

Minutes of 177th Meeting of STATE LEVEL BANKERS` COMMITTEE OF ANDHRA PRADESH

**Date: 24.03.2012 - Time: 11.30 AM
Venue: Jubilee Hall, Public Gardens, Hyderabad**

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

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The 177th Meeting of the SLBC of Andhra Pradesh was conducted on 24.03.2012 at Jubilee Hall, Public Gardens, 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. N. Prasad Kumar, Smt Sunitha Laxma Reddy, Sri Kanna Lakshminarayana, Sri Uttam Kumar Reddy, Sri A.S. Rao, Regional Director, Reserve Bank of India, Sri Mitra, E.D. NABARD, Officials from Government of India and Andhra Pradesh, Chief Secretary, Principal Secretaries, Secretaries, Commissioners, Directors, Heads of Departments of Govt. of AP, Sri P. Mohanaiah, CGM, NABARD, Sri M. Bhagvantha Rao, MD, SBH, Sri T. S. Krishna Swamy, GM, SBI, Executives from Reserve Bank of India, NABARD, Banks, Chairmen- RRBs, Lead District Managers participated in the meeting. The detailed list of participants is given as annexure.

The President at the outset, extended a warm and hearty welcome to all members and invitees to the 177th Meeting of the State Level Bankers' Committee of Andhra Pradesh. He said that upon assuming Charge as Chairman and Managing Director of Andhra Bank during January, 2012, this is the first SLBC Meeting being presided by him.

Outline of his address is given below:

Agriculture and Allied Activities

Improving Agricultural Credit has been one of the focused and priority areas for the banks. Of late, Government of India is giving lot of thrust for improving Agriculture Credit. During September 2011, it was advised that all farmer households and non farmers households be covered with bank finance by October 15, 2011. The period was extended up to January 15, 2012. The Secretary, Department of Financial Services, Ministry of Finance, government of India is convening regular meetings to review the progress. The Director, Department of Financial Services, Ministry of Finance, has visited West Godavari District twice within two months period to assess the field level impact of Government of India guidelines.

Banks have extended finance to 3.93 lakh non loanee farmers during the current year. Banks are steadily gearing up to comply with the directions of Government of India. Since the envisaged task of financing the rural India is very vital, all banks need to take steps to fulfill the same immediately on a priority basis. He requested Agriculture Department to ensure that their field level machinery is involved in identification of non loanee farmers.

The Licensed Cultivators Eligibility Card Scheme introduced during the last year was implemented in right earnest by all banks. Against 5.76lakh cards issued by Government, banks extended finance to 1.93 lakh Card holders. On a field level review, it is observed that avilment of loans by owner farmers and loan default of already availed loan by card holders are prime reasons for the gap in coverage. Agriculture Department may assist the Banks for recovery of dues. Recently, Chief Commissioner of Land Administration (CCLA) has conducted a workshop and many suggestions were received from District Collectors, Farmer Associations, and Banks. SLBC has constituted a Sub-Committee as discussed in the workshop held on 22.02.2012, to crystallize the implementable suggestions for improving the implementation of scheme. He requested Revenue Department to issue LCECs at the earliest, before the

commencement of season. Banks need to extend finance to all the eligible Card holders. Government Need to undertake publicity on the salient features of LCEC Scheme.

The President stated that in the recent Budget speech on 16th March, Hon'ble Union Finance Minister proposed an outlay of Rs 5.75 Lakh Crore Agricultural Credit for 2012-13 compared to Rs 4.75 Lakh Crore for the current year, which shows continued thrust of Government of India on coverage of all farmers. It is also envisaged that all KCC holders need to be given smart cards. Credit Plan in all Districts is in advanced stage and SLBC has issued necessary instructions to all Lead District Managers. He advised all Lead District Managers to take steps for release of District Credit Plans positively before March 31, 2012.

Another issue, he emphasized is timely extension of credit to farmers. The Principal Secretary, Agriculture Department and the Commissioner of Agriculture are regularly appealing to banks to ensure that loaning process is completed in a time bound manner before on set of busy season. Banks need to put forth efforts and let us collectively ensure that necessary steps are initiated to complete the Khariff, 2012 lending latest by June 30, 2012 as decided in the recent Steering Committee meeting.

As per the data compiled by SLBC, banks have disbursed Rs.29, 890 Crores under Crop loans by the end of December, 2011 against the annual target of Rs.30, 985 Crores for the year 2011-12. Under Agriculture Term loans (including allied activities) the disbursements were Rs. 15,548 Crores against the target of Rs. 17,015 Crores with 91.37% of achievement of annual target by December 2011. Banks would have already surpassed the target for the year 2011-12 by this time. He requested all banks to continue the efforts and ensure maintaining No.1 position of Andhra Pradesh in the Country.

