre: **1800 180 1551**.

Hon`ble Chief Minister informed that more than 1.73 crore transactions are taking place in Mee sevas and last week one lakh services/transactions took place without any time lag and services are rendered. He informed that Government will decide how to deal with Tribals in scheduled areas for financing and advised Chief Secretary to GoAP to take initiative in this regard.

Rescheduled Loans:

He sought clarification from the President, SLBC whether Banks are charging 7% interest to the rescheduled crop loans also. The President, SLBC informed the guidelines issued by Gol in this regard.

Dairy Entrepreneurs Development Scheme:

Hon`ble Chief Minister advised the Department of AH and banks to revive the Dairy Entrepreneurs Development scheme and the Government is coming forward to extend subsidy. SLBC may take up the matter and revive the scheme.

SHGs:

He stated that in Andhra Pradesh the movement of SHGs is in progressive direction and the recovery percentage of SHG Bank linkage is very high as 96-97%. He informed that GoAP has requested the Government of India to extend interest subvention to SHGs also on par with farmers and it is expected any time for implementation.

Allied Sector:

Hon`ble Chief Minister informed that Banks should encourage and support the Allied activities like Farm Mechanization, Dairy, fisheries, Horticulture, Sericulture, Poultry etc., apart from Solar units. He informed that the GoAP has removed Nala charges to encourage fisheries sector and Tax is being removed on Egg & Meat to encourage Poultry and extending subsidies to Dairy sector.

MSME:

Hon`ble Chief Minister informed that to develop SSI/Micro enterprises and Industrial sector GoAP has allotted 30 Acres in each district for Mahila Entrepreneurs and Banks need to support them for development. He informed that Government will come with specific plan of action and discuss with Banks for their support.

He informed that The Government has decided to finance 6 lakh young people and planned to extend Rs. 2000 crore subsidy under the programme. It is proposed to support 1,82,000 SC/STs with subsidy of Rs.829 crores to SCs and Rs.325 Crores to STs during the current year. He informed that the process of selection, Bank finance, subsidy issues will be finalized and work out the modalities and then come before Bankers for their financial assistance.

He informed that there are more than 40,000 Ration shops are available in the State and GoAP has announced a Scheme called ***Amma Hastam*** in which 9 items will be given at a Price of Rs.107/- to 2.25 crore families in the State of Andhra Pradesh.

He requested Banks to provide financial assistance to those Rations shop dealers to enable them to run the shops successfully.

Aadhaar:

He requested Banks and other Government Departments to synchronize the Aadhaar cards to the beneficiary's accounts to implement all the schemes under DBT and transfer the benefits directly to their accounts.

Solar Energy Pump Sets:

He informed that establishment of solar pump sets of 3HP/5HP, the Central Government will provide 30% subsidy and the State Government will provide 20% subsidy on the unit cost of Rs.5 lakhs and he requested all Banks to extend 70%-80% of the remaining amount as Bank loan. He requested Banks to encourage Non-conventional energy sector which is helpful in view of the power crisis.

Food Processing:

Hon`ble Chief Minister informed that there is a need to give more thrust to food processing by Banks.

Hon`ble Minister for Revenue Sri Anam Ramanarayana Reddy garu

Hon`ble Minister extended greetings to all Banks for their splendid performance shown in achievement of targets under Agriculture during the year 2012-13 as the achievement is more than 100%. He informed that Banks have responded positively to the guidelines issued by Government of India in opening of bank branches wherever there are no branches particularly in Agency Areas and opened 19 branches in such centers during the year.

He congratulated the Bankers in this regard. He requested all Banks to open another 26 branches in such centers during the current year.

During the last year GoAP has released input subsidy and the amounts were directly credited to the accounts of 41.75 lakh farmers to a tune of Rs.1500 crores. During the year 2012-13 GoAP has sanctioned Rs.1935 crores as Input subsidy to the Drought and Nilam cyclone affected farmers and Finance Department has released Rs.1,050 crores to 33.32 lakh farmers. He informed that Hon`ble Chief Minister has increased the amount from Rs.6,500/- to Rs.10,000/- per Hectare.

