

రాష్ట్ర స్థాయి బ్యాంకర్ల సమితి, ఆంధ్రప్రదేశ్
राज्य स्तरीय बैंकर समिति, आन्ध्र प्रदेश
STATE LEVEL BANKERS' COMMITTEE, ANDHRA PRADESH



కన్వీనర్ : యూనియన్ బ్యాంక్ ఆఫ్ ఇండియా, 2వ అంతస్తు, ఆంధ్రా బ్యాంక్ బిల్డింగ్, ఆర్.ఆర్. అప్పారావు వీధి, విజయవాడ - 520 001
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Lr. No: SLBC /210/278

Date: 11.02.2022

The Controlling Authorities of all Banks and Lead District Managers.

Dear Sir,

Reg: Minutes of the Sub-Committee Meeting held on 07.02.2022 via VC.

We enclose herewith the minutes of the Sub-Committee Meeting held on 07.02.2022.

We request the members to initiate necessary action on the points emerged in the meeting.

Yours faithfully,

(E Raju Babu)

Asst General Manager and Coordinator SLBC, Andhra Pradesh



CC : Special Chief Secretary,(Industry and Comme) GoAP, AP Secretariat, Velagapudi
Special Chief Secretary (Finance) , GoAP, AP Secretariat, Velagapudi.
General Manger, FIDD, Regional Office ,Reserve Bank of India, Hyderabad.
CGM, NABARD, Regional Office, Hyderabad

Encl: as above

Proceedings of Sub-Committee Meeting

Date: 07.02.2022

Time: 11.30 AM

Venue: Virtual

STATE LEVEL BANKERS' COMMITTEE OF ANDHRA PRADESH

CONVENER: UNION BANK OF INDIA

यूनियन बैंक ऑफ इंडिया  **Union Bank of India**

भारत सरकार का उपक्रम A Government of India Undertaking



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Proceedings of Sub-Committee Meeting

A virtual meeting of SLBC Sub-committee was held on 07.02.2022. The meeting was attended by Joint Director, Industries Dept, Joint Director O/o Spl CS (Industry) GoAP, CGM APIIC GoAP, AGM from RBI, Chairman, SC ST Chamber of Commerce and Industry, executives & senior officers from major Banks, and manager from NABARD.

Asst. General Manager and Co-ordinator, SLBC of AP extended a warm welcome to the participants and initiated discussion on agenda items.

Agenda 1 : Housing Finance –Increase flow of credit

Assistant General Manager, SLBC informed that housing Bank vide Ltr No NHB/SLBC/AP/OUT5945/2021 Dated 28.09.2021 stated that housing is the biggest driver of economic growth with strong forward and backward linkages. Increasingly the supply and quality of housing has a multiplier effect on the economy by boosting the primary sector (raw material), manufacturing sector (construction sector material) and the services sector (architects and engineers, skilled labour, banking, finance).

Provision of housing for all is the focus area for the Government both central and state. As the nation celebrates “Azadi Ka Amrit Mahotsav” it assumes greater significance for the Banks, to intensify the efforts for increasing the flow of housing credit particularly EWS and LIG segments. NHB requested the SLBC to discuss the matter in a subcommittee meeting for addressing the housing needs of people by increasing the penetration of housing finance, especially in semi urban/rural areas and to the people in EWS/LIG segments.

He pointed out that the ACP achievement under housing sector is far from the set target and advised all controllers of banks to sensitize their branches on the importance of housing sector and also to convert the government schemes like PMAY into business which can give boost to the segment.

Agenda: 2: Promotion of entrepreneurship among SC/ST Entrepreneurs- Implementation of various schemes of Government of India and Government of AP-Increase of credit flow.

Assistant General Manager, SLBC highlighted that Hon’ble Minister of State, Finance, Govt of India during his review with bankers pointed out that the bank credit share to SC/ST communities needs to improve. Govt of India has been implementing number of flagship schemes Viz., Stand up India with a mandate to encourage entrepreneurship among SC/ST entrepreneurship and other schemes like PM MUDRA, PMEGP.

