

రాష్ట్రస్థాయి బ్యాంకర్ల సమితి, ఆంధ్రప్రదేశ్
राज्य स्तरीय बैंकर समिति, आन्ध्र प्रदेश
STATE LEVEL BANKER'S COMMITTEE, ANDHRA PRADESH

यूनियन बैंक ऑफ इंडिया Union Bank of India

కార్యనిర్వాహక : యూనియన్ బ్యాంక్ ఆఫ్ ఇండియా, 2వ అంతస్తు, ఆంధ్రా బ్యాంక్ బిల్డింగ్, ఆర్.ఆర్.అప్పారావు వీధి, విజయవాడ-520 001

సంయోజక : యూనియన్ బ్యాంక్ ఆఫ్ ఇండియా, 2 మंजिल, आन्ध्रा बैंक बिल्डिंग, आर.आर.अप्पा राव सड़क, विजयवाड़ा - 520 001

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Lr. No: SLBC /210/ 233

Date: 19.08.2023

To,

The Controlling Authorities of All Banks in AP

Dear Sir,

Reg: Minutes of sub-committee meeting on SHG Bank linkage issues held on 16-08-2023

We enclose herewith the minutes of the Sub-Committee meeting organised on 16-08-2023.
We request the members to initiate necessary action on the points emerged in the meeting.

Yours faithfully,

(Navneet Kumar)

General Manager and Convener SLBC, Andhra Pradesh



CC: Special Chief Secretary, Finance Dept, Govt. of AP, AP Secretariat.
Special Secretary, Finance, Govt. of AP, AP Secretariat.
CEO, SERP, AP
General Manger, FIDD, Regional Office, Reserve Bank of India, Hyderabad.
Chief General Manager, NABARD.

Encl: as above

Minutes of the Sub-Committee Meeting**Date 16.08.2023****Time 4.30 PM****Venue 2nd Block, AP Secretariat,
Velagapudi,****STATE LEVEL BANKERS' COMMITTEE OF ANDHRA PRADESH****CONVENER: UNION BANK OF INDIA**

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Proceedings of Sub-Committee Meeting

A meeting of SLBC Sub-committee on SHG was organised on 16.08.2023 at 2nd Block, AP Secretariat Velagapudi on the specific request made by Govt.of AP. The meeting was attended by Shri Dr. KVV Satyanarayana, IRAS Finance Secretary (B & IF), Govt.of Andhra Pradesh, Shri A. Md. Imtiaz, I.A.S CEO SERP, Govt.of AP, Shri Navneet Kumar, GM & Convener, SLBC of AP(VC), Shri R K Mahana, General Manager, RBI, Shri MSR Chandra Murthy, Dy.General Manager, NABARD, Other dignitaries , Executives and Senior officials from major Banks. The list of participants enclosed.

Shri A.Md.Imtiaz, I.A.S CEO SERP extended a warm welcome to all the dignitaries and presented the agenda for discussion to the forum.

Agenda 1: SHG Bank Linkage issues -Reduction in Rate of Interest & savings withdrawal for internal lending

Shri A.Md.Imtiaz, I.A.S CEO, SERP explained the presentation by highlighting the SHG eco system for the last two and half decades and the progress of the Community Based Organizations (CBOs), SHG Bank Linkage disbursement, comparative outstanding growth for the last 3 years and the SHG Savings account balances as on 31.03.2023.

He also informed that Hon'ble Chief Minister of Andhra Pradesh as requested Banks in various forums for providing loans to the SHGs with lower Rate of Interest as the SHG women related to the poor and weaker sections of the society. Conceding the request, Banks have reduced Rate of Interest (RoI) on SHG loans during the FYs 2020-21 & 2021-22 and made available to access credit facility seamlessly.

Dr. KVV Satyanarayana, IRAS Finance Secretary (B & IF) has appreciated all the Banks for extending excellent support to the SHGs under SHG Bank Linkage programme in the State of Andhra Pradesh. It is also appreciated Banks for reducing RoI during the financial years i.e, 2020-21 & 2021-22 as requested by the Hon'ble Chief Minister of AP. To that extent almost all the Public sectors Banks have reduced RoI to 8- 9% for loans outstanding up to Rs. 3 Lakhs in the state.

He also expressed his concern on phenomenal SHG credit growth in the State of Andhra Pradesh for the last three years and it was almost 200% on an average. Even some of the banks have crossed 400% with an excellent recovery rate of 99.67% consistently.

During the FY 2020-21 & 2021-22, all groups who have repaid promptly got additional 3% Interest Subvention which was provided by GoI to the Banks, in-turn the same was passed on to the respective SHGs loan accounts. The effective rate of Interest to the SHGs was 4%. State Govt. has reimbursed that 4% to the beneficiary account to make it zero interest under YSR Sunna Vaddi scheme.

As per the revised RBI Master Circular all the 26 Districts of AP are covered under NRLM interest subvention on outstanding loan amount up to Rs. 3 Lakhs. Banks are advised to extend loans at concessional rate of interest of 7% and in turn banks will be subvented at uniform rate of 4.5% per annum for the FY 2022-23 and 2023-24.