Hon`ble Minister has informed that Banks have opened accounts to 80% of the needy farmers and requested Banks to open the remaining 20% also immediately. He stated that Branches require some Code for opening of accounts and requested the controlling Authorities of Banks to provide the same to their branches to enable them to open accounts.

Hon`ble Minister stated that 80% of the Land owners are not cultivating their lands and they have given their lands for lease especially in coastal districts. He requested Banks to extend help to the LEC holders and advised banks to extend full scale of finance to the farmers. He also added that Crop Insurance is to be covered for all loanee and non-loanee famers.

Hon`ble Minister has advised all Banks to give importance to Allied activities and he requested Banks to cover all Women SHG groups in LWE districts to reach saturation in two years though the performance is not satisfactory during the year 2012-13 since it is the first year of inception.

Hon`ble Minister has informed that Banks should encourage the Solar system and the Government is also planned to develop this in a big way. In the State of AP there are around 26-27 lakhs pump sets are working on free power given by GoAP and requested Bankers to provide them financial assistance for installation of solar pump sets. He informed that each unit will be around Rs.5 lakhs and the Government will provide 50% subsidy and the applicant will bear 15-20% margin and the rest is to be financed by the Banks.

Hon`ble Minister also stated that the storage capacity is to be improved by way of extending finance to Rural Godowns to meet the increased storage requirements.

Hon`ble Minister for Agriculture Sri Kanna Lakshminarayana garu

Hon`ble Minister extended his greetings to all Banks on achieving 139% achievement under Agriculture during the year 2012-13. He informed that Scale of finance to be increased keeping in view the increased cost of inputs. He informed that Banks could not achieve the target set for LEC holders during the year 2012-13 and requested all Banks to reach during the year 2013-14.

He informed that all Banks should give suitable instructions to their branches on Vaddi Leni Runalu scheme as some of the branches are still insisting the farmers to pay interest against the

guidelines. He informed that GoAP has made it clear not to collect the interest from the farmers and the Government will pay directly to the banks.

He informed that last year Banks took long time for opening and crediting of Input subsidy to the farmers accounts and requested to open No frill accounts to all the needy Nilam/Drought affected farmers who are receiving the input subsidy.

Hon`ble Minister for IKP, SHG and Women Development Smt.Sunitha Lakshma Reddy

Hon`ble Minister has expressed happiness over the exceeding performance shown by the Banks during the current year 2012-13 under SHG Bank Linkage and 2012-13 will remain as a land mark year of performance for SHG Bank Linkage. She informed that for the year 2013-14 they have made system based plan i.e., Bank-wise, Branch-wise and Month-wise and communicated to all Banks. She assured the Banks that overdue and NPAs under SHG Bank linkage will be taken care by the SERP.

She informed that the required focus has not been given by Banks in financing Pala Pragathi Kendrams during 2012-13 and requested all Banks to give their cooperation in financing PPKs. She informed that Banks are asking guidelines from SLBC for financing JLGs formed in financing PPKs.

She informed that with regard to VLR scheme some Banks are not having data sharing and requested to provide the same. She informed that IKP is facing problem in opening PWD groups and requested Bankers to open by taking parents as guardian.

She informed that Central Bank of India is collecting Stamp duty for SHG Bank Linkage and advised the Bank to give suitable instructions to their branches in this regard.

Hon`ble Minister stated that Andhra Bank and SBH are extending the finance up to Rs.7.50 lakhs to the SHGs and advised other Banks also to enhance the limits up to Rs.7.50 lakhs and requested all Banks to extend the same cooperation during the current year also.

Hon`ble Minister for Revenue, Relief, Rehabilitation Sri Raghu verra Reddy garu

Hon`ble Minister informed that the performance of Banks during the last year was good and they are expecting good rains during the current year as already the monsoon was set-in. He informed that around 3, 60,000 LEC Cards were issued during the Rythu Sadassulu and hereafter farmers can get the LEC Cards from Mee Seva Kendrams on a continuous basis within 15 days from the date of application.

Hon`ble Minister requested the Bankers to spare **weekly one day in a week** to finance LEC holders so that they can approach the branches on that day for their transactions. He informed that around 12 lakh acres forest land has been given to Tribals and pattas were given and requested all Banks to extend finance to them

He informed that the Input subsidy was increased from Rs.1400/- to Rs.10,000/- per hectare over years and requested all Banks not to adjust the input subsidy to the loan accounts of the farmers. He informed that in some areas where there are no Pattadar Pass Books, the Government has given manual certificates and requested Bank to consider the same for financing.