The President invited the attention of Hon'ble Chief Minister to the major issues impacting smooth flow of credit to Agriculture. The first one is updation of Land records and make them available on line. The second one is introduction of fool proof Pattadar Pass Book system. These two measures will immensely help the banks for increased financing.

Annual Credit Plan 2011-12

Against the target of Rs. 73,316 Cr under Annual Credit Plan 2011-12, Banks could achieve Rs. 59,996 Cr with an achievement of 81.80% by the end of December, 2011. As per the indications received from Banks, we are confident of surpassing the target.

Financial Inclusion

Another thrust area of Government of India and Reserve Bank of India is Financial Inclusion, In respect of coverage of villages with population of above 2000; against 6640 villages to be covered banks have provided banking services in 6,581 villages by the end of February 2012. As per the latest reports received from Banks, only 8 villages are left to be covered. He expressed confidence that all villages will be covered by March 31, 2012.

Lead District Managers have since completed the allocation of villages in respect of villages with population range of 1000 to 2000, 500 to 1000 and below 500. Banks need to prepare plans to ensure coverage of all the allocated villages in a time bound manner. The task for 2012-13 should be coverage of all households in respect of villages with population of above 2000 and ensuring provision of banking services in respect of 1000-2000 population villages.

In respect of villages with population of above 5000, where bank branches are not available within 5 Km radius, banks have opened 67 branches by the end of February, 2012 and all banks to ensure that the task is completed before September 2012 as advised by Government of India.

RBI has advised Banks for convergence of EBT with FIP and directed to adopt **One District- Many Banks - One Leader Bank Approach**. GoAP and SLBC have conducted meetings to discuss the issue for implementation. We need to take proactive steps for early resolution of issues (as GOI is also closely monitoring) in view of the importance.

GOI identified 16 districts in Andhra Pradesh as LWE (Left Wing Extremism) affected and directed that Annual Credit Plans proposed to be launched shortly need to take care of the credit needs of affected mandals in these districts. The MoF has provided a draft action plan consisting of 19 points under the broad heading of infrastructure, credit availability, advocacy and Livelihood development, etc. SLBC has advised all Banks to take necessary steps for implementing the action plan.

Indian Banks' Association has advised all Lead District Managers to undertake joint publicity in all the districts for opening of SB accounts and supplied design of posters. Sub-committee constituted by SLBC has suggested for undertaking an exercise at State Level and accordingly steps are initiated for printing 2 sets of posters and supply to all Lead District Managers for providing to all bank branches.

Government of India advised SLBC to take up with State Government on automation of treasuries and use banking channels for making payments. SLBC has already written to Finance (IF) Department and he requested State Government to put in place system as advised by Government of India.

Government of India has also advised that hence forth all payments in respect of all State/Central Government sponsored schemes should be through e- payments only. There is need for coordination among field level functionaries of Government and Banks in this regard.

Reserve Bank of India is emphasizing the need for immediate opening of FLCCs and FLCCs are yet to be opened in nine districts. He requested State Bank of Hyderabad and State Bank of India to ensure immediate opening of FLCCs. Since, many new activities are being undertaken by banks, unless financial literacy is ensured, the desired result envisaged may not be achieved.

Twenty five Rural Self Employment Training Institutes (RSETIs) functioning in the State have trained 6,382 candidates in various vocations during the current year up to January, 2012. Unless, the trained candidates are properly rehabilitated the purpose of establishing RSETIs may not be achieved. Awareness need to be increased among all branch managers to liberally extend finance to RSETI trainees. RSETIs need to take up exclusive training programmes to the candidates belonging to Minority Communities and Scheduled Castes & Scheduled Tribes.

SHG Bank Linkage Programme

During the current year by February 2012, banks have extended finance to 3.00 lakh Rural SHGs with bank loan of Rs.6, 710 Cr and 70,340 urban SHGs with bank loan of Rs. 1,549 Cr. The combined achievement is 77.30% against stipulated target of Rs. 10,684 Cr.

The Outstanding Credit under SHG-Bank Linkage programme was Rs.13, 280 Cr extended to 13, 06,756 SHGs covering over 1.30 Cr individuals.

Officials of Society for Elimination of Rural Poverty (SERP) and banks need to concentrate on basic aspects of SHG-Bank linkage and efforts are to be made to sustain the movement created. In the Union Budget for the year 2012-13, Government of India announced interest subvention scheme to SHGs also in line with Crop Production Credit in select blocks.

