**STATE LEVEL BANKERS’ COMMITTEE : KARNATAKA**

**Convenor – SYNDICATE BANK : CORPORATE OFFICE : BENGALURU**

**MINUTES OF THE 136th MEETING OF SLBC HELD ON 31.12.2016**

The 136th SLBC Meeting was held on 31st December 2016 at the Conference Hall, Vidhana Soudha, Bengaluru under the Chairmanship of Sri Arun Shrivastava, Managing Director & Chief Executive Officer, SyndicateBank.

The Chairman-SLBC extended warm and hearty welcome to Sri Subhash Chandra Khuntia, Chief Secretary, GoK, Sri T.M. Vijay Bhaskar, Addl. Chief Secretary and Dev. Commissioner : GoK; Sri S. Sinha, Chief General Manager : RBI, Sri M.I. Ganagi, Chief General Manager : NABARD. He also extended cordial welcome to Principal Secretaries, Secretaries to Govt of Karnataka, Senior Executives from Reserve Bank of India and NABARD, Senior Officers from the State Govt, representing various Line Departments, Corporations and Boards, Senior Executives from Commercial Banks, Co-operative Banks, Chairmen of RRBs, Lead District Managers other Financial Institutions, UIDAI, General Insurance Companies, NGOs & other participants present in the meeting.

**Sri Arun Shrivastava, Chairman-SLBC & Managing Director & Chief Executive Officer, Syndicate Bank** in his key note address said that Govt of India has announced **demonetization of Specified Bank Notes** of the existing series of the value of **`** 500/- and **`**1000/- with effect from 9th November 2016 and Banks have implemented the scheme following the guidelines issued from time to time. He informed that the Banks have taken several remedial steps such as recaliberation of ATMs, Deployment of Bank Mitras, Delivering of RuPay Cards and its activation and encourage people to go for cash less transactions using alternate delivery channels. Further, he said that the Banks have also conducted special camps to open BSBD accounts of unorganized sectors and delivered RuPay cards.

The Chairperson advised all the Banks to ensure allocation of Bank notes to rural bank branches, post offices and DCCBs, Installation of PoS / EDC Machines at retail Petrol Pump Outlets not having PoS machines, enhance cash holding limit of Bank Mitras to **`** 50,000/-. Involve SHGs, Youth Organizations, FLCs to educate the people to use alternate delivery channels to facilitate smooth implementation of the scheme. He placed on record the good work done by Bankers in implementing the scheme which has undergone lot of changes. He also thanked Govt of Karnataka for the excellent support extended in maintaining law and order in remote rural area branches.

Continuing his address, he informed thata special SLBC meeting was convened under the chairmanship of ACS & DC on 19.11.2016 in order to workout strategies for **providing relief measures to the distressed farmers in the 139 taluks declared as drought affected** during 2016-17 by GoK. He requested the State Govt to join hands with the Banks in giving wide publicity and driving the farming community to approach the Banks for restructure of the loans and to avail the benefit of Interest subvention, personal accident insurance coverage and crop insurance.

Touching upon the issue of **Karnataka Raitha Suraksha Pradhan Mantri Fasal Bima Yojana (KRS-PMFBY)**, the chairperson said that during the Kharif 2016, about 10.39 lac farmers have been enrolled under crop insurance. He requested the Govt & designated insurance companies to take steps for early settlement of claims. He further said that attaching utmost importance on enrolment under PMFBY Rabi & Summer 2016-17, the Minister of Agriculture, GoK during the meeting held on 7.12.2016 with concerned Line Departs and Banks had advised to cover all eligible farmers. Accordingly, SLBC had advised the Banks to enrol all eligible farmers under insurance, keeping in view the severe drought situation in the State. He also stated that in order to give wide publicity on crop insurance, SLBC has issued two rounds of publication in leading Kannada Dailies on 20.12.2016 in Vijaya Vani and on 27.12.2016 in Kannada Prabha, highlighting the salient features of the scheme and appealing them to enroll under the scheme & also importance of renewal of crop loans to avail the benefit like interest subvention to the regular KCC A/c holders.

Focusing on the performance under Annual Credit Plan 2016-17, he observed that the performance under ACP upto the Quarter ended Sept 2016 is quite satisfactory inspite of continuing drought situation in the State. Under Priority Sector Advances, Banks have disbursed ` 64587 cr. as against the annual target of ` 135188 cr. recording an achievement level of 47.78 %, similarly under agriculture an amount of ` 38859 cr have been disbursed constituting 53.31% and under MSME disbursed ` 20243 cr constituting 66.78% of the annual targets.

**On Non Performing Assets position,** the Chairperson said that **a**s at Sept 2016, there were 8,49,742 NPA a/cs involving **`** 21,777 cr, which was accounting for 3.98 % of total advances. He said that the GoI had expressed its concern over rising of NPAs and stressed the need for recovery and advised all the Banks to initiate steps to contain the NPAs. He solicited the support and cooperation of line departments in extending assistance to the Banks in recovery of loans under Govt sponsored schemes.

**On the issue of performance under Govt.Sponsored Schemes**, the Convenor requested the concerned departments to hasten the process for implementation of the scheme. He requested the line departments to sponsor the eligible applications at the earliest and not to bunch at fag end of the financial year in order to facilitate smooth implementation of Govt sponsored schemes and accomplishment of targets well within time for the current financial year.

Before concluding his address, he appealed to all the stakeholders to accelerate the momentum under PMJDY, PMJJBY, PMSBY, APY, MUDRA & Stand Up India, as these schemes are Govt’s initiative towards meaningful Financial Inclusion and requested all the participants in the meeting to make the deliberations fruitful.

**Thereafter, Sri S. Sinha, Chief General Manager, RBI** in his address to the House informed that RBI is continuously monitoring the situation after the announcement of demonetization of high denomination currency and trying to distribute currency in an equitable manner to the extent possible. He appealed to all the bankers to allay fears of the public and said that the position would certainly improve in the coming days.