Hon`ble Minister for Rural Development Sri Dokka Manikya Vara Prasad Rao garu

Hon`ble Minister informed that Banks have to extend repeated finance to the SHG groups when they repay the loans promptly and should not stop lending with the reason that their family members have not repaid the other loans availed by them.

He also requested Bankers not to adjust the Input subsidy amount to their loan accounts as it is given as compensation/ relief for natural calamities.

Hon`ble Minister for Social Welfare Sri Pithani Satyanarayana garu

Hon`ble Minister informed that the progress under social welfare schemes and economic support schemes during the year 2012-13 is not satisfactory. He stated that in some schemes the performance is below 50% and in some schemes like SC/St, BC Corporation it is just 50%. He informed that the support from Banks is not up to the required level and requested all Banks to extend support at least during the current year.

He stated that in the state for the first time in the country the SC/ST Sub plan Act has been promulgated and the Government is ready to support the SC/STs and others to the maximum extent for their upliftment. He informed that Government is proposing to increase the subsidy to the SC/STs for the schemes and all Banks are requested to extend finance to the beneficiaries under various Government sponsored schemes.

He requested Banks to open no frill accounts to the beneficiaries of Post metric scholarships and advised all Banks to give suitable instructions to their branches for opening of accounts.

Sri P.K. Mohanty, Chief Secretary to GoAP

Chief Secretary advised all Banks to organize drives and open accounts to all beneficiaries under Direct Benefit Transfer scheme to enable the Government to pass on the benefits directly to their accounts. He informed that under Agriculture Farm mechanization, power tillers, multipliers and customer service units are to be encouraged and Government is extending subsidy to the extent of 50%.

He informed that government is proposed to assist 6 lakh youth and Banks need to extend their support in this regard. He also stated that the finance made to SCs/STs is very low at 6.49% and there is every need to improve the lending to SCs/STs in a big way.

He informed that banks have to open accounts to all the beneficiaries and seeding of Aadhaar is to be completed immediately. He informed that Banks should not collect Interest from the farmers and the interest may be claimed from Government and implement the VLR scheme in true spirit.

He informed that all eligible LEC holders are to be financed during the current year and necessary thrust to be given to both Housing loans and Educational Loans. Banks are advised to cover more number of accounts under CGTMSE and improve lending to MSME sector. He requested Banks to extend finance to Pala Pragathi Kendrams for increasing milk production. He advised Banks to focus on lending to SCs/STs and Minority communities.

Presentation by Sri B. Narendranatha Reddy, Convener, SLBC of AP

The Convener, SLBC of AP has made presentation on the Agenda items.

Adoption of the Minutes of 180th SLBC Meeting held on 02.02.2013 & Adoption of Minutes of other meetings of the SLBC held after 02.02.2013.

The Minutes of 180th SLBC Meeting held on February 02, 2013 were circulated to the members of SLBC, LDMs and Government Departments concerned.

The Minutes of Sub-committee Meetings and Steering Committee Meetings held after 02.02.2013 and up to 21.05.2013 were circulated to the members of SLBC, LDMs and Government Departments concerned.

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

During the presentation on various agenda items the following observations/suggestions are made by Officials.

Sri R.N. Dash, General Manager, Reserve Bank of India

Sri R.N. Dash, General Manager, RBI clarified that Banks have provided banking services in respect of above 2000 population, but transactions have to take place more in number. He advised Banks to submit the Progress report on Financial Inclusion Plan 2013-16 every month to SLBC to enable SLBC to submit consolidated position to RBI.

He informed that as per the information available with RBI Banks have relocated in 37 places with 32 BCs and 5 Brick and mortar branches against 74 locations where branches are shifted earlier due to security reasons. He advised all banks to reopen the shifted or closed branches as at the earliest. He advised all LDMs to take up the issue in DCC and take necessary steps immediately.