SME Sector

Government of India advised all banks to ensure that bank branches are opened in all the Industry Clusters to provide necessary banking services. MSME DI has circulated such identified clusters. Government may also indicate such clusters, so that banks can take steps for opening of branches. Though concerted efforts are made by Reserve Bank of India, Banks and some Industry Associations, the progress under CGTMSE scheme is not picking up in Andhra Pradesh. Banks could cover 7,786 units by March 10, 2012 against stipulated target of covering 15,000 units during 2011-12. He suggested that a sub-committee of SLBC may study the issue and offer implementable suggestions.

The outstanding credit to SME sector as at the end of December 2011 was Rs. 34,855 with share of Rs. 11,964 under Micro Segment and Rs. 22,891 under Small segment. The share of Micro enterprises is only 34.32% and this need to be improved.

Government of India has announced Revival and Restructuring package for Handlooms sector. The matter was discussed in several meetings of SLBC and awareness camps are being conducted across the State. In respect of State Government loan waiver scheme, funds are yet to be received by banks and Handlooms Department may immediately release all pending claims.

Deposits and Advances

As per the information available with SLBC the aggregate deposits of banks in Andhra Pradesh was Rs. 3, 18,702 crores by the end of December, 2011 with advances of Rs.3, 69,048 crores with a CD Ratio of 115.80%. The incremental CD Ratio is 119%.

The issue of high CD ratio was discussed in earlier meetings also. We need to make concerted efforts to improve resource position and Government may also extend necessary help. Continued high CD ratio is not desirable since it may affect growth of robust credit portfolio.

Recovery issues

He informed the House that as per data available with SLBC under Agriculture Sector, the overdues are to the tune of 17.08 % and NPAs constitute 5.69%. Under educational loans the percentages are 3.22% and 6.77% respectively. The detailed position is given in Agenda Notes.

The President stated that recovery related issues continue to cause concern to banks in Andhra Pradesh. It is being experienced in some of the villages that the loanees are expecting another loan waiver. Concerted efforts are required from Government departments to allay this thinking.

The President requested Hon'ble Chief Minister to establish required machinery in Agricultural Department to exclusively deal with banking related issues which will help in extensive financing by Banks and for improving repayment culture.

He assured Hon'ble Chief Minister on behalf of all member banks that banks will march forward in improving the outreach of services and increasing lending qualitatively and quantitatively.

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

In his address Hon'ble Chief Minister stated that the progress in implementation of Annual Credit Plan is satisfactory and by this time Banks would have completed 100%. He informed that in the coming year the credit budget must be high with regard to agriculture sector as the National budget for agriculture credit is enhanced substantially.

Hon'ble Chief Minister observed that the per acre finance to the farmer is inadequate, keeping in view the different cost components and that when compare with other states the quantum is less. At least for major crops the scales of fiancé is to be enhanced. He advised SLBC to discuss with Banks and Government and take lead in this regard. .

He expressed that the performance under SHG is not upto the mark and requested Banks to do well in the coming year. He expressed that lending under Government sponsored programmes is poor and the Government departments concerned and Banks have to look into it and see that maximum possible is done before the end of March, 2012 and improve performance in the coming plan.

He requested Banks to finance in a big way to Small scale Industries and Weaver financial package as the subsidy is available. He expressed happiness over the MOU by the Handlooms and Textile Department, GoAP with NABARD with regard to Handloom sector.

Hon'ble Chief Minister requested bankers to complete the targets as far as possible before 31st March, 2012 and advised bankers try to plan for 100% achievement in the next year since beginning and by overcoming the problems.

He suggested conducting the next SLBC meeting by the end of April, 2012 for launching the Action Plan for 2012-13. The Departments concerned and banks should analyse the reasons for not reaching 100% achievement mark in credit plan and also in Government sponsored programmes this year, discuss in detail and come prepared to the ensuing SLBC with concrete plan of action for the next year.

Hon'ble Chief Minister stated that if Banks can open through BC model at least one account per family/household in all the villages, payments relating to all welfare schemes will be routed through Bank accounts and ensure 100% green initiative of all schemes announced by GOI. He requested bankers to open accounts for scholarships/pensions, extend 100% finance in Mandals affected in LWE districts and also liberally extend finance for bridge loans for houses.