During the FY 2022-23 banks have charged RoI @ 7% up to a loan outstanding of Rs. 3 Lakhs and claimed subvention at uniform rate of 4.5% per annum from Govt. there by Banks have effectively charged RoI 11.5% per annum. Whereas in the FY 2020-21 & 2021-22 banks have charged effective interest rate of 8 to 9% on these loans.

After the revised policy the load of interest reimbursement has increased on the State Govt. However, as per the YSR Sunna Vaddi Scheme, State Govt. is releasing Rs.1002Cr. to 7.47lakh SHG groups being 7% interest reimbursement for the FY 2022-23.

In this scenario, the Secretary Finance (B&IF) requested the banks to reimburse 3% out of the 4.5% interest subvention as and when received from Govt. of India. While doing so banks are effectively earning 8.5% (11.5%-3%) as earlier and there is no loss to the banks when compared to the rate of interest charged in the FY 2020-21 & 2021-22.

Secretary Finance has also asked the Banks to accept the proposal and express their consent at the earliest. If the proposal is not aggregable to Banks, State govt. will not hesitate to go with one or two banks and shift the SHG portfolio to these Banks. He further added that a follow up meeting will be conducted in a weeks' time and Banks were asked to come up with their decision.

(Action: All Banks)

Sri Navneet Kumar, Field General Manager & Convener, SLBC attended the meeting through VC and expressed his view that, this subvention claims are made by corporate offices of the banks and parting of the amount so claimed is in the purview of corporate office. He requested the bankers to refer the State govt. proposal to their Corporate offices and convey their stand.

AGM, State Bank of India, is also expressed same lines as Union Bank of India and the decision has to be taken at Corporate office. Hence, SBI will come back with appropriate decision.

Chairman, CGGB, Chairman, SGB and GM, APGB have also responded and requested the sub - committee to give some time to discuss in the board and coming back with the appropriate decision.

The second part of agenda item is allowing the SHGs members to withdraw the SHG savings amount for internal lending. The Secretary Finance (B&IF) expressed his concern on not allowing SHG members to withdraw their saving account balances. He requested Bankers to encourage internal lending and finance SHGs only after exhausting their savings account balances. Banks to prioritise income generating activities.

AGM, SLBC informed the forum that the same was discussed in previous sub-committees and Banks were strictly advised not to restrict withdrawal of SB account balances and there should not be any lien on SB balances.

Zonal Manager, Bank of India has expressed his opinion that like other Government sponsored schemes, interest may be charged on loans excluding the outstanding savings account balances.

AGM, SLBC expressed that financing of SHGs up to Rs.3.00 lakhs at 7% ROI and subvention to Banks by Govt. of India at 4.5% is as per the extant guidelines of RBI on NRLM-SHG linkage. Therefore, passing of 3% out of 4.5% subvention compensated by Govt. of India to State Govt. is not in the purview of SLBC and State heads of Banks.



He requested the Bankers to escalate the matter to their higherups and express their Banks stand as early as possible.

The meeting was concluded with vote of thanks to the Chair, other dignitaries and member banks by Shri E. Raja babu, AGM, SLBC.

List of Participants.

S.No	Name (Sri/Smt)	Designation	Organisation
1	Dr.K.V.Satyanarayana	Finance Secretary (B & IF)	Govt.of AP
2	A.Md.Imtiaz,IAS	CEO, SERP	Govt.of AP
3	Navneet Kumar	GM & Convenor SLBC of AP	SLBC
4	R K Mahana	General Manager	RBI
5	E Raju Babu	AGM – SLBC Coordinator	SLBC
6	DBN Krishna	Asst Gen Manager	SBI
7	M V V Bangar Raju	Zonal Manager	BOI
8	K.Krishna Mohan	AGM	Indian Bank
9	K.Prasanna kumar	Manager	Indian Bank
10	Ch Sree Rama Somayaji	General Manager	APGVB
11	P.R.Padgetwar	General Manager	APGB
12	N.Brahmaiah	AGM	SGB
13	G.Rajesh	GM Agri	KVB
14	T.Nagaraju	AR Manager	Kotak
15	V.Harikishan	AGM	IDBI
16	V.Srikanth	AGM	IOB
17	N Uday kumar	CM	PNB
18	S K Golani	Dy Regional Head	CBI
19	Venkat Ranga Rao	Vice president	HDFC
20	Ch Vinay kumar achary	DGM	Canara Bank
21	T Kameswara rao	Chairman	CGGB
22	Chandan Sahoo	DGM	BOB
23	Dr. R S Reddy	MD	APCOB
24	Murali P	DGM	UBI
25	K V Nancharaiah	MD	Streenidhi
26	P Krupaji	SM	Axis Bank
27	J Ramesh	Vice President	Axis Bank
28	Gopinadh T	Manager	Bank of India
29	B Srinivas	Manager	ICICI
30	V Veerabhadra Rao	Manager	IOB
31	M.Kesava Kumar	DGM	SERP
32	P Mahesh Babu	Consultant	SERP

Related departments and other bankers participated through VC