Sri K. Madhusudana Rao, Commissioner and Director, Department of Agriculture, GoAP

Commissioner of Agriculture informed that some of the rural banks and Commercial Banks in Vizianagaram, West Godavari, Kurnool, Adilabad and Karimnagar districts are still insisting for payment of interest from farmers even after implementation of Vaddi Leni Runalu scheme by GoAP and guidelines were issued by all Banks. He requested the Controllers of those Banks to give suitable instructions to their branches.

Commissioner of Agriculture informed that some Banks like Indian Bank, Bank of India, Union Bank and State Bank of Mysore have not submitted any claims with regard to VLR scheme and the Government feels that if no claim is received from any Bank it amounts that they are not implementing the Govt. scheme of VLR. He informed that Government has cleared so far Rs. 118 crores under the scheme to Banks. He informed that opening of accounts to the farmers affected due to drought and Nilam cyclone in East Godavari, West Godavari and Visakhapatnam is very slow and requested all Banks to open accounts immediately.

Convener, SLBC requested all Government departments to extend their helping hand for improving the recovery position in Government sponsored schemes.

He informed that the lending under Minority communities to be improved and the strategies suggested by the SLBC subcommittee to be followed.

The representative from Minorities Department informed that they have planned to extend 1.00 lakh beneficiaries with 300 crores and they are working out the modalities for genuine beneficiaries.

Representative from BC Corporation requested all Banks to extend their support to all their schemes being implemented through various Corporations.

Dr. P.V. Ramesh, Chief Secretary and Nodal Officer for DBT, GoAP

The Principal secretary has informed that in the State of Andhra Pradesh Direct Benefit Transfer schemes has been implemented in 5 pilot districts from 1st January, 2013 and will be implemented in 8 districts from 1st July, 2013 and in other districts from 1st October, 2013.

At present total 26 schemes are being implemented for DBT out of which 12 GoI schemes and 14 State Government schemes, old age pensions and widow pensions and LPG consumers.

In the state of Andhra Pradesh the process of opening of accounts with regard to 26 schemes is completed up to 98% and he requested bankers to complete opening of accounts immediately.

In respect of LPG there are 48 lakh consumers in the State and out of which only 5.50 lakhs accounts were seeded with Aadhaar numbers. He informed that OMCs are placing Drop boxes at the offices of LPG dealers to facilitate the consumers to drop their application for seeding of their Aadhaar numbers into their Bank accounts to avail the Gas subsidy from Government.

He also advised all Banks to arrange Drop boxes at their branches and at ATM centers to enable their customers to drop their applications for seeding of Aadhaar numbers. He requested all banks to proactively take up seeding of Aadhaar in a big way.

He requested all Banks to give SMS alerts as Andhra Bank and some other Banks have sent SMS alerts to all customers requesting them for to give Aadhaar numbers for seeding in their accounts.

The Principal Secretary requested all Banks to speed up the process of seeding by taking all measures like- sending SMS alerts, publicity at Branch/ATM, bulk uploading, online seeding facility etc. He also requested Banks to consider the option of placing drop boxes AT Branch and ATM premises to enable their customers to drop their requests for Aadhaar seeding without waiting in queue at the counters.

Sri R. Prabhakar Rao, Director, KVIC

Director, KVIC, informed that our state is in 9th position in coverage under CGTMSE and not 6th as informed. He informed that there is unutilized amount of Rs.65 crores under PMEGP during 2012-13 in spite of extension of time and requested all Banks to extend their support during the current year.

Sri K. Pradeep Chandra , Principal Secretary, Industries and Commerce

Principal Secretary has stated that 35,000 units target given under CGTMSE is very low and it cannot be accepted and it is to be improved. He felt that the CGTMSE Trust provisions are not being utilized properly by Banks in A.P.

He informed that in the meeting with RBI Governor, it is clarified that the NPA norms will not be changed for a particular state in view of the temporary crises. He advised banks to analyze case to case basis and necessary relief measures to be given as the problems being faced by entrepreneurs is very temporary in nature.

Responding to the request made by Convener, SLBC, on extending help of Government machinery for recovery of loans extended to MSE sector, the Principal Secretary opined that if banks extend finance under CGTMSE scheme, there is no need for worry on recovery front. He commented on the excess thrust banks are giving to collateral security rather utilizing the provisions of CGTMSE. In this scenario, Government need not extend any assistance for recovery.