In order to give fillip to the credit flow to SC ST segments Govt of India has introduced many credit linked subsidy schemes.

Chairman, SC ST Chamber of Commerce and Industry informed that Govt of India has been implementing schemes like Stand Up India, Make in India start up schemes in order to encourage entrepreneurship



among the SC ST communities thereby increasing the job opportunities thus increasing the quality of life of these sections. He opined that it is the need of the hour to evolve a good ecosystem by converging various subsidies and incentives with Stand Up India and other schemes intended for benefiting the SC ST community.

GoAP has been implementing YSR Jagananna Badugu Vikasam a special industrial incentive package for SC & ST entrepreneurs. Under the scheme, many subsidies or incentives on land allotment, stamp duty, power charges and interest subsidy are available. He further quoted the guidelines of the RBI circular issued on credit flow to SC STs where rejection of the applications cannot be done at branch level. He suggested that banks should aim to extend loans to minimum 25000 entrepreneurs of these communities. Further, he suggested the following strategies to improve the credit flow to the SC ST communities.

- ❖ The field level bank functionaries should be sensitized to converge the YSR Jagananna Badugu Vikasam scheme to Stand Up India
- ❖ During district level industrial promotion meetings, targets under Stand up India, Mudra for SC ST beneficiaries to be discussed and specific action plan to be drawn.
- ❖ Asset distribution camps of SUPI and MUDRA schemes to be held frequently so that many people may be motivated to start entrepreneurship activities.
- ❖ Requested banks to sensitize field functionaries to adhere to the RBI guidelines while rejecting loan applications of SC ST communities.
- ❖ He requested to make their chamber a special invitee for the DCC DLRC and JMLBC meetings so that the challenges, problems and field level issues and concerns in SC ST lending can be put for discussion and suitable remedial action.

Assistant General Manager, SLBC felt that there should be a specified platform to monitor the flow of applications of SC ST communities where industries department can facilitate an application routing module.

Joint Director, O/o Director of Industries, GoAP informed that their department would source quality applications from budding SC ST entrepreneurs and share the same to the concerned bank branches for sanction of loans as per eligibility.

Joint Director, O/o Special Chief Secretary, Industries department, GoAP opined that banks can sanction loans under Stand Up India and other government sponsored schemes by converging the benefits being available under YSR Jagananna Badugu Vikasam scheme so that viability of the project improves. He also suggested preparing a checklist to be required by bank branch for sanction of loans under Stand up India and other government sponsored schemes. He told that the land allotment process for the 870 SC ST entrepreneurs in the State is completed in all respects and requested bankers to support these upcoming entrepreneurs.

Assistant General Manager, SLBC welcomed the idea and suggested sharing the list of applications Bank wise and branch wise to SLBC for onward submission to banks with an advice to take the appropriate credit decision. He requested the bankers to take cognizance of the agenda item and implement the action points emerged as the concerned ATR of each bank would be discussed in the highest state forum.



After at length deliberations, the following action points emerged.

- The field level bank functionaries should be sensitized to converge the YSR Jagananna Badugu Vikasam scheme with Stand Up India and other Government sponsored schemes. CGTMSE scheme is to be used for taking care of the collateral security aspect wherever required
(Action : Banks, Industries Dept, Govt of AP)
- Preparation of checklist/criteria for sanction of loans under Stand up India and other government sponsored schemes. (Action : SLBC, Industries Dept, Govt of AP)
- During district level industrial promotion meetings, targets under Stand up India, Mudra for SC ST beneficiaries to be discussed and specific action plan to be drawn.
(Action : Industries Dept, Govt of AP)
- Banks shall sensitize field functionaries to adhere to the RBI guidelines while rejecting loan applications of SC ST communities. (Action : Banks)
- SC ST Chamber of Commerce and Industry can be invited for the DCC DLRC and JMLBC meetings so that the challenges, problems and field level issues and concerns in SC ST lending can be put for discussion and suitable remedial action. (Action : SLBC , LDMs)
- Banks can accept the applications for processing, sourced and shared by the DICs at district level for sanction of loans under Stand up India scheme. (Action : Banks)

Agenda 3: APIIC - Lease deeds executed & registered - Considering lease deed for mortgages while financing to the industries.