Convenor, SLBC, while thanking Hon'ble Chief Minister, informed that the Scales of finance were recently approved by respective District Technical Committees and reviewed by the State Technical Committee, and the SLBC will examine the same. He also informed that infact, in some districts during their visits farmers have expressed satisfaction on the revised scales of finance fixed by the District Technical Committees. However, in some cases branches are not implementing the scales of finance fixed and asked to advise all the concerned to follow the scales of finance.

With regard to LECs, Convenor informed that the performance was low since it is the first year of operation and CCLA has conducted a workshop at NIRD on 22.02.2012 with regard to financing LECs and basing on the resolutions of the workshop a Sub-committee was constituted by SLBC and the Sub-committee meeting was held on 08.03.2012 and discussed various implementable solutions which were given in the agenda notes of 177th SLBC. This year we can improve the performance by overcoming the problems/hurdles.

Convenor requested all Banks and LDMs to complete 100% coverage in all 16 LWE districts by the end of March, 2012 with regard to SHG finance and other Government sponsored schemes.

Hon`ble Minister Sri Anam Ram Narayana Reddy garu

The State Government has been for the last two years extending innovative and farmer friendly schemes like Interest waiver to the farmers affected by natural calamities, Vaddileni Runalu to farmers and Self Help groups. He expressed that the scales of finance is to be enhanced as in put costs and labour cost have increased. He requested banks to reschedule the loans in the drought affected mandals.

The Hon`ble Minister expressed serious concern over Low performance in financing to LEC holders. He mentioned that as against 5.76 lakhs LEC holders banks could finance around 2.00 lakhs holders so far. He pointed out that in Allied sector to Agriculture, Banks performance is low and special attention is required to take up the schemes like Dairy under Milk Mission and Farm Mechanisation schemes announced by the State Government.

The performance under SHG Urban and Rural is also not up to the mark and for SHGs also Vaddileni Runalu budget allocation has been made and advised for drawing concrete plan for implementation at least in the coming year. He viewed that if banks are not adequately extending finance to SHGs again Micro finance institutions will come into picture.

He expressed dissatisfaction over the performance under Government sponsored schemes and requested all Departments and Bankers to analyse the reasons and plan in such a manner that at least in the coming year the performance substantially improve.

With regard to handloom sector he informed that they will take care of the claims if any pending and requested banks to extend finance for sustaining the sector.

Convenor, informed that the recovery performance under different schemes should be monitored and reviewed regularly in all JMLBC/DCC meetings and advised all banks and LDMs to complete the groundings wherever sanctions are given under all Government sponsored schemes by the end of March, 2012. He further stated that regular monitoring of performance under different schemes in JMLBC/DCC meetings will ensure proper implementation of the Schemes.

Hon`ble Minister Sri. N. Raghuveera Reddy garu

Hon`ble Minister informed that out of 5.76 lakhs LEC holders banks have financed to 1.93 lakhs holders during this year so far. He said Revenue Sadassulu are being organised and will be completed shortly and the Special drives will be conducted during the Month of April,, 2012.

He said that `Mee Seva `will be introduced throughout the state in all districts very shortly which is very useful to all farmers by way of easy accessibility to any type of information.

Hon`ble Minister requested the Bankers to liberally open no frill accounts to all households before April, 2012, so that Input subsidies or any Government payments can be directly credited to the beneficiary`s account. This will also help the Government to implement e_ payments in all the 35 schemes announced by Government of India.

He requested bankers to extend fresh loans to uncovered farmers and also to all eligible LEC holders, simultaneously along with Renewals otherwise uncovered farmers are not getting opportunity to avail loans at right time.

Hon`ble Minister Sri Kanna Lakshminarayana garu

While reiterating the importance attached to agriculture Hon`ble Minister opined that the scales of finance are not adequate since there is a difference with regard to cost of cultivation between Guntur, West Godavari, East Godavari and Krishna with other districts and advised SLBC to review the scales of finance.

Hon`ble Minister informed that they are ready to assist the branches for recovery and requested all bankers to extensively finance new farmers and LEC holders during 2012-13. He requested for reschedulement of loans, extend finance to Farm Mechanisation schemes in a big way and increase of scales of finance.

Convenor, informed that Scales of finance were recently reviewed for the ensuing season. However, SLBC will examine the scales of finance and if necessary go for revision wherever required.

Hon`ble Minister Sri Uttam Kumar Reddy garu

Hon`ble Minister informed that the performance under Housing sector is very low. Out of 90000 units 4000 units were sanctioned and only 1800 units were actually grounded.

He informed that Bankers are not giving the Bridge loans to the housing beneficiaries for the reasons not known. The NPA under Bridge loans is very low when compared with other sectors. . Bridge loans are required to be allowed by banks only after completion upto roof level construction and against proof of allotment of house by the Housing department.

