**Minutes of the meeting with Major Banks held on 04.07.2019 at 5th Block, AP Secretariat, Velagapudi on implementation of “YSR Aasara”**

Meeting with major banks was conducted on 04.07.2019 at 3.00 PM at 5th Block, AP Secretariat, Velagapudi. The meeting was chaired by Sri Gopal Krishna Dwivedi, IAS, Principal Secretary (PR & RD) and attended by Sri P Raja Babu, IAS, Chief Executive Officer, SERP and Sri K V Nanchariah, Circle General Manager, Andhra Bank & Convenor, SLBC of Andhra Pradesh and other senior bankers from major banks. List of participants is enclosed.

Principal Secretary (PR &RD) welcomed the bankers to the meeting. He informed to the forum about the implementation of “YSR Aasara “scheme. He further informed that the present Government has proposed to meet the interest portion charged on SHG bank loans at regulat intervals on prompt repayment of loans under “Dr YSR Vaddi Leni Runalu” scheme. A proper receipt should be generated and it should be handed over to the groups regarding payment of interest by the Govt under this scheme.

He observed that the interest rates charged by various banks in the state ranges between 11.15 % to as high as 13.50% pa. He conveyed the request of Hon’ble Chief Minister for reduction of interest rate on SHG finance to the extent possible. He further informed that four Lead banks i.e., Andhra bank, State Bank of India, Syndicate bank, Indian bank, four RRBs i.e., CGGB, APGB, APGVB, CGGB and APCOB will contribute major portion of SHG finance in the state and these banks should consider the reduction of interest rate to SHGs at an early date.

Principal Secretary informed that budget provision has been made to implement “Dr YSR Vaddi Leni Runalu” promptly and Hon’ble Chief Minister is very particular in considerable reduction of interest rate on SHG bank loans by banks. Hon’ble Chief Minister will call for SLBC meeting on this subject to know the progress.

CEO, SERP requested the banks to give suitable instructions to the branches to complete the reconciliation of bank loan outstanding of SHGs as on 11.04.2019 and issue certificate before the end of this month.

He also reiterated the request of Hon’ble Chief Minister for reduction of interest rate on SHG bank loans considerably. It was brought to his notice that some of the branches are impounding savings of the members in group accounts of SHG. He further stated that in order to improve the recovery rate and eligible groups for VLR, it is necessary that banks should share the monthly loan outstanding data before 10th of the succeeding month to SERP.

Representatives of CGGB and SGB informed that further reduction of interest rate on SHG loans will have a bearing on the profitability of the bank.

Zonal Manager, Indian Bank opined that forum may suggest uniform interest rate for SHGs throughout the state for implementation.

All the participant banks have agreed to refer the request of Hon’ble Chief Minister for reduction of interest rate on SHG finance to their Head /Corporate office for consideration based on the minutes of the present meeting.

It was informed to the forum that guidelines for providing bank linkage to Farmer Producer Groups were not communicated to the branches even though the draft guidelines were approved in the SLBC meeting. Controlling authorities are requested to communicate the guidelines to the branches immediately.

Convener, SLBC of Andhra Pradesh thanked all the bankers for participating in the meeting with short notice.

**Action Points emerged in the meeting:**

1. All Banks should consider reduction of interest rate on SHG bank loans at the request of Hon’ble Chief Minister of Andhra Pradesh.
2. Reconciliation and SHG bank loan outstanding certification should be completed before end of this month.
3. Banks should share the monthly loan disbursement and outstanding data before 10th of succeeding month to SERP.
4. Branches should not impound any savings/corpus of SHGs available in their group savings accounts.
5. Guidelines on FPG bank linkage are to be communicated to the branches by their controlling authorities of the banks for implementation.

**(Action: All Banks)**

The meeting was concluded with vote of thanks to the Chair.