**On the issue of opening of Brick and Mortar (B&M) branches in villages with population above 5,000,** he said that **i**n Karnataka, 210 villages do not have a B&M (B&M) branch of a commercial bank. RBI has advised all the commercial banks operating in the State to open B&M branches in all these villages by March 31, 2017.

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He informed about the **Additional relaxation on prudential norms and income recognition**, after the demonetization that the RBI had on November 21, 2016 had provided relief to small borrowers having borrowed upto **`** 1 cr, by extending the repayment period of these loans by 60 days., i.e., the repayment time of all loans, upto **`** 1 crore, falling due for repayment between November 1, 2016 and December 31, 2016 was extended by 60 days. Now again, vide another circular dated December 28, 2016, this time has been extended by another 30 days.

On the issue of **creating awareness on electronic modes of payments,** he advisedthe bankers to look for an opportunity in the present demonetization, by pushing the country towards a “Less-Cash Country”.

Concluding his address, he said that **coverage of ATMs in the State** is poor. While we are in Karnataka, though Bengaluru is called to be an IT hub of the country with tech savvy population, it is rather shocking to note that Karnataka’s backward regions are even backward when it comes to ATM coverage per person. He requested the bankers to ensure that more ATMs are opened in the backward districts.

**Sri M.I. Ganagi, CGM, NABARD** in his address informed that the State is reeling under severe drought and the Banks have extended relief measures by restructuring / rephasing the loan accounts. He said that restructuring / rephasing alone will not help the farmers and he suggested the Bankers for encouraging Integrated Farming System by adopting mixed farming and allied activities for “Doubling of Farmers’ Income by 2022” without waiting for unit cost as the unit cost for Integrated Farming System cannot be worked out. There is need to encourage the system depending on the needs of the farmers with flexi approach. He said that most of the **studies indicate that there is less susceptibility to distress among the farmers who adopt integrated approach and there are nil incidence of suicidal deaths**.

Further he suggested for encouraging Farmers Producers Organisations (FPOs) as a pilot basis. FPOs are being promoted both by NABARD and the Dept. of Horticulture. There are many FPOs in the State who have drawn the plan and waiting for financial assistance from Banks. He said that NABARD will share the list of FPOs with the Banks for assisting the needy FPOs.

Touching on “Less Cash Economy”, he said that NABARD has announced schemes for increasing digital economy under their Financial Inclusion Fund scheme (FIF). One such scheme is **“Support for Installation of PoS devices”**. . Further, he said that NABARD is supporting the Banks for conducting Digital Financial Literacy Awareness (dFLAP) programmes by funding up to **`** 15000 per programme, where training is imparted on the use of micro ATMs and other digital transaction devices.

He expressed his concern that there is lot of discrepancy in the data reported by Banks to SLBC and to NABARD, quoting few examples. As the data is very crucial for planning process, he requested all the Banks to furnish the uniform data to SLBC as well as to other agencies.

Concluding his address, he requested the Banks to extend financial assistance for promoting Bee-Keeping scheme “Pollination Support through Bee-keeping” incorporated in Mission for Integrated Development of Horticulture with National Bee Board as Nodal agency.

**Sri T.M. Vijay Bhaskar, Addl. Chief Secretary & Dev. Commissioner, GoK** in his address informed that he was pleased to note that the CD ratio which was low compared to other neighbouring States has increased from 73% to 75% in the State for which he complimented all the Banks and requested all the Banks to be on par with the neighbouring States.

On creating awareness on digital transactions floated by GoI, he observed that in some of the Branches, none of the staff are knowing Kannada, which hinders creating awareness among the public. He requested all the Banks to ensure at least one or two staff members who are conversant with Kannada be present and help the people at rural branches.

He requested the Banks to ensure installing of ATMs in each of the Gram Panchayats in the State to enable payment of MGNREGA wages, Crop Insurance, Input subsidy, which is done through RTGS so that the beneficiaries need not go to Branches located at distant places.

On the issue of opening of B&M Branches at the villages having more than 5000 population as per GoI guidelines, he said that there are also GPs with less than 5000 population, which are not having Bank branches. In such GPs, he insisted for installation of ATMs at least, if not B&M Branches.

On the issue of Aadhaar seeding, he said that seeding process is slow and he assured to take up special drive so that all the Bank accounts are seeded with Aadhaar. He said there is need to increase Bank Mitras in order to increase the digital transactions. He also said the Dept of Food & Civil Supplies has suggested the Banks to enroll Fair Price Shop owners as Bank Mitras, which will increase cash less transactions by using PoS.

He suggested the Banks for improving the Term Loan lending under agriculture.

Concluding his address, he assured the Banks in recovery of NPAs and he suggested to have SLBC Sub-Committee on NPAs under the Chairmanship of ACS & DC.

**Sri Subhash Chandra Khuntia, Chief Secretary, GoK** in his address said that some of the indicators of performance are poor though the State is originator of 4 Public Sector Banks and 1 Private Sector Bank.

He said that in 20 out of 30 Districts, there are 6 to 9 ATMs per lakh population, which is below the national average of 17 ATMs per lakh population. He suggested for rectifying the regional imbalances as quickly as possible by adopting service area approach or by mutual understanding by the Banks.

He said that after demonetization, there is a need to move to cash less society. Banks have to expedite, so that the public will have access to the banking in every nook and corner of the State. He requested for adopting suitable methodology and to have a Sub-committee to look into the issue for expert opinion and take forward with targeted approach.

On the issue of drought situation, he informed that the State is reeling under drought for the last 6 consecutive years in one or other part of the State. This year 139 Taluks have been declared as drought affected and he requested the Banks to raise to the occasion for extending relief measures.