Hon`ble Minister mentioned that at the field level bankers are refusing to open even SB accounts for the Housing loan beneficiaries to credit loan amounts sanctioned by the Housing department.

Hon`ble Minister requested SLBC to constitute a Sub-committee to study the reasons why the performance under Housing loans is poor and to work out a concrete plan of action for better performance in the coming year.

Convenor, informed that SLBC will constitute a Sub-committee and analyse the reasons for low performance and for betterment of performance in the coming Plan.

Hon`ble Minister Smt. Sunitha Lakshma Reddy garu

Hon`ble Minister stated that during the year 2011-12 under SHG finance as against the target of Rs.8, 086 crores the achievement is Rs.6, 889 crores and requested bankers to cooperate to achieve 100% by the end of March, 2012. The department will take care of Identification of NPAs and help banks in recovery. Govt. of India announced the scheme for Promotion of Women SHG through Anchor NGOs as SHPI in Adilabad District and the same is to be extended to all 16 LWE districts in the state.

Convenor informed that all eligible SHGs are to be sanctioned and disbursed before 31st March, 2012 particularly in the 16 LWE districts and ensure 100% achievement. LDMs are advised to take care of the Credit needs in 16 LWE districts while preparing the credit Plan for coming year 2012-13.

Hon`ble Minister Sri N. Prasad Kumar garu

The State Government has released the claims with regard to Handloom weaver's loans to a tune of 32 cores and going to release another 17 crores within a short period. Hon`ble Minister requested bankers to respond and extend finance to Handloom weavers liberally. The department is ready to provide required budget for the development of Weavers to any extent.

Hon`ble Minister expressed happiness over the MOU which was entered with NABARD by the Department of Handloom and Textiles, Government of Andhra Pradesh.

Sri Pankaj Dwivedi, Chief Secretary, GoAP

Chief Secretary, appreciated the performance of Banks during the year and requested to examine the scales of finance and if required upward revision be considered. He requested bankers to come forward and achieve 100% of the targets in the next year.

He requested banks to establish FLCCs in the remaining 9 districts. He informed that LCEC cards will be issued and requested banks to extend finance to all the LCEC holders and also Kisan Credit Cards, to all eligible farmers.

The Chief Secretary expressed happiness over the implementation of Financial Inclusion plan with regard to above 2000 population.

He felt that Banks should open more number of branches in rural and Semi-urban areas when compared to Urban and Metro areas. He reiterated that each farmer and artisan is provided with some financial assistance by banks.

Chief Secretary informed that the Government is trying to keep the land records online shortly and going to issue fool proof security featured Pattadar Pass books in all districts at the earliest. Government has introduced Mee Seva under which all details will be made available online shortly in all districts of Andhra Pradesh.

The Chief Secretary reiterated that Banks should meet the credit needs of all people in the Mandals of 16 Left Wing Extremism affected Districts. Banks should also ensure 100% grounding of the Government sponsored programmes with focus on 16 LWE districts.

Sri Bhaskar, Principal Secretary, Finance Department, GoAP

The Principal Secretary in his address advised to have next SLBC meeting positively by the end of April, 2012. He reiterated the need for convergence of EBT and FIP. With regard to Automation of State Government Treasuries Payments, Principal Secretary clarified that at their end the entire process is computerized and he requested Banks to extend their helping hand for Automation interface.

The President of SLBC informed that the next SLBC meeting shall be held either in the last week of April, 2012 or in the first week of May, 2012. He informed that the consultation process for Convergence of EBT and FIP was already started and will be resolved shortly.

Sri A.S. Rao, Regional Director, Reserve Bank of India

Regional Director explored the macro economic developments and the action taken by Reserve Bank of India during the intervening period. Taking into account the liquidity and inflation constraints, RBI has reduced the CRR by 50 basis points. The repo and reverse repo rates have not been changed. The bank rate has been aligned with the marginal standing facility and has been revised to 9.50% per annum from the earlier 6.00% per annum.

The RD expressed happiness over the fact that in our state, banks and the government have been functioning in close coordination. He congratulated the banks for having achieved disbursements of Rs. 45,438 crore (95% against target of Rs.48, 000 crore till Dec 2011) in respect of total agriculture credit (including short term crop loans and term loans to agriculture and allied activities). However, the disbursements till the third quarter of the year under the non-farm sector which includes the Micro and Small Enterprises and other priority sectors were not up to the mark, as they were only 71% and 51% of the targets respectively. He hope the position will improve substantially in the next quarter.

