

STATE LEVEL BANKERS' COMMITTEE - KARNATAKA
Convenor – SYNDICATE BANK, REGIONAL OFFICE, BANGALORE.

MINUTES OF THE 113rd SLBC MEETING HELD ON 28.07.2010

The 113th SLBC Meeting was held on 28.07.2010 at the Conference Hall, III Floor, Vidhana Soudha, Bangalore. Sri. Basant Seth, Chairman-SLBC and CMD, Syndicate Bank presided over the Meeting. He warmly welcomed Sri.S.V.Ranganath, Chief Secretary, Sri.Abhijith Dasgupta, Addl Chief Secretary and Development Commissioner, GOK, Sri.Vijay Bhaskar, RD, RBI and Dr.Venkatesh Tagat, Chief General Manager, NABARD for the meeting.

The Chairman SLBC also welcomed Principal Secretaries, Secretaries, Senior Officials from Govt. of Karnataka representing different Line Departments and Managing Directors/Heads of State Level Corporations/Boards, Chairmen of RRBs, Executives from RBI, NABARD, Commercial Banks, Co op Banks, other financial institutions and representatives from Print and Electronic Media present to cover the event.

The Chairman, SLBC in his opening remarks said that the Hon'ble Union Finance Minister had a meeting with Chief Ministers of Southern States and CEO's of Public Sector Banks at Hyderabad to discuss the policy and operational issues relating to financial services sector. Hon'ble Union Finance Minister interalia emphasized the need for co-ordinated efforts both by State Govt. and Banks to accelerate economic development of the state. Various fora right from BLBC to SLBC need to be strengthened and recommendations of High Level Committee on Lead Bank Scheme require urgent implementation. The State wise flow of credit to Agriculture, MSE, Housing, Education, Weaker Sections, Minority Communities, CD Ratio; Financial Inclusion; implementation of Poverty Alleviation Programmes of Central and State Govts like SGSY, SJSRY, PMEGP, Scheme for rehabilitation of manual scavengers, etc., were reviewed in detail.

The Chairman stated that the Principal Secretary-Finance, who represented the Govt. of Karnataka in his observation, was appreciative of the efforts of SLBC and assured to provide all co-operation and support to Banks and also declared GOK's willingness to support projects like establishment of the Central Data Repository System.

Some of the points which were highlighted by the Chairman are as follows:

1. Financial Inclusion and Inclusive Growth:

Government of India and Reserve Bank of India has accorded Top Priority to Financial Inclusion for achieving inclusive growth. All Banks have submitted their Board approved Financial Inclusion Plan for achieving the objective of providing banking facilities to all villages having population of more than 2000. He said that in Karnataka 3490 villages with population over 2000 presently having no banking facility will be covered by March 2012. Simultaneously, banks will also have to target nearby villages with population less than 2000 to bring them within the banking fold. He asked Banks to put in place the required infrastructure and Technology for this purpose.

The Chairman stated that Extensive use of IT based solutions like Smart Cards, Mobile Banking, etc through the services of Business Correspondents/Business Facilitators has become need of the hour. He was thankful to the Govt of Karnataka which has consented to provide 1.5% of total payment as service charges to banks in addition to providing capital cost of web based information system and public Grievance system for implementing the Electronic Wages and Benefit Scheme using ICT based solutions with BC as delivery channel. He requested the banks implementing the pilot project in 6 districts to hasten the process of enumeration so that cards are issued to all beneficiaries at the earliest. He said that all LDMs have constituted Sub-committee of DCC to monitor and review the progress to ensure timely implementation of the Financial Inclusion Plan.

The Chairman further stated that many NREGA workers and a majority of Gram Panchayats maintain accounts with RRB. In order to avoid delay in payments, it is imperative that all RRBs are brought under Core Banking Solutions at the earliest and in any case positively by Sept 2011 as mandated by RBI. He requested all sponsoring banks of RRBs to take appropriate steps for compliance.

2. Flow of Credit to Agriculture:

In order to achieve an annual growth of 4% under Agriculture, there is a need to step up flow of credit to Agriculture specially by focusing on investment credit in addition to the thrust on short term credit. In Karnataka, Banks disbursed credit to Agriculture to the extent of Rs. 20,368 crore during 2009-10 as compared to Rs. 16,955 crore disbursed

during previous year registering 20 % Y-O-Y growth. However, he said, other states in Southern India have shown better growth to this crucial sector. This year with good rains taking place, expecting banks to disburse much higher amount.