As far as financial inclusion is concerned, he said that Karnataka is having highest Aadhaar enrolments, which have not been linked to Bank accounts. He requested the Banks to give priority for linking Aadhaar to the Bank accounts. He said that RuPay card activation is around 77%. He advised the Banks to ensure that all the RuPay cards are activated. He requested the Banks to motivate people to enroll under PMJJBY, PMSBY & APY, which will help the rural population.

Touching upon the PMFBY, he said that only 15% of the farmers are covered under the scheme in the State. Karnataka is second largest arid area in the country next to Rajasthan and the risk of crop failure due to deficit of rain fall is high. He requested the Banks and Line Departments to motivate farmers to enroll under crop insurance.

On Bhoomi-Bank integration, he informed that Banks are not utilizing the facility fully. He requested the Banks to expedite the linking of land records with banking transactions of farmers.

Speaking on the SHG Bank Linkage, he said that SHGs are effective in improving the income of the rural families by active involvement of women. The programmes for skill development of women and support for individual beneficiary schemes of livelihoods are to be encouraged to enable larger demand for economic activity. He requested the Banks to work closely with NRLM in improving the SHG Bank Linkage and also increase the average loan size to the targeted level of **`** 2.75 lacs. These SHG leaders can be facilitated to act as Bank Mitras.

In order to create public awareness among the public on the issue of unauthorized acceptance of deposits by fraudulent entities is being done through public awareness campaign like Yakshagana, Skit play, Advertisement in bill boards, advertisement on buses, etc., for the benefit of the public. He expressed his happiness to note that SLBC has participated in this public awareness campaign of SLCC by pooling resources from various Banks for display of advertisements in transport buses as part of their CSR activity. The first of such bus was flagged off to-day. He complimented the Banks who have supported this social objective.

Concluding his address, he requested the Banks to provide banking outlets in plantation locations in the form of B&M Branches /Bank Mitras / Mobile Vans in the areas where the plantations are located also open the accounts of plantation workers to enable the plantation managements to facilitate direct transfer of the wages to their Bank accounts.

Reacting to the points raised by the speakers, the **Chairmen-SLBC** on the issue of placing Kannada knowing staff in Banks informed that the Officers are recruited on All India basis in most of the Banks. It has been made compulsory for persons who are opting posting in Karnataka, will be given 6 months time to learn the local language. A booklet has been devised of basic banking terminology to enable them to learn and interact with the public. He also said that the digital applications have also been put in Kannada language.

He appreciated the move of ACS & DC to have a Sub-committee under his chairmanship on recovery of NPAs to contain raising NPA level in the State, which will give directions for recovery.

Thereafter, regular Agenda was taken up for deliberations by Sri M. Mohan Reddy, the Convenor-SLBC & General Manager, Syndicate Bank.

**AGENDA 1.0 : CONFIRMATION OF THE MINUTES OF 135th SLBC MEETING**

 **HELD ON 19.9.2016**

The minutes of 135th SLBC Meeting held on 19.9.2016 (to review the performance as on March 2016 & June 2016) were circulated vide letter No. 626/2016/2944/SLBC/101-135 dated 4.10.2016. The Minutes were approved as no suggestions for amendments were received.

**AGENDA 1.1 : FOLLOW-UP ACTION ON THE DECISIONS TAKEN DURING THE**

 **PREVIOUS SLBC MEETING**

The action taken on the various action points during the previous meeting were taken note by the House and the Convenor has reiterated the following issues for action.

* On the issue of reimbursement of Interest Subvention by GoK, the ACS, Finance department assured to reimburse the pending claims of Banks before the completion of the current fiscal.
* The Convenor requested the allottee Banks, namely Corporation Bank, SBH & Andhra Bank to open the FLCs in the remaining centres before the current fiscal.
* The Convenor informed that SLBC is working out cost of sharing on the call centre for grievance redressal and will be intimated to Banks separately for reimbursement to SLBC.
* The Convenor requested the Line Departments to sponsor the applications under Govt sponsored schemes, evenly spread over the year.
* The Convenor informed that public awareness campaign of SLCC on the issue of unauthorized acceptance of deposits by fraudulent entities by display of advertisement on KSRTC buses was flagged off to-day by CS, GoK and thanked the Banks who have supported this social objective.

**AGENDA 2.0 : KARNATAKA RAITHA SURAKSHA PRADHAN MANTRI FASAL BIMA**

 **YOJANA (KRS-PMFBY)**

The Convenor informed that as per the decision taken in the State Level Coordination Committee on Crop Insurance (SLCCCI) meeting held on 14.9.2016, it was decided to use State designated Samrakshane portal for Rabi & Summer 2016-17 as it is linked with Bhoomi data base. Attaching utmost importance to the issue, the Minister of Agriculture, GoK had convened a meeting on 7.12.2016 involving Convenor and the concerned Depts and advised to scrupulously implement PMFBY during the Rabi & Summer 2016-17. The GoK has issued guidelines for implementation of PMFBY during the Rabi & Summer 2016-17, which has been circulated by SLBC to all the stakeholders. As a follow-up action, the Dept of Horticulture had convened a Bankers’ and Insurance Companies meeting on 8.12.2016 and SLBC had conducted Bankers’ meeting on 14.12.2016 to discuss the strategies to cover all eligible loanee / non-loanee farmers. SLBC had given publication in Kannada daily on 20.12.2016 & 27.12.2016, highlighting the salient features of the scheme & also benefits available to the regular KCC A/c holders.

He also informed that GOI vide letter dated 30.12.2016 has communicated that the cut off date extended up to 10th January 2017 for enrolment of non-loanee farmers/debit of premium from eligible crop Loan a/cs/KCC under PMFBY and requested the Bankers to enrol more number of farmers for notified crops in notified areas.

The enrolment particulars of Loanee and Non-Loanee farmers under Kharif & Rabi 2016 as on 27.12.2016 were presented to the House.