Assistant General Manager, SLBC informed that as per Industrial Development Policy 2020-23 and APIIC allotment regulations clause 8.3 a Buyout option upon payment of premium is available which is "The Allottee has an option to buy the plot on lease after successful operation from the date of commercial production."

Further, as per the Lease Deed executed by APIIC, Clause No. 16 (a) read as follows:

"The LESSEE, may mortgage the schedule property, only after obtaining No Objection Certificate (NOC) from APIIC to avail loan only for construction of factory building and for establishment of plant and machinery for the purpose of the project implementation from reputed financial institutions/scheduled banks.

In case LESSEE defaults in payment to financial institutions and such financial institution intends to recover its dues, APIIC reserves the right to determine the LEASE, after giving notice/may permit transfer of LEASE-hold rights in favour of the auction purchaser recommended by the financial institution(s), on payment of the balance dues along with any interest accrued to LESSOR under this LEASE deed. The plot will be



available for its intended use only i.e. industrial purposes and the new LESSEE can setup and run his unit after seeking all necessary approvals”.

The above guidelines are not clear to understand the right of the financial institution in case of default when the finance is extended against mortgage of lease hold rights.

CGM APIIC Finance Dept informed that as per the NOC format it clearly denotes that the first charge lies with the bank and lease right transfer to financed bank in the event of default and assured that the relevant NOC format would be shared with banks for easy understanding.

Assistant General Manager, SLBC quoted neighbouring State policies where buying option is available as per the policy. Responding to this, CGM APIIC clarified that to avoid real estate transactions, GoAP has allotted the plots on lease basis instead of outright purchase at initial stage.

DGM, SBI informed that the right of the financed banks on the lease is the point of contention which required further clarity.

After thorough deliberations, the following action points emerged.

- ❖ It was decided to conduct another meeting with select bankers to discuss all associated issues while creating mortgage on lease hold rights and other issues in depth to arrive at an acceptable conclusion. **(Action: APIIC, GoAP)**

Agenda 4: Observations of IBA Standing Committee on Agriculture and Allied activities-Strengthening of State Recovery act

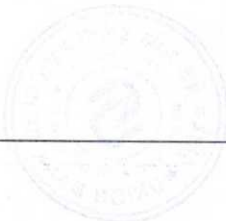
Assistant General Manager, SLBC informed that Standing Committee on Agriculture and Allied activities was held by IBA on 03.09.2021, where the above subject was one agenda item. The observation of the committee in this matter was as follows. Banks are filing cases under state recovery act which have remained pending for a long time due to various factors, and were ultimately forced to settle the accounts through compromise/OTS absorbing a significant loss of amount. The member Banks of the committee proposed that mechanism of state Recovery act may be strengthened to ensure effective recovery of Banks overdue. To address the above issue Govt may bring in legislation for agriculture land similar to SARFAESI Act.

Since no representative from the State govt participated in the meeting, the forum resolved to recommend to GoAP to bring in legislation for agriculture land similar to SARFAESI Act.

Agenda: 5 RBI-EC on MSME meetings.

I. Revival and rehabilitation of MSMEs

Assistant General Manager, SLBC informed that RBI has been conducting quarterly EC on MSME meeting to review the progress of MSME lending and associate issues. During the 61st review meeting held on 18.11.2021 while reviewing of stressed MSMEs under Framework for revival and rehabilitation of MSMEs was advised to examine and report the major reasons for large number of sick units being categorized as



“Unviable” after the viability studies and possible steps that can be initiated to improve the hand-holding of sick MSME units.