Convener, SLBC informed Principal Secretary that over years there is considerable improvement in lending under CGTMSE scheme with the efforts of RBI, SLBC and Industry Associations and the efforts will be continued. He also informed that sizable portfolio under MSE sector comprises loans under Government sponsored Schemes and loans without collateral security. Further recoveries are to be concentrated in respect of loans where CGTMSE coverage is available. The assistance of Government is necessary for orderly and smooth credit flow to the sector which is giving employment to large sections of population. Realizing the importance of recovery Government of Andhra Pradesh has already placed one/two deputy Tahasildar/s in each of the LDM office to help the Banks in the recovery of loans under Government sponsored schemes. As some of the LDMs have informed about the non availability of services of Deputy Tahasildar in their districts, the convener requested for taking up the issue with the department concerned.

Representative from State Bank of Mysore

He informed that in Chittoor Commercial Tax department is asking Rs.2500/- per ATM per year as they are collecting in respect of branches. He requested the Convener, SLBC to take up the matter with Government of AP and clarify the Banks.

The following Action Points emerged in the meeting:**Agriculture:**

- All Banks are advised to finance all eligible LEC holders during the current year with full scale of finance.
- GoAP is proposed to release input subsidy to the farmers affected due to drought and Nilam cyclone an amount of Rs. 1935 crores and all Banks are advised to open accounts to the farmers those who are not having bank accounts to credit the input subsidy directly to their accounts.
- All Banks are advised not to collect interest on crop loans from farmers and claim the interest through their Nodal Branches from GoAP as per guidelines issued by Government vide their GO Ms, No.639, Dt. 27.04.2013 under VLR scheme.
- All banks are advised to follow the new KCC guidelines and cover all new and uncovered farmers with KCC and issue Rupay cards before 30.06.2013.
- Since all Banks are sanctioning KCCs in the form of cash credit limits, It is proposed to constitute a subcommittee of SLBC for arriving at a common due date structure for all banks to avoid the confusion among the farmers, with the following members:

Commissioner of Agriculture**Representatives from:****RBI and NABARD, Five Lead Banks, APCOB, DGB and OSD, Finance(IF), GoAP**

- All Banks are advised to follow the Crop Insurance guidelines issued by GoAP and cover all loanee and non-loanee farmers for all eligible crops under NAIS/MNAIS/WBCIS.
- All banks are advised to extend relief measures to poultry farmers like enhancement of working capital limits due to increased cost of feed ingredients.
- Department of Agriculture, GoAP is requested to create machinery to help the banks in recovery of chronic dues in Agriculture advances.

(Action: All Banks, LDMs, SLBC and Department of Agriculture)

MSME sector:

- All Banks are advised to increase the lending to MSME sector as per guidelines.
- Banks are advised to increase the coverage under CGTMSE scheme during the current year.
- GoAP is requested to clear the pending projects for regulatory clearance to enable banks to disburse substantial amounts pending for disbursement.
- As per the decision taken in the meeting conducted on 05.04.2013 by RBI based on the representation made by Vizagapatnam chamber of Commerce and Industry, all Banks are advised and take steps:

To conduct one to one meeting with the MSME/Corporate customers individually and ascertain the actual problems being faced by the entrepreneur/unit due to non availability/shortage of power.

To explore ways of financing their variable expenses in the low turnover scenario, while the fixed expenses would have to be met by the promoters.

All Banks are advised to be guided accordingly and initiate steps to resolve the problems by considering the genuine financing requirements of the companies/business in the current scenario of declining production/turnover due to power problem.

- All banks are advised to sensitize the Branch Managers about 3% Interest subvention of GoI and coverage of CGTMSE (the fee will be borne by GoI) and ensure that more number of Weaver Credit Cards are sanctioned and disbursed.
- All banks are advised to give suitable instructions to their branches to improve the lending under WCCs.
- SLBC may adopt reasonable target under CGTMSE scheme so that State can occupy premium position in its implementation.