Intervening in the discussion, the ACS & DC informed that the coverage in the State for 2015-16 was 11 lac farmers covering only 15% farmers. He suggested that loanee farmers who are growing non-notified crops and approaches for coverage under notified crops may be covered as non-loanee farmers.

The ACS, Horticulture Dept., GoK requested the Banks to furnish the data on farmers who have availed loans. Further he said, out of 2.5 lac farmers registered under Rabi 2016, there were only 26,000 loanee farmers, whereas total eligible farmers to be covered are more than 11 lacs. He said that crop sown certificate need not be insisted for coverage. He requested the Banks to cover non-loanee farmers also without refusing. He also said that for settlement of Kharif 2016 claims, the Samrakshane portal will be reopened upto 10.1.2017 for making corrections in loan account and Aadhaar numbers to ensure proper payment. He assured that settlement under Khariff 2016 will be done by 26th Jan 2017.

**(Action : Banks)**

**AGENDA 3.0: DEMONETISATION OF SPECIFIED BANK NOTES**

**The Convenor** informed that, to mitigate the problems faced by the public, Banks have taken several remedial steps such as recalibration of ATMs, Deployment of Bank Mitras, Delivering of RuPay Cards and its activation, encouraging people to go for cash less transactions using alternate delivery channels. Banks have also taken several steps to open BSBD accounts of unorganized sectors by organizing special camps and delivered RuPay cards. Other **strategies suggested for adoption by Banks for encouraging cashless transactions were a**llocating Bank notes to rural branches, post offices and DCCBs, Installation of PoS / EDC Machines at retail Petrol Pump Outlets not having PoS, Enhancing cash holding limit of Bank Mitras to **`** 50,000/- & Involving SHGs, Youth Organisations, FLCs to educate the people to use alternate delivery channels

He informed that SLBC has circulated the list of petrol bunks to all banks received from Petroleum ministry through DFS with an advise to install PoS Machines at the petrol bunks having no PoS machines by 31.12.2016. He said that by and large, the things went off peacefully with sporadic incidents. The efforts put in by the banking industry in the State during the demonetization period was applauded by the Govt. Anticipating some untoward incidents, SLBC had requested the Police authority to provide security to rural bank branches.

The ACS & DC informed that the Cooperative sector was badly affected as there was no uniformity in allocation of currency to them. He requested RBI to adopt transparency in allocating currency to Banks.

**Incentivising digital payments – Lucky Grahak Labh & Digi Dhan Vyapar Yojana**

The Convenor said that Government of India is actively seeking to promote digital payments to encourage consumers and merchants to increasingly shift to these payment modes. As part of this exercise, a scheme to reward consumers and merchants, who are using / have used digital transaction modes after 8.11.2016, has been framed by NITI Aayog. In pursuance of the directions of GoI, GoK has formed the task force under the chairmanship of ACS : Finance Dept & Mission Director (FI) to monitor demonetization related issues. The first of the Task Force meeting was convened on 23.12.2016.

**AGENDA 4.0 : PROVIDING RELIEF MEASURES TO THE DISTRESS FARMERS**

The Convenor said that in order to work out strategy for providing relief measures in 139 taluks declared as drought affected, a Special SLBC Meeting was held on 19.11.2016, where the ACS & DC, GoK participated, wherein decisions were taken to advise the Lead District Managers to convene Special DCC meetings in consultation with respective district administration. He sought the Government’s assistance to Banks in bringing the farmers to the branches through publicity for availing the benefit of reschedulement / rephasement of the loan accounts.

The Convenor informed the House that the Banks were prepared to lend additional requirements by renewing the existing loan provided the farmers approach the Bank. The Govt was requested to give wide publicity and pursue the farming community to approach the Banks for restructuring the loans availed and to avail the benefit of Interest subvention, personal accident insurance coverage and crop insurance.

The House requested the SLBC to take up with RBI to extend cap period of 90 days for restricting / rephasing by another 30 days as Banks were busy in demonetization work.

**(Action : SLBC)**

**AGENDA 5 : IMPLEMENTATION OF BHOOMI-BANK INTEGRATION:**

As per the information of Bhoomi-Bank website, the Banks have carried out 3,53,734 online transactions under Bhoomi Project as on 14.12.2016 since inception. **The agency-wise transactions are presented to the House.**

**As many Banks are not** utilizing the facility to its full extent and as also commented by the CS, the Convenor requested the Banks to make use of the portal facility.

**(Action : Banks)**

**AGENDA 6.0: IMPLEMENTATION OF PRADHAN MANTRI JAN DHAN YOJANA (PMJDY)**

Totally, 68,01,021 RuPay cards have been activated, as on 9.12.2016, comprising 77.64% of the cards issued. The Bank-wise/District-wise Progress as on 31.3.2016 and 9.12.2016 were presented to the House. The Convenor requested the Banks to activate the remaining RuPay Cards.

**Progress under Special Drive from 15.9.2016 to 31.10.2016**

The Progress under the Drive was reviewed in the meeting convened on 28.9.2016, where the Director : DFS : MoF participated. Further, DFS: MoF had conducted VC meeting on 3.10.2016 and reviewed the Bank-wise progress and directed the Banks to gear up the issue of Rupay card and its activation. As advised by DFS: MoF: GoI, the LDMs in association with Banks & Dist Administration have organized camps under Special Drive for financial inclusion initiative.

**(Action : Banks)**

**AGENDA 6.1 : IMPLEMENTATION OF SOCIAL SECURITY SCHEMES BY GOI**

 **(1) PRADHAN MANTRI JEEVAN JYOTI BIMA YOJANA (PMJJBY),**

 **(2) PRADHAN MANTRI SURAKSHA BIMA YOJANA (PMSBY) &**

 **(3) ATAL PENSION YOJANA (APY)**

The Progress in enrolment of applications as on 30.11.2016 was presented to the House.