The Chairman further informed that Govt. of Karnataka has sanctioned a **Interest Subsidy of 3% for Crop Loans [up to Rs. 50000] to farmers** through Public Sector and Regional Rural Banks which is in addition to the subsidy provided by the Govt., of India. However, claims under the scheme have been very low. He requested all banks to look into this aspect and submit their claims after proper verification of data. He also requested banks to provide wide publicity for popularizing the scheme.

The Chairman observed that the performance of banks in promoting self help and joint liability groups and issuing Kisan Credit Cards has been rather tardy. Going forward he strongly urged all bankers to give utmost importance to these areas by not only promoting Self Help Groups and JLG and issuing Kisan Credit Cards in large numbers to all eligible beneficiaries but also by making available to them adequate and timely credit thereby achieving maximum coverage and disbursal of rural credit.

Karnataka Farmers Resource Centre [KFRC]

The Chairman spoke about Farmers Resource Centre proposed to be set up at Bagalkot by pooling resources from Lead Banks / RRBs /Private Banks/GOK for building infrastructure and maintain it on 'an on going basis'. However, contribution from Canara Bank, SBH and Govt. of Karnataka are yet to be received. He requested them to respond at the earliest so that the Centre can be operationalised quickly.

3. Micro and Small Enterprises Sector:

The Chairman informed that to support Micro and Small Enterprises Sector, RBI has advised banks not to insist on collateral security for loans upto Rs. 10 lac. All scheduled commercial banks are required to achieve 20 percent year on year growth of credit to Micro and Small Enterprises and also 15 percent annual growth in number of micro enterprise accounts. He requested all banks to take steps for complying with these directions and achieve lending target for the MSE Sector. He also urged banks to take advantage of CGTSME guarantee scheme and cover not only loans upto Rs.10 lac but

also those upto Rs.1 cr, so that no viable entity is denied credit for want of collateral security.

4. Housing Loans :

The Chairman was happy to inform that Banks, in Karnataka, have disbursed Housing loans to the extent of Rs. 5996 crore during 2009-10 as compared to Rs.3892 crore disbursed during 2008-09 registering an Y-O-Y growth of 54.06 %. Since this is one of the thrust areas, he requested all banks to continue to provide the required focus to Housing Loans with special attention to weaker section and Low Income Groups. **Interest Subsidy Scheme for Housing Urban Poor [ISHUP]** which is aimed at facilitating institutional loans to Economically Weaker Sections (EWS) and Low Income Group (LIG) beneficiaries with interest subsidy of 5% for loans upto Rs. 1.00 lakh has not shown much progress. He requested the forum to discuss & identify bottlenecks and take steps to improve disbursements under the scheme.

5. Education Loans:

The Chairman informed the house that the flow of credit for educational loans at 22.92% for the year 2009-10 has been somewhat low when compared to availability of large number of professional colleges in the state and also when compared to other southern states. Further, he said Govt., of Karnataka has introduced Interest subsidy Scheme wherein Govt will reimburse interest above 6% for educational loans for professional courses. He said there was need to significantly improve the amount of educational loans to help the young in acquiring right skills.

6. Credit to Weaker Sections and Minorities:

The Chairman observed that these are areas which require attention and effort by banks. The level of outstanding advances to weaker section has shown a growth of 25.28% and those to minorities by 22.53%. However, as credit to weaker sections include SC/ST, backward classes, minorities and women etc., continuous efforts are needed at the field level to ensure adequate and timely flow of credit to these deprived segments. The Chairman mentioned that it is mandatory to provide 25% of total of priority lending to weaker sections and 15% to minority communities.

7. High Level Committee to Review Lead Bank Scheme

The Chairman informed that Reserve Bank of India had set up a High Level Committee [Chairperson: Smt. Usha Thorat] to review Lead Bank Scheme. The committee has made important recommendations to sharpen focus on financial inclusion by better planning and monitoring of credit flow and dovetailing of Govt., schemes with the annual credit plan.

The Committee inter alia has advised for replacement of the existing Service area monitoring and information system by **Priority Sector Monitoring and Information System [PSMIS]** and establishment of **Centralized Data Repository System (CDRS)** to ensure convergence towards the rationalization of returns. He said that the Govt. of Karnataka has very kindly come forward to provide the required support for taking up these projects and requested the State Govt., RBI and SLBC to constitute a sub-committee to work on this pilot endeavor.