(Action: All Banks, LDMs and GoAP)

Housing:

- APSHCL requested all Banks to give full details in the prescribed format while submitting the claims for interest.
- All Banks are requested to open bank accounts to the beneficiaries of Housing.
- All Banks are requested to send the list of all semi constructed/stalled residential projects to NHB as per Gol guidelines with all details of their location along with reasons for non completion duly marking a copy of SLBC.
- All Banks are advised to note the guidelines for coverage of Housing Loans under Credit Guarantee Scheme.
- Housing Department, GoAP is requested to help the banks in recovery of overdue in the Housing sector.

(Action: All Banks and Housing Department, GoAP)

Educational Loans:

- All Banks are advised to increase the lending to Educational Loans to all needy students.
- All Banks are advised to put in place a mechanism for redressal of grievances.
- All Banks are advised to instruct their branches not to reject the applications on flimsy grounds.
- Banks are advised to classify the Educational Loans under priority sector as per guidelines issued by Reserve bank of India.
- The targets given by Gol for the year 2013-14 of Rs.6,330 crores Outstanding is communicated to all Banks and advised to reach the set target by Gol.

(Action: All Banks)

SHG Bank Linkage:

- All Banks are advised to consider the request made by the Principal Secretary to Government (Municipal Administration) to finance Street vendors in the form of Common Interest Groups (CIGs) on line with SHGs.
- GoAP made a proposal to finance individual Street Vendors under DRI scheme.
- All Banks are advised to give suitable instructions to their branches with regard to:

Withholding amounts in the SB accounts of SHGs, Placing the amounts as term deposits out of the SHG Bank Linkage given to them and insisting for Insurance policies from the group members.

- Principal Secretary, Rural Development, GoAP has proposed to the Banks to provide financial assistance to User Groups promoted under Integrated Watershed Management Programme (IWMP). All Banks are requested to consider lending to these User Groups on similar lines of SHGs as the User Groups are formed and functioning on par with SHGs.

(Action: All Banks and Rural Development Department)

Govt. Sponsored Schemes:

- All banks are advised to follow the GOs 267 and 276, dt.28.09.2012 and 06.12.2012 respectively with regard to subsidy administration system adopted by GoAP for all Government sponsored Schemes from the year 2012-13.
- It was approved in the steering committee meeting held on 21.05.2013 that for conveying the final consent by the Bank, the time line may be given as, **One Month**; and
For the branch to send the request of the beneficiary for release of subsidy to the Government agency after receiving sanction from the sponsoring agency is, **Within 10 days from the date of receipt of the proceedings.**

All Banks are advised to adhere to the above time schedule.

- All Banks are advised that there is a need for improving the progress in respect of Government sponsored Schemes.
- Better coordination of Government Departments with Banks at district level will improve the performance.

- All Banks are advised to increase the lending to Minorities which is at 6.40% as on 31.03.2013 to Priority Sector lending against the stipulated norm of 15%.
- All Banks are advised to take special interest in Minority concentrated areas in the State i.e., in Hyderabad district and 139 mandals spread over 18 districts and implement the measures suggested by the sub-committee for improving the lending to Minority communities as given below:

Coordination of Minority welfare Department officials at district level

Conducting EDPs

Achieving saturation in promoting Women SHGs for minority concentrated areas

Opening more branches in minority concentrated areas

- All Banks are advised to suitably instruct their branches for lending in minority concentrated areas and cater the needs of people of the minority section.

(Action: All Banks, and All Government Departments)

Financial Inclusion:

- All Banks are advised to improve the transactions in respect of above 2000 population villages and provide all banking needs to the people.
- In respect of below 2000 population Banks are advised to complete the process of appointment of BCAs in all villages allotted to them and start providing banking services immediately.
- All Banks are advised to adhere to the Road map submitted by them under FIP plan 2013-16 and implement the plan as per schedule.
- GoI has introduced DBT scheme in five pilot districts under Phase I and eight districts under Phase II in the state of Andhra Pradesh for 26 Government schemes.
- All LDMs are advised to collect the list of beneficiaries from the Government Departments and supply to branches in the district and ensure opening of bank accounts to all the beneficiaries.
- All Banks are advised to open bank accounts to all beneficiaries and seed the Aadhaar numbers into the bank accounts of beneficiaries and upload them/map them with NPCI.
- ALL LDMs are advised to use Aadhaar LOOK UP system provided by NPCI to know the mapping position on a regular basis.