**Achievement under APY for 2016-17 vis-à-vis targets**

The Banks have enrolled 75,131 individuals against a target of 4,15,200, thereby achieving 18.1% of the target. Bank-wise Target / Achievement was presented to the House. The Convenor requested the Banks to put in more efforts to achieve the set targets as the time left is very short.

**(Action : Banks)**

AGENDA 6.2 : ROADMAP FOR OPENING BRICK & MORTAR BRANCHES IN VILLAGES

 WITH POPULATION MORE THAN 5000 WITHOUT A BANK BRANCH OF

 A SCHEDULED COMMERCIAL BANK

The Convenor said that as per the Roadmap, out of the identified 210 villages, 12 B&M, 49 USBs have been opened so far and the remaining 149 villages are yet to be covered. He requested the allottee Banks to speed up the process and complete it before the deadline of March 2017.

The Chief Secretary and ACS & DC, GoK suggested SLBC to allot GPs to Banks, which are not having B&M Branches to install ATMs. The Convenor requested the ACS & DC to provide such list for compliance.

(Action : Banks)

**AGENDA 7.0 : ROLL OUT OF PRADHAN MANTRI MUDRA YOJANA (PMMY)**

The progress under PMMY as of 14.12.2016 was presented to the House.

The Convenor informed the House that the State remained at No.1 position in the country in disbursements under the scheme. He requested the Banks to continue their efforts in maintaining the No.1 position in future also.

(Action : Banks)

**AGENDA 8.0 : STAND-UP INDIA PROGRAMME**

The progress for the period 5.4.2016 to 30.11.2016 was presented to the House.

The General Manager, SIDBI expressed his satisfaction over the performance of Banks under the scheme. However, he pointed out the poor performance of ICICI Bank, Allahabad Bank & Punjab National Bank. Reacting to this, the representatives of ICICI Bank & PNB informed that all the applications are under pipeline and will be considered soon. No representative from Allahabad Bank was present for their reaction.

Convenor requested all the Banks to accord priority for implementation of the scheme.

**(Action : Banks)**

**AGENDA 9.0 : PROVIDING LOAN FACILITY FOR FAIR PRICE SHOPS (FPS)**

The Convenor stated the House that the Dept of Food & Civil Supplies, GoK has informed SLBC that it intends to distribute the food grains for the ration card holders under the Public Distribution System through Aadhaar based bio authentication / coupons at Fair Price Shops. For this, FPS have to make their own arrangements towards infrastructure like Desk top / laptop, bio metric scanners, printers etc. Hence, the department has requested for sanction of maximum loan of **`** 50,000/- for acquiring the above said devices to the FPS owners. In future, such FPS with this infrastructure can also be empanelled as Bank Mitras wherever they are found fit.

Intervening in the discussion, the CS, GoK said that each FPS should have at least one PoS machine, besides other infrastructures like Desk top, Lap top, bio-metric scanner, printers etc. He requested the Banks to extend financial assistance to a maximum limit of **`** 50,000/- for acquiring the above devices. He suggested the Banks to empanel them as Bank Mitras subject to their satisfying the eligibility criteria.

After deliberations, it was resolved that Banks to consider sanction of loans / empanelling FPS as Bank Mitras on their merits.

**(Action : Banks)**

**AGENDA 10.0: KARNATAKA FARMERS’ RESOURCE CENTRE [KFRC]**

The KFRC has conducted 51 training programmes involving 2747 participants during the fiscal 2016-17. The cumulative works out to 579 programmes and 39054 participants since inception.

**Problems faced by KFRC in construction of new Campus Building and latest developments**

The issue is being discussed in the SLBC Meetings since from the last one year and representations have been submitted to the Hon’ble Chief Minister and also taken up with the Chief Secretary, GoK. However, the issue is not yet resolved. In the meeting of Board of Trustees held on 19.9.2016, it was resolved to proceed with legal action as per the decision taken in the meeting. Accordingly, KFRC has filed Writ Petition on the file of Hon’ble High Court of Karnataka, Dharwad Bench.

In the meanwhile, the ACS & DC, GoK vide his letter dated 8.12.2016 has informed that the Pr. Secretary, Revenue Dept to advise the Dy. Commissioner, Bagalkot to withdraw the stay order for construction of building and acquiring of 6 Acres of land allotted to KFRC.

The decision of the District authority is awaited. The Convenor advised KFRC to pursue the matter.

**(Action : KFRC)**

**AGENDA 11.0 : REVIEW OF BANKING STATISTICS AS OF SEPTEMBER 2016**

The Bank-wise position as of September 2016 were presented to the House in respect of Branch Net Work, Deposits, Advances and CD ratio.

**Branch Network:**

**As at the end of Sep. 2016**, the total number of bank branches in the State was **10719,** comprising **7993** Commercial Bank; **1753** RRB; **203** KSCARD Bank; **700** DCC Bank; **38** Industrial Coop Bank; **32** KSFC Branches.

**ATMs :**

As at the end of **Sep. 2016** there were **15502** ATMs in the State, out of which, **2436** are in rural, **3018** are in S. Urban, **3787** are in Urban and **6261** are in Metro areas

##### The Banks were advised to open the Branches as per the roadmap given by the RBI and also expedite the possibility of installation of ATMs in the feasible locations.

##### Deposits:

The aggregate deposits of Banks was **` 727000 cr** as at the end of Sep. 2016, when compared to the level of **` 643929 cr** as on Sep. 2016, registering an increase of **` 83071 cr** showing a growth rate of **12.90%.**

**Advances:**

The total outstanding Advances of Banks was **` 546682 cr** as at the end of Sep.2016ascompared to the level of **` 470179 cr** as at Sep. 2016, registering an increase of **` 76503 cr** showing a growth rate of **16.27%**.