Banks have been reporting to RBI about the increased NPAs particularly in the agricultural sector and in some areas in SHG finance and other Government sponsored schemes loan portfolio. The drought conditions for the last three years have compounded the problem and repeated restructuring has been done by the banks. Though there is assistance from the Government departments like agriculture and rural development to recover the dues, there are large pockets which do not follow the credit cycle. During RBI's outreach programmes and LDOs' visits to villages, it is the impression among borrowers is that there will be another Debt waiver. As per the SLBC agenda notes, outstanding balances in overdue accounts are quite high in respect of agriculture loans (42.96% in short term crop loans and 22.17% in term loans), as compared with other types of loans. There is an imperative need to correct the position and recovery has to be broad based viz. all loan categories, to minimize overdue. Because of inadequate/miniscule recovery the short term money market is under pressure and liquidity crunch is

observed. We have rescheduled thrice in a short span. This position should not be allowed to continue and would prove detrimental to the developmental plans. The state government is requested to extend all possible help in recovery of agricultural loans so that the credit flow to the sector remains robust.

One of the areas of concern for the bankers in the state is the incidence of Fake Pattadar Pass Books / Title deed books. This has already been discussed in the past in various forums. The issue was also highlighted in a meeting of LDMs organized by the Reserve Bank in January 2012. The occurrence of frauds is mainly due to scope for alterations and manipulations in the Pattadar Pass Books and absence of fool proof verification mechanism. While the state government has initiated several measures to address this problem, still the circulation of fake Pattadar pass Books is taking place. Further of late, housing loans frauds are on an increase. He urged upon the State Government to look into the matter to expedite issue of security featured pattadar pass books and also see that the Central Registry starts to fulfil its mandate.

As part of the implementation of Financial Inclusion Plans, 6640 villages with population of above 2000 were identified in the State and banks were allotted these villages by the SLBC for providing banking services by March 2012. We have been closely monitoring the progress in this regard through periodical meetings with the banks. A meeting with one of the service providers, Batronics Pvt Limited, was also held in Reserve Bank on March 6, 2012 to thrash out problems faced by banks in implementation. As at the end of February 29, 2012, 99 % achievement in respect of establishment of branches/appointment of CSP was reported by banks. As per the latest information put up by SLBC convener only 8 villages are remaining. Further, the banks have also reported having opened 23.5 lakh accounts so far. A Frontline Manager's Conference on Financial Inclusion was held at our College of Agricultural Banking, Pune where select branch managers, customers, NGO, SHG, FI service provider, LDO, LDM, DDM from various states including Andhra Pradesh had an interface with the Top Management of RBI to find out the problems faced by various stakeholders at the grass root level in the implementation of the Financial Inclusion Plans. He urged upon all banks to concentrate on opening more accounts and increasing the number of transactions in these accounts. We expect that few banks which had issues with Batronics have resolved the issues and completed their FIP program.

Another issue raised at the meeting of the Lead District Managers held in January 2012 relates to preparation of the Annual Credit Plans. Achievement made by some of the districts continues to be low as compared to the targets, sometimes as low as 60% of the annual targets, though there is an actual year on year increase. The annual targets set need to be realistic and should be based on the actual potential in the district. RD requested SLBC to examine the issue so as to make the process of fixing of targets under ACP more meaningful.

Regional Director informed that they have recently conducted a study of sick micro and small enterprises to ascertain the reasons for units becoming sick and non-viable. While several reasons have been cited by the industries, the single major factor leading to problems in the MSME sector relate to infrastructural issues, particularly power supply. MSME sector is important not only from the point of view of industrial production, but also as a major source of employment generation. Infrastructural problems faced by the sector, especially availability of power, needs to be addressed on an emergency basis.

RD mentioned that on the whole, performance of the banks has been satisfactory in dispensation of credit; however the recovery needs to be strengthened by joint efforts of banks and the Government. He expressed that we all can look forward for better results in the next year.

Regional Director informed that RBI had been propagating payment of taxes, duties etc. through electronic modes. Reserve Bank of India also conducting awareness programmes to familiarize the tax/duty payers. So far they have conducted such programmes at Vishakapatnam and Vijayawada. Reserve Bank of India intends to conduct such programmes in all district headquarters gradually.

Sri S.K. Mitra, Executive Director, NABARD

Executive Director explained that Andhra Pradesh is the first state to enter MOU with NABARD with regard to Implementation of Revival, Reform and Restructuring Package for Handloom Sector. He said that there are 3.00 lakh weavers in the state.

GOI has identified 16 Left Wing Extremism affected districts in Andhra Pradesh and the programmes need to be covered in all the affected districts.