- GoI has decided to introduce DBT for LPG consumers with effect from 01.06.2013 in 20 districts across the country and in five pilot districts in the State.
- All banks are advised to consider placing the drop boxes at their branches and ATMs to collect the applications for seeding of Aadhaar for their customers in respect of LPG consumers. OMCs are also collecting applications through drop box facility at their dealers and petrol pump outlets and handing over to Banks for seeding.
- All Banks are advised to provide the facility for online seeding of Aadhaar numbers.
- All Banks are advised to inform their branches to give publicity to the services of Call centre functioning at Hyderabad on behalf of all Banks to clarify the queries of the public with regard to opening of accounts and other banking related queries.

The call centre Numbers are :

Toll free Number: 1800 425 8525 and for SMS service: 8498813322

E-mail: apslbccallcentre@gmail.com

- All Banks are advised to ensure that officer visits regularly on all working days in respect of USBs functioning in the villages with above 5000 population in under banked districts.
- All Banks are advised to install ATMs at all their branches including RRBs and issuance of Debit cards to all customers.
- All Banks are advised to appoint BCAs/engage CSCs as proposed in the Sub service area plans submitted and send the progress report to SLBC on monthly basis.
- All Banks are advised to complete the process of entering into MoU with identified NGO in all 16 LWE districts.
- All LDMs are advised to submit the progress report on LWE districts to SLBC.
- All LDMs to take up the proposals for claiming capital cost of USB units established or identified in back ward districts under IAP programme.
- All LDMs those who have not opened FLCs are advised to open FLCs at their Lead District Office as per RBI guidelines.
- All Banks are advised to give suitable instructions to their Rural Branches to take up financial literacy campaigns and submit reports to RBI/SLBC every quarter.

- All Banks are advised to use the financial literacy material supplied by RBI which was sent to all Banks for literacy campaigns by their rural branches.
- All Banks are advised to extend financial support to the RSETI trainee candidates after completion of training.
- All Banks are advised to canvass the services of APSLBC Call centre functioning at Hyderabad on behalf of all Banks for replying the queries of the public on opening of bank accounts and other banking related queries.
- All LDMs are advised to upload the modified Service area Plans on their district websites.
- All Banks and LDMs may note the revised communication of MoF with regard to change of IRDA guidelines for appointing as Micro Insurance Agents which was circulated to all Banks and LDMs.
- All LDMs are advised to correct the data uploaded on GIS module and update the data on monthly intervals regularly.
- All LDMs are advised to take up the matter of unbanked and one banked mandals in the DCC and explore the possibility of opening of branches in those centers to cater the financial needs of the people.
- All Banks are advised to open more number of Bank branches in the needy Tribal areas where the banking facilities are required, indicated by the Tribal welfare Department, GoAP.

(Action: All Banks and LDMs)

Lead Bank Scheme:

- All Banks and LDMs are advised to note the Modified Information system under Lead Bank Scheme guidelines issued by the Reserve Bank of India for strengthening the Management Information System (MIS).
- All Banks are advised to submit the information to SLBC as per time lines stipulated.

(Action: All Banks and LDMs)

Overdue:

- Department of Agriculture, GoAP to create a machinery to support Banks in recovery of overdue in Agricultural advances on similar lines with SERP.
- Government Departments also extend their helping hand to Banks in recovery of overdue in Government sponsored schemes.
- All Banks are advised to utilize the services of Deputy Tahasildars placed at LDM offices for recovery of overdue in Government sponsored schemes.

(Action: All Banks, LDMs, Department of Agriculture and other Government Departments)

Flow of Information:

- All Banks and LDMs are advised to submit the quarterly information to SLBC to enable SLBC to consolidate and present the position and convene SLBC meeting as per schedule.
- All Banks are advised to communicate the decisions taken at the SLBC level to their branches without any delay and advise their branches suitably for implementation of the guidelines.
- All Banks are advised to note the major action points indicated in the meeting conducted by Hon`ble Finance Minister with CEOs of PSBs/FIs on 18.03.2013 at New Delhi.

(Action: All Banks and LDMs)

Concluded