**Credit-Deposit Ratio:**

The Credit Deposit Ratio as of Sep. 2016 was **75.20%** vis-à-vis **73.02%** as of Sep. 2016 showing an increase of 2.18%**.** The CD ratio was at 102**%** in Rural areas, 87**%** in Semi-Urban, 73**%** in Urban and 70**%** in Metro areas.

**Priority Sector Advances:**

The outstanding level of total **priority sector advances** of Banks stood at **` 249589 cr** as of Sep 2016 as against **` 202668 cr** as at Sep 2015 showing an increase of **` 46921 cr** recording a growth of **23.15%.** The percentage of priority sector advances of Banks works out to **45.66%**.

The total **agricultural advances** as at Sept 2016 were to the tune of **` 112909 cr** constituting **20.65%** of the total advances.

The outstanding **Advances to Weaker Sections** by Banks as of Sep 2016 was **` 68528 cr** constituting **12.54%** of the total Advances with an increase of **` 4848** cr over the corresponding previous year level. The outstanding advances to **Small & Marginal farmers** was to the tune of **` 55366 cr** covering about **62.46 lac** accounts, constituting **49.04%** of the total Agriculture credit. The outstanding advances to **SCs/STs** were **` 12482 cr** constituting **2.28%** of the total advances.

The Bank-wise position of Priority Sector and Weaker Section Advances and the Bank-wise position as of Sep 2016 in respect of Branch Net Work, Deposits, Advances, CD ratio and in respect of Priority Sector and Weaker Section Advances were presented to the House.

Convenor informed that though the Total Advances in the State have gone up by 16.27% as of Sep 2016, the advance towards SC/ST has not shown any growth. He requested the Banks to increase lending to SC/STs and SF/MF.

**(Action : Banks)**

**AGENDA 12.0: COVERAGE UNDER CREDIT GUARANTEE SCHEME OF CREDIT**

**GUARANTEE FUND TRUST FOR MICRO & SMALL ENTERPRISES**

**[CGTMSE] –**

Under guarantee scheme of CGTMSE, Banks have covered 12433units with an approved amount of **` 582.53 cr** during the QE September 2016 and the cumulative progress was **229043** units amounting to **` 11323.37** cr.

**AGENDA 13. 0: IMPLEMENTATION OF ANNUAL CREDIT PLAN (2016-17)**

The progress in disbursement under Annual Credit Plan for the quarter ended Sep. 2016 Sector-wise & Agency-wise is furnished below.

**(` In Cr)**

|  |  |  |
| --- | --- | --- |
| **Sector** | **Agency-wise Disbursement**  | **% Ach.** |
| **Comm. Banks** | **RRBs** | **Coop. Banks & KSFC** | **Total** |
| **Target** | **Ach.** | **Target** | **Ach.** | **Target** | **Ach.** | **Target** | **Ach.** |
| Crop Loan/ KCC | 28845 | 8565 | 8716 | 4237 | 11347 | 5514 | 48908 | 18316 | **37.45** |
| Agri Term Loan  | 17465 | 18987 | 3210 | 1394 | 3309 | 162 | 23984 | 20543 | **85.65** |
| **Total Agri Loans** | **46310** | **27552** | **11926** | **5631** | **14656** | **5676** | **72892** | **38859** | **53.31** |
| MSME | 26250 | **18656** | 2012 | **1237** | 2052 | **350** | 30314 | **20243** | **66.78** |
| Export Credit | 597 | **1445** | 0 | **0** | 0 | **0** | 597 | **1445** | **242.04** |
| Education | 2538 | **646** | 255 | **34** | 122 | **0** | 2915 | **680** | **23.33** |
| Housing | 13557 | **1748** | 895 | **143** | 739 | **0** | 15191 | **1891** | **12.45** |
| Social Infra. | 383 | **15** | 63 | **2** | 18 | **0** | 464 | **17** | **3.66** |
| Renewal Energy | 520 | **57** | 80 | **3** | 75 | **0** | 675 | **60** | **8.89** |
| Others | 9411 | **1024** | 1041 | **368** | 1688 | **0** | 12140 | **1392** | **11.47** |
| **Total PSA** | **99566** | **51143** | **16272** | **7418** | **19350** | **6026** | **135188** | **64587** | **47.78** |

Comparative analysis of disbursement y-o-y Sep. 2015 and Sep. 2016 and the Bank-wise progress under Crop Loan/ KCC was presented to the House.

The Convenor informed that the Banks could achieve 47.78% of the targets under PSA, 53.31% under agriculture advances. He called upon the Banks to improve lending under Crop Loans/KCC as it is comparatively low to Term Loan lending. He requested the Banks to accelerate lending under Education, Housing, Social Infrastructure, Renewal Energy & Other sectors as the performance for the second quarter is considerably low.