8. Credit Deposit Ratio:

The Chairman dealt about CD ratio of about 75% which though better than the national average is lower when compared to the level of other Southern States and hence there is a need to ensure continuous flow of adequate and timely credit to all productive and employment generating sectors to ensure improvement in CD ratio. In this context he also liked to recall the highly successful Global Investors Meet conducted by the Govt. of Karnataka where MOU for projects aggregating over Rs.4 lakh crore were signed between the promoters and Govt., of Karnataka. Many bankers participated enthusiastically and also executed MOU with the Govt. He reiterated their commitment to make available adequate finance to support all viable projects when implemented which will go a long way in improving the CD ratio of the state.

9. Implementation of Govt. Sponsored Schemes / Poverty Alleviation programmes:

The Chairman stated that Banks have been participating in the implementation of various schemes sponsored by Central and State Government in coordination with the respective nodal agencies/departments. Though the disbursement under schemes like Prime Minister's Employment Generation Programme (PMEGP), Swarnajayanthi Gram Swarozgar Yojana (SGSY), Swarna-Jayanthi Shahari Rozgar Yojana (SJSRY) has been generally satisfactory, he urged the field staff to continue to work in right earnest and

achieve the target well in advance. He pointed out that growth under DRI loans has not been satisfactory and needs to be jacked up significantly.

10. Web-based MIS / Data collection:

The Chairman remarked that SLBC is endeavouring to introduce Web-based application for collection of data on-line from member Banks. The data base shall be made available in the website for the benefit of the members. He requested Banks to support the efforts of SLBC in this regard.

11. Coffee Debt Relief Package:

The Govt., of India has introduced Debt Relief Package to Coffee growers which needs to be implemented on priority basis by Banks as per the guidelines already circulated by SLBC.

12. Banking Statistics

The Chairman placed before the members in brief the business trends and performance of banking sector as at March 2010.

- Aggregate deposits of scheduled Commercial Banks as at March 2010 stood at Rs.228936 Crore registering a growth of 10.93% compared to Rs.206376 Crore in March 2009.
- Outstanding Advances of Banks including RRBs as of March 2010 was Rs. 171807 Crore compared to Rs. 155409 Crore as at March 2009.
- CD Ratio as at March 2010 was 75.05 per cent, which is above the national average of 71.10 per cent.
- Outstanding level of Priority Sector Credit as of March 2010 was Rs.76320 Crore constituting 44.42 per cent, surpassing RBI stipulation of 40 per cent.
- Level of agricultural advances was at Rs.35429 Crore, forming 20.62 per cent of bank credit, which is above RBI stipulation of 18 per cent.
- Advances to MSME sector stood at Rs. 27224 Crore as at March 2010 compared to Rs.16920 Crore in March 2009 showing a growth of 60.90 per cent.
- Under Annual Credit Plan for the year 2009-10, all Banks have disbursed loans amounting to Rs. 31020 Cr against annual projection of Rs.34940 Crore attaining 88.78 per cent of the target.

The Chairman expressed deep gratitude to the Govt., of Karnataka and its officials, more particularly the Chief Secretary, Development Commissioner, Principal Secretaries and others and also to the RBI, NABARD and bankers who have made SLBC an active and vibrant forum.

Sri.S.V.Ranganath, Chief Secretary, GOK, spoke on the occasion and remarked that performance figures in the State while compared to the progress in other Southern States has not improved. The Chief Secretary called for a fresh look at the performance of the State. Agricultural credit, weaker section, minorities, Education loans were areas where we were lagging behind. Public good and improvement in common mans needs were the core sectors. He suggested for sub-committees to take up and study individual issues in detail, review the performance and suggest steps for development. CD Ratio, SHG, Agricultural credit were some areas which needed utmost care. All these, he said required the full co-operation of all highest level Executives of both Govt and Banking sector. Specific targets need to be given bankwise/branchwise. Monthly reviews of the special committees formed is to be conducted.

Sri. Abhijith Dasgupta, Additional Chief Secretary and Development Commissioner, Govt of Karnataka in his speech said that he is happy to be a part of the 113th SLBC meeting which was of utmost importance in the present financial scenario. He said that though Karnataka being a highly banked state he was shocked at some of the startling figures revealed during the recent meeting with the Union Finance Minister and Chief Minister.