II. Cluster financing –

He also informed that the committee observed that cluster data viz. no of clusters, functional units and bank linkage % needed significant updation. Committee also suggested that SLBC, banks and MSME-DI were to work together and intervene particularly in clusters where bank linkage was low.

Banks are requested to take suitable steps to implement the suggestions made by the committee.

Agenda 6: Awareness camps on bank loan products and services at RBK locations – Action Plan.

Assistant General Manager, SLBC informed that RBK concept in our State has been proven as a one stop shop for farmers to get all kinds of facilities/services right from “*Vithu nunchi vikrayam*” and has received accolades from top functionaries of various agencies in the country. It also noticed that the RBK locations in the villages have become prominent places having high footfall of farmers.

On the advice of the Hon’ble Chief Minister, the Bank Mitra services have been aligned with RBKs where visible banking activities have been happening. Further, to strengthen the association between bank branches and RBKs with an ultimate objective to benefit the farming community, Govt of AP requested for conduct of weekly awareness camps on bank loan products and services at RBK locations involving nearby bank branch manager, the agriculture department staff and subject matter specialists from the agriculture university/colleges. He further told that Dept of Agriculture, GoAP has issued a campaign schedule from 07.02.2022 to 28.02.2022 in this regard. He requested all bankers to cooperate with department staff and advise their branch managers to participate in the above awareness camps during the given schedule which will be helpful to promote our products and also garner new business.

Agenda 7 : Meeting with Jewellers’ Association – Issues highlighted

Assistant General Manager, SLBC informed that as per IBA Letter no. RB/MBR/JEW/I0737 dated 25.12.2021; SLBC of AP has conducted a virtual meeting with Jewellers’ association of AP from various districts on 10.01.2022 in order to ascertain the issues faced by them from banks, State govt and regulators/Govt of India while availing banking facilities. The following are the key points expressed by the association members in the meeting.

With reference to the banking activities:

- Big players in the industry are able to procure raw gold in bulk thereby benefiting from economies of scale while the smaller artisans/traders suffer due to lack of sufficient working capital.
- As per BIS norms, only few licensed jewellers are permitted to hallmark the ornaments which lead to loss of sales for smaller traders.
- A special scheme may be designed for small traders to avail bank finance in the form of 4-5 merchants as a group. Uniform guidelines for all banks may also be formulated for bank finance to jewellers.



- The collateral security norms for availing finance from financial institutions by the jewellery traders may be liberalised

With reference to State Govt - NIL

With reference to Govt of India and regulators - NIL.

He requested bankers to extend working capital limits as per the bank approved policy norms to the gold jewelers to meet their credit needs.

Agenda 8 : Financing against e- NWR Ware House Receipts Issued by_ WDRA _Registered warehouses

Assistant General Manager, SLBC informed that WDRA (Warehouse development Regulatory Authority) has implemented a system of electronic Negotiable Warehouse Receipts (eNWR) by issuing certificates of registration to two repositories namely, National E-Repository Limited (NERL) and CDSL Commodity Repository Limited (CCRL) for creation and management of eNWRs. The eNWRs issued by warehouses registered by WDRA for approved commodities are eligible for pledge financing. Banks can see the e-NWR on the repository system and also mark their lien, which ensures a secure robust system for them.

SLBC of AP has received a letter from the Chairman, WDRA, Lr dated 04.01.2022, requesting all the Public Sector Banks in our State to extend pledge finance to applicants wanting to pledge e-NWRs and avail loans under the PSL scheme. Increasing the loans given against eNWRs in the State will help farmers to avoid distress sale of their produce and get better prices in future and thereby increase their Income.

He requested bankers to extend pledge finance against e-NWR to all needy farmers which ensures assured recovery and also helps the farmers to avoid distress selling.

The meeting ended with vote of thanks to the chair.