**AGENDA 14.0 : CENTRAL AND STATE SPONSORED SCHEMES**

|  |
| --- |
| The Performance of Banks under various Govt sponsored schemes of 2016-17 as on 30th Sep. 2016 is furnished herebelow: |
| **S No** | **Name of the Schemes**  | **Target** | **Achievement**  | **% of Ach.** |
| 1 | **RAJIV GANDHI LOANS SCHOLARSHIP** | 3000 | 149 | 4.97 |
| 2 | **CMEGP – DIC & KVIB** | 2500 | 107 | 4.28 |
| 3 | **PMEGP** |  |  |  |
| a | KVIC | 450 | 661 | 146.89 |
| b | KVIB | 450 | 721 | 160.22 |
| c | DIC | 600 | 1249 | 208.17 |
|  | **TOTAL** | **1500** | **2631** | **175.40** |
| 4 | **NATIONAL RURAL LIVELIHOOD MISSION (NRLM)** |  |  |  |
| a | SHG Bank Linkage Groups | 230000 | 80392 | 34.95 |
| 5 | RAJIV GANDHI CHAITANYA YOJANA (RGCY) | 150000 | 29619 | 19.75 |
| 6 | **NATIONAL URBAN LIVELIHOOD MISSION (NULM)** |  |  |  |
| A | Self-Employment |  |  |  |
|  | a) Individual | 4765 | 1146 | 24.05 |
|  | b) Groups | 200 | 62 | 31.00 |
| B | SHG Bank Credit Linkage | 1250 | 671 | 53.68 |
| 7 | **STATE URBAN LIVELIHOOD MISSION (SULM)** | **Not received** |  |
|  | Self-Employment |
|  | a) Individual |
|  | b) Groups |
|  | **TOTAL** |
| 8 | **DR. B.R AMBEDKAR DEV. CORPN** |  |  |  |
| a |  Self Employment Programme (SEP) | 5153 | 2207 | 42.83 |
| b | ISB | 1349 | 654 | 48.49 |
| c | Dairy Scheme | 1304 | 499 | 38.27 |
|  | **TOTAL**  | **7806** | **3360** | **43.04** |
| 9 | **KARNATAKA M.V. ST DEV. CORPN.** |  |  |  |
| a | Self Employment Programme (SEP) | 3428 | 2041 | 59.54 |
| b | ISB | 1234 | 376 | 30.47 |
| c | Dairy Scheme | 500 | 1296 | 259.20 |
|  | **TOTAL**  | **5162** | **3713** | **71.93** |
| 10 | **KARNATAKA MIN. DEV. COR. (KMDC)** |  |  |  |
| a | Swalambana Margin Money | 5333 | 194 | 3.64 |
| 11 | **WOMEN & CHILD WELFARE DEPT** |  |  |  |
| a | Udyogini | 17671 | **--** |  |
| 12 | **PASHU BHAGYA** |  |  |  |
| a | Dairy Development | 9649 | Dept has informed that the selection of beneficiaries is under way |  |
| b | Sheep & Goat Development | 1302 |
| c | Piggery Development | 186 |
| d | Poultry Development | 984 |
|  | Total | **12121** |
| 13 | **D. DEVARAJ URS BC DEV. CORPN.** |  |  |  |
| a | Chaitanaya Subsidy Scheme | 4255 | 1559 | 36.64 |
| 14 | Weavers Credit Card | 8000 | 907(Under MUDRA) | 11.34 |

**On the performance of Govt.Sponsored Schemes, Convenor** informed that Banks have done well in the schemes like Karnataka Maharshi Valmiki ST Dev. Corporation, Chaitanya scheme of D. Devraj Urs BC Dev. Corporation, Dr. B.R. Ambedkar Dev. Corporation and SHG-Bank credit linkage, NRLM & NULM. However, he stated that the performance was not upto the mark in other schemes, like Rajiv Gandhi Loan Scholarship Scheme, RGCY, CMEGP. Further, he said that the targets are yet to be communicated under PMEGP and SULM. The selection of candidates is yet to begin under Pashu Bhagya. He requested the line departments to sponsor the eligible applications before January 2017 and not to bunch at fag end of the financial year in order to facilitate smooth implementation of Govt sponsored schemes and accomplishment of targets well within time for the current financial year.

The ACS & DC said that the average size of loan lent to SHGs is **`** 1.34 lacs, which is less than half of the NABARD target of **`** 2.75 lacs. As SHGs are having good record of repayment habit, he requested all the Banks to increase the quantum of loan to them. He also pointed out that Commercial Banks are having much lower coverage in extending financial assistance and requested them to increase the quantum of lending to SHGs.

In order to have threadbare discussion, the house resolved to have a special meeting to review the progress under implementation of Govt. Sponsored Schemes under the chairmanship of the ACS & DC at the earliest.

**Positioning of Bank Sakhis at Rural Branches**

The Convenor informed that SLBC Sub-committee on SHG-Bank Linkage held on 4.7.2016 has approved the scheme of positioning Bank Sakhi at rural branches where a minimum of 50 active SHGs are active. For the first 10 months honorarium will be paid from KSRLPS through the Gram Panchayat Level Federations. It is stated initially the scheme will be grounded in 5 SHG intensive Districts, i.e., Gadag, Koppal, Mysuru, Tumakuru and Uttara Kannada Districts and after getting some experience the model will be replicated in other districts, based on merits. SLBC has advised the LDMs of the above mentioned districts to submit the list of Bank-wise rural Branches having more than 50 active SHGs.

The NRLM representative informed that Bank Sakhis are placed at rural branches where a minimum of 50 active SHGs are there to facilitate SHG–Bank Linkage and other Banking operations in some parts of the country. He said that training, equipments and other support will be extended to them by NRLM through their various schemes. He said that in Karnataka, KVGB has identified 260 members to work as Bank Sakhis and requested other Banks to identify and furnish the details to NRLM.

**Approval of Additional targets under Special Area Quota under schemes of Dr. B.R. Ambedkar Dev. Corporation Ltd.**

The Corporation vide letter No.2016-17/14939 dated 12.12.2016 has allocated the following additional targets under specific area quota for 2016-17 in respect of their schemes to the following Districts.

|  |  |  |
| --- | --- | --- |
| Sl. No. | Name of the District | No. of Beneficiaries |
| 1. | Davanagere | 76 |
| 2. | Chitradurga | 69 |
| 3. | Bengaluru Urban | 62 |
|  | Total | 207 |

SLBC has communicated the additional targets to the LDMs for its implementation. The House approved the same.

**(Action : LDMs / Banks)**

**AGENDA 15.0 : SPECIAL FOCUS PROGRAMMES**

The House reviewed the performance under (a) Credit flow to Minority Communities (b) Flow of credit to Minority Communities in identified districts (c) Credit flow to Women (d) Kisan credit card (e) Self Help Groups / JLGs (f) Lending through MFIs (g) Stree Shakti Programme as of September 2016.