He said that agricultural sector growth has come down in the whole country from 4-3% due to various factors. He was concerned about the comparative growth of other states in the southern region like AP-59%, Kerala-29%, TN-22%, with Karnataka being the lowest at 20%. Outstanding credit in Agricultural sector in Karnataka is 20000 crores while compared to TN-37000 cr, AP-25000 cr, Kerala-22000 cr. This, he said was inspite of Govt support of 3% by GOI and additional 3% Interest Subvention by GOK and other States do not provide such support. He called for soul searching and find reasons for this. He said Karnataka has the largest number of professional colleges still we rank lower than other southern states in performance under Education loans. He prevailed upon bankers to improve Education loans, loans to SCST, Backward Classes and Minorities also. CDR

is also low comparatively. In fact there is a 7% reduction in the CD Ratio in the last two years which is cause for concern he said. He requested the forum to:

- Form Subcommittees to look into the various aspects in detail.
- Quarterly credit monitoring
- MSME to be given due importance.
- No guarantee to be insisted upto Rs.10 lacs under CGTMSE
- Branch wise monitoring is required to see that benefits reach the grassroots.

In this direction, he said, he had met the Chairman of SLBC, Chief Secretary and discussed the various aspects and called for suggestions to improve on the performance of banks in the State.

Sri. Vijaya Bhaskar, Regional Director, Reserve Bank of India speaking on the occasion touched upon the following issues:

He informed that the College of Agricultural Banking, Pune conducted a workshop for the Lead District Managers in Karnataka from July 19-21, 2010 in association with RBI, Bangalore. The programme was designed to sensitize the bank functionaries on their redefined roles in the light of the recommendations of the High Level Committee to Review the Lead Bank Scheme and to emphasize on the efficacy and importance of the revamped Lead bank Scheme, more notably the Financial inclusion and Financial Literacy/Education. He said that the said Committee, under the chairpersonship of Smt. Usha Thorat, Deputy Governor had concluded that the Lead bank Scheme needed to be continued with a renewed vigour since it would be a suitable mechanism for the banks, the State Governments, and the stakeholders, to work for inclusive growth. The roles of the respective stakeholders were also delineated in the recommendations accepted by the RBI. Detailed instructions were issued to the banks vide their Circulars dated February 26, 2010 and March 2, 2010 he reiterated some of the important aspects relating to roles of the banks and the State Government under the revamped scheme.

Further, he informed that the SLBC and the commercial banks carrying the Lead Bank responsibilities in the various districts of Karnataka are required to re-design and re-align the agenda of the meetings to

- ensure monitoring of the progress in the implementation of the road maps for financial inclusion;

- facilitate enabler and minimize impeters in the process of development;
- form sub-committees to discuss/resolve issues at a faster pace and
- ensure closer involvement of the private sector banks, both while drawing up and implementing the ACP/DCP with a view to leveraging their expertise in strategic planning and use of information technology.

In addition, he advised the Lead District Managers to convene a quarterly public meeting at various locations in the district, in coordination with banks having presence in the area and other stakeholders to generate awareness of various banking facilities, policies and regulation which impact the common person, obtain feedback from the public and provide grievance redress to the extent possible at such meetings or facilitation for approaching the appropriate machinery for grievance redress. He said SLBC may associate academicians and researchers as “special invitees” to benefit from their studies.

He assured that the State Government on their part, would play a major role in terms of ensuring

- road and digital connectivity where banking penetration is required and
- conducive law and order situation, uninterrupted water and power supply and irrigation facilities.

He reiterated that NABARD’s role has also gained importance in terms of the recommendations accepted by RBI. They are now expected to complete the preparation of Potential Linked Plans (PLPs) by August every year, taking in to account the firm commitments given by the State Government, banks and other stakeholders. This measure is aimed at

- serving as an input to the district planning authorities for preparing their budgetary plans and enabling the State Governments factor in the PLP projections and
- minimizing divergence between the PLP and Annual Credit Plans.

RBI has advised SLBC and the Lead Banks to submit a quarterly Action Taken Report in respect of the 17 recommendations applicable to SLBC and 30 to banks having Lead Bank responsibility in the districts in the State. Regular submission of the reports/data would facilitate meaningful review of the progress and discussions on issues that need to be resolved at the highest level, which, in turn, will lead to rapid inclusive growth in a planned manner, he said.

He drew the attention of the House to the recommendations of the Prime Minister's High Level Task Force on MSMEs, under the Chairmanship of Shri T K A Nair. Based on the recommendations of the Task Force, the banks have been advised by RBI to:

- ensure 20 per cent year-on-year growth in credit to MSEs to ensure enhanced credit flow to this sector
- allocation of 60% of the MSE advances to the micro enterprises is to be achieved in stages viz., 50% in the year 2010-11, 55% in the year 2011-12 and 60% in the year 2013; and
- ensure 10% annual growth in the number of micro enterprise accounts.

In addition, he said, the banks need to open more MSE focused branch offices at different MSE clusters which can also act as Counseling Centres for MSEs. Each Lead Bank of a district may adopt at least one MSE cluster.