He also informed that priority is to be given for Warehousing Programme and banks are requested to extend finance to the sector.

Sri R. Subrahmanyam, Principal Secretary, GoAP

The Principal Secretary has expressed satisfaction on the general performance of banks under SHG Bank linkage Programme. He appreciated the good performance by Andhra Bank, State bank Of India and Syndicate Bank under SHG financing. He stated that additional funding support to RRBs will be placed by 31st March, 2012.

He opined that the performance of APGVB is good, but per group lending is low which needs to be improved.

Principal Secretary invited the attention of the house, to the remuneration to be paid to Bank Mitras who are helping the branches in all aspects and requested banks to contribute Rs, 50/- per SHG per Month to MMS as contribution which will help to strengthen Bank Mitras.

With regard to TFI he proposed that CSP s in the villages may be permitted for collecting the EMI of SHGs in the villages which will help the SHGs to avoid coming to the bank, saving time and money for them.

The Principal Secretary stated that, as agreed earlier, Cash Credit system be implemented before March, 2012 and there should be time line for implementing the same. He informed that many banks have not implemented the Cash credit facility scheme so far.

Principal Secretary requested banks to extend finance to Dairy units under Milk Mission which will come under indirect finance to Agriculture and that this can be encouraged in a big way.

Under Farm Mechanisation the Principal secretary stated that Banks have agreed to finance an amount of Rs.800 crores and requested the Banks to increase the amount to Rs.1000 crores. He suggested financing under DRI scheme to this sector.

Sri Ilias Rizvi, M.D. Minorities Finance Corporation

MD, Minorities Finance Corporation expressed that the lending to minority communities is only around 7% as against the stipulated norm of 15% and requested banks to extend more finance to Minority communities. He expressed that in some areas banks are not giving consent letters saying the reason as negative areas. He also requested SLBC to provide the list of beneficiaries' bank wise district wise to the corporation.

Convenor advised LDMs that financing to minorities may be reviewed in all JMLBC/DCC meetings at the district level and advised all banks to step up the finance to Minority communities and submit the information required by the corporation directly under copy to SLBC. He clarified that the data given in Agenda notes is outstanding finance to all Minority Communities as per RBI guidelines and not disbursements during the year. He also advised that all RSETIs need to undertake special programmes for the minority communities. He requested that minority Finance Corporation officials need to coordinate with DCCs and RSETIs and Bank branches at district level.

Sri M.V. Reddy, Animal Husbandry Department, GoAP

The performance under Mini dairy project was very low. As against the target of 9000 units the grounding was 1600 units so far. He requested bankers to extend finance to the dairy units as per the targets set. The allied activities need to be promoted to help the farmers as a shield against natural calamities.

Dr. Manmohan Singh, Principal Secretary, Housing Department, GoAP

Principal Secretary stated that the performance under housing Programme was low and as against the target of 85, 641, around 33, 128 applications were sponsored and 14, 614 applications were only grounded. The finance under Bridge loans was also very low.

Principal Secretary reiterated the Hon`ble Minister remarks to constitute a Sub-committee by SLBC and examine the issues relating to housing loans to the beneficiaries of Government Housing programmes especially the bridge loans and implementation of Interest subsidy for Housing for Urban Poor (ISHUP) of Government of India, and come out with solutions for smooth implementation of the schemes.

Sri P. Mohanaiah, CGM, NABARD

CGM, NABARD, while thanking the President, SLBC Sri B.A. Prabhakar, for giving NABARD an opportunity to enter the MOU with the Department of Handlooms and Textiles, GoAP, with regard to Implementation of Revival, Reform and Restructuring Package of Hand loom sector.

SLBC has to conduct Sub-committee meetings on Export promotion twice in a year.

SLBC has conducted a Sub-committee meeting on Export promotion on **15.09.2011** and the minutes were communicated to all the members. SLBC addressed letters to all Banks and Export associations and organisations to refer the issues if any to discuss in the Sub-committee meeting. SLBC has not received any issues in this regard.

The position of Export finance as at the end of September, 2011 is given as annexure.

Action Points emerged in the Meeting

Agriculture and allied activities

- Online of Land records and issuance of Fool proof Pattadar Pass Books process may be expedite up by the Government of Andhra Pradesh.
- LDM Prakasam District may upload the Service area Plan in their District Web site in consultation with NIC.
- All Non loanee farmers, non farmer households and LEC farmers to be covered 100% immediately.
- Banks to ensure that Khariff 2012 lending is completed well before June 30, 2012 and necessary planning to be made.
- All the short comings in financing LEC holders may be discussed with Banks and concrete action plan is to be arrived for the next year for improving performance.
- Dairy and Farm Mechanisation schemes may be encouraged and finance may be extended by banks in a big way.
- Cash Credit facility system for SHGs to be implemented in full shape immediately.
- All Banks need to sensitize their branch managers that scales of finance need to be followed without any deviation.