The House advised the Banks / LDMs / Line Depts to accord importance for implementation of the schemes.

**Issues raised by RBI: Recovery of loans in MFI:**

In response to the issue of RBI on recovery of loans in MFI Post-demonetisation, there are false rumors on loan waivers instigated by vested interests who are preventing the repayment of loans by clients by using coercive methods, the Convenor requested the Banks Financial Institutions, NABARD, Heads of Government Departments, representatives of various organisations from different sectors of economy to create awareness in their respective areas that loan waivers are not official or legal, and MFIs are registered bodies and the loans obtained from them should be repaid on time.

**AGENDA 16.0: IMPLEMENTATION OF SPECIAL SCHEMES**

The House reviewed the performance under (a) Agri-Clinics / Agri-Business (b) Rural Godowns (c) Implementation of National Horticulture Board [NHB] Subsidy Scheme.

**AGENDA 17.0 : RECOVERY**

The House reviewed the position under (a) Recovery of Bank dues under PMEGP (b) Non Performing Assets Position (c) Recovery under SARFAESI / DRT / Lok Adalat (d) Recovery under KPMR & KACOMP Acts

**AGENDA 18.0 : LEAD BANK SCHEME – STRENGTHERNING & MONITORING**

 **INFORMATION SYSTEM (LBS-MIS)**

The progress under disbursements and outstanding as at Sep. 2016 vide LBS-MIS-II & III were presented to the House. The Convenor requested the Banks to submit Lead Bank Statements to SLBC, in time.

**(Action : Banks)**

**AGENDA 19.0 : Carrying out Public Awareness Campaign to address unauthorised collection of funds by fraudulent entities – Display of Advt in BMTC / KSRTC Buses**

The Convenor informed that during the 135th SLBC meeting held on 19.9.2016, it was decided to entrust the job of display of advertisement material on KSRTC Buses to agencies, viz., M/s. Shiva Ads (India) Pvt. Ltd., to cover Bengaluru District and M/s. Sai Advertisers to cover Mysuru, Kalaburgi & Belagavi Districts. Subsequently, it was observed that M/s. Shiva Ads (India) Pvt. Ltd. are not authorized agencies for KSRTC Buses. Hence, it is proposed to entrust the same job to M/s. Prithvi Outdoor Publicity LLP, who are the approved agencies from the Directorate of Advertising & Visual Publicity (DAVP), Govt of India, with the similar rates, terms and conditions to cover Bengaluru District. The House deliberated the issue and approved to entrust the work order to M/s. Prithvi Outdoor Publicity LLP and make payment to them.

**AGENDA 20.0 : NABARD AGENDA NOTES:**

The CGM : NABARD took up the review on (i) Doubling of Farmers’ Income by 2022 (ii) Increasing share of investment credit in total agricultural credit by cooperative banks and RRBs, (iii) Submission of Accurate Data by banks on Ground Level Credit (GLC), (iv) Promotion of Bee-Keeping, (v) Government Sponsored Schemes (VI) FINANCIAL INCLUSION - I. Bank Sakhi Scheme, II. DIGITAL ECONOMY, VII) Sanction of V-Sat to cover locations with no/intermittent connectivity by NABARD, VIII) Engagement of SHG Leaders / Members as BC Agents – Replication of Bank Sakhi Model

**AGENDA 21.0 : ANY OTHER MATTERS WITH THE PERMISSION OF CHAIR**

**LENDING TO DECENTRALISED RENEWABLE ENERGY**

The Convenor informed that there is huge demand for Institutional credit to establish renewable energy production units in the State and there is need for clear cut guidelines for all the stakeholders. He requested the Bankers to extend necessary finance to the units after finalization of clear cut guidelines.

**INTRODUCTION OF SLBC PORTAL FOR DATA ENTRY BY MEMBER BANKS & LDMs**

The Convenor informed that a Web portal has been developed to replace existing feedback and other reports being submitted every quarter by the member Banks. This portal screens are similar to the quarterly feedback report except for some parameters viz., Deposits, Advances, Branch/ATM network, KCC, ACP, PSA/Non-PSA, Recovery under KPMR Act, where district-wise data is required to be entered by the member banks. SLBC has provided necessary write-ups, guidelines, online help menus and initial passwords to Member Banks/LDMs. SLBC has also conducted training programme to Bankers.

It is required to test the software and to run on parallel basis for two quarters starting from June 2016 or till the software stabilizes. Some member Banks have not updated the portal in full and the figures entered are mismatching with already reported figures thereby desired outcome has not resulted from the portal.

He requested all the member Banks to complete the data entry for June 16 quarter immediately and to enable to move forward for further quartets.

**(Action : Banks)**

The meeting was concluded with vote of thanks by Sri S Ravindran, Chairman, Karnataka Vikas Gramin Bank.

Agency-wise participants list is enclosed.

**IMPORTANT DECISIONS TAKEN IN THE MEETING**

1. In order to discuss on recovery issues, the ACS & DC suggested to convene a meeting of SLBC Sub-committee on Recovery under his chairmanship.
2. In order to review threadbare, the progress under Govt Sponsored Schemes, the ACS & DC suggested to have a Special Meeting under his chairmanship at the earliest.
3. With regard to additional relaxation of prudential norms and income recognition, it was decided that SLBC to take up with RBI to extend cap period of 90 days for restructuring / rephasing by another 30 days as Banks were busy in demonetization work.
4. Banks were advised to strictly ensure opening of Brick & Mortar Branches in the villages with population of above 5000 having no Brick & Mortar Branch as per RBI Roadmap within the stipulated timeline of March 2017.
5. With regard to opening of FLCs in the remaining centres, the allottee Banks were advised to open the FLCs at the allotted centres immediately.

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