(Action: Banks, LDMs, Revenue Department, GoAP, Agriculture Dept. GoAP)

- Scales of Finance is to be reviewed and if necessary upward revision may be considered.

(Action: SLBC)

Financial Inclusion

- FLCCs to be established in the remaining 9 districts in the state and the respective Lead Banks may take necessary steps to initiate the process immediately.
- Accounts should be opened to all households in the rural areas either through BCs/CSPs or directly by bank branches.
- All SHG loans and all Government sponsored programmes are to be grounded 100% in 16 LWE affected districts. LDMs while preparing the Credit Plan for the year 2012-13 should take proper care of all credit needs of the people in the 16 LWE affected districts. Branch Net work need to be improved in all LWE Districts. The earlier shifted bank branches due to security reasons are to be shifted back to their original places by June, 2012.
- Draft Action Plan for Financial Inclusion in LWE affected districts given by MOF is to be implemented by all Banks and LDMs.
- Anchor NGOs for promoting Women SHGs as SHPI introduced in Adilabad district is to be extended to all 16 LWE districts and task of MOU to be completed by 15.04.2012.
- RSETIs need to conduct exclusive training programmes for Minority Communities and SCs/STs.
- Branches are to be sensitized to extend finance to all RSETI trained Candidates.
- Branches are to be sensitized to extend finance to minority communities with special focus.

(Action: Lead Banks, Banks and LDMs)

MSME

- Central Registry by GoAP may be established by the State Government by June, 2012.
- A sub-committee of SLBC may be constituted to analyse the reasons of poor performance under CGTMSE and suggestions may be given for smooth

implementation of the above schemes.

- Banks are advised to extend finance under Handloom weavers sector as per GOI guidelines.
- Banks may extend their banking services to all the eligible entrepreneurs in and around the clusters and take part in economic development of the State.
- Banks should strive to achieve the 60% of Micro Enterprises out of MSEs by March, 2013.
- Banks to take up rehabilitation of Sick units and for undertaking viability studies machinery need to be created.
- Commissioner of Industries may give data on registered and unregistered MSMEs to SLBC to enable SLBC to assess the extent of fiancé and undertake required corrective measures.
- Government of AP to sort out Power problems at the earliest to help the Industrial sector.

(Action: Finance Dept. GoAP, SLBC, Commissioner of Industries, Banks and All LDMs)

Govt.Sponsored schemes

- A sub-committee of SLBC may be constituted to analyse the reasons for low achievement in Government sponsored Housing Loan schemes, Government Sponsored Programmes and SC/STs & Minorities and suggestions may be given for improving the performance and smooth implementation of the schemes.
- Automation of State Government Treasuries and Automated interface with State Government may be implemented in full.
- Banks to plan suitably and ensure that Government sponsored programmes are grounded evenly through the year.
- All invitees of JMLBC/DCC are advised to actively participate in the review of performance in grounding different schemes and suggest remedial measures from the beginning of the year.

(Action: All Banks,SLBC, Finance Dept. GoAP)

Recovery Issues

- Agriculture Department may create suitable machinery at village level to coordinate with banks in lending and recovery related issues.
- Government may undertake publicity through Electronic media and Print media for repayment of bank dues.
- Banks to report their overdue and NPA figures to SLBC every quarter to enable SLBC to make analysis on the same.

(Action: Agriculture Dept. GoAP, All banks)

Sub-Committees of SLBC

SLBC has already constituted sub-committees to review Government of India Action Plan for Improving Agricultural Credit, Financial Inclusion Implementation, to recommend modalities for preparation of Financial Services plans at the District and State level and to recommend for Implementable suggestions on financing to LEC Holders.

Now, as per the discussions took place in the SLBC meeting, it is resolved to constitute Sub-Committees of SLBC on the following issues:

01. Sub-Committee on Housing Loans under Government schemes.
02. Sub-Committee on CGTMSE Implementation.
03. Sub-Committee on Financing to Government Sponsored Schemes.
04. Sub-Committee on Financing to SC/STs and Minority Communities.
05. Sub-Committee on Agriculture related Issues particularly LEC Card Holders, reschedulement and completing Khariff disbursements by June, 2012.

CONCLUDED