He urged upon the banks to take effective steps to increase flow of credit to the MSE sector, particularly to micro enterprises.

He said that RBI instructions need to be disseminated quickly and be given wide publicity. He also took the opportunity to bring to the notice of the House some of recent instructions pertaining to enhancement of limits for extending margin/security free loans.

- Banks may waive margin/security requirements for agricultural loans from the existing level of Rs. 50,000/- to Rs. 1,00,000/- with immediate effect **(RBI Circular dated June 18, 2010)**
- The limit for collateral free loans to MSE sector increased from the present level of Rs. 5 lakh to Rs. 10 lakh and it be made mandatory for banks **(RBI Circular dated May 6, 2010).**

He added that it has been RBIs experience that the instructions regarding such enhancements

- Take some time to percolate down to the grass-root level functionaries and
- The public in general is not aware of these benefits.

RBI expects that these instructions are quickly disseminated to all the functionaries and adequate publicity is given so that members of the public could avail of these benefits. If we can have hoardings in Bangalore and other big cities about daily interest on savings accounts, similar publicity for lending related changes can also be designed for target

audience, because deposits and advances have an equally important role in banking business.

He also informed the House that various parliamentary committees had visited Bangalore during the months of June and July 2010. During the meetings they commended the banks for extending services in the State of Karnataka. At the same time, they expressed concern at the lack of publicity at the grass root levels and consequential information gap among the groups targeted for availing such facilities from the banking sector.

He drew the attention of the banks to the following requirements since they need to be attended to in the light of RBI instructions issued earlier:

- (a)** In terms of RBI Circular dated November 27, 2009 addressed to the CMDs and Chairmen of all banks, a periodical return on progress in providing banking outlets in villages having population above 2000 was to be submitted to the SLBC by 10th of every month in the prescribed format for onward submission of the consolidated position by SLBC to RBI by 15th of the month. SLBC has reported that the instruction remains outstanding for compliance as banks have not submitted the data. He took the opportunity to request the CMDs and Chairmen of Karnataka based banks, top executives of Other Area banks, Chairmen of RRBs and others to suitably sensitize the staff concerned to ensure timely submission of data since the information gap is creating an impression that no progress is being made on this count by the banks in the State of Karnataka, even though as per information collected by RBI, Bangalore, our banks have already covered 418 out of 3367 unbanked villages with an ICT- based banking outlet.
- (b)** In order to accelerate the process of Financial Inclusion as also to facilitate payment of Government benefits through smart cards issued by banks, an incentive scheme was introduced under which Reserve Bank would partially reimburse the banks, the cost of cards and other incidental expenditure at the rate of Rs. 50/- for every account opened and through which Government payments have been routed. It has been decided by RBI to discontinue the scheme with effect from July 1, 2010. Banks have been advised that the claims under the scheme till June 30, 2010, if any, in the State may be submitted to the respective Regional Office of the RBI, duly certified by the bank's auditors latest by August 31, 2010 to be considered for reimbursement.

Recent instructions issued by RBI on classification of certain categories of advances as Priority Sector are:

- (a) Loans granted by RRBs for agricultural and allied activities are eligible for classification under priority sector, irrespective of whether borrowing entity is engaged in export or otherwise. The export credit granted for agricultural and allied activities may be reported separately under heading “Export credit to agriculture sector”. **(Ref. RBI Circular dated May 11, 2010)**
- (b) Loans granted to Micro and Small Enterprises (MSE) (manufacturing and services) are eligible for classification under priority sector provided such enterprises satisfy the definition of MSE sector as contained in MSMED Act 2006, irrespective of whether the finance is for export activities or domestic activities. The export credit granted to MSEs may be reported separately as “Export credit to Micro and Small Enterprises Sector”. **(Ref. RBI Circular dated April 9, 2010)**

Before concluding, he shared with the House the recent liberalization in terms of extending banking services that have taken place. In terms of RBI Circular dated July 23, 2010 RBI has granted general permission to domestic **scheduled commercial banks (other than RRBs) to operationalise Mobile branches in Tier 3 to Tier 6 centres (with population upto 49,999 as per Census 2001) and in rural, semi urban and urban centres in the North Eastern States and Sikkim, subject to reporting.** General permission is granted to Scheduled Commercial Banks (other than RRBs) to operationalise Mobile ATMs at centres / places identified by them, without prior permission from RBI. **Both the above general permissions are subject to conditions mentioned in the said Circular.**

In conclusion, he urged upon all the stakeholders – the Govt., banks as also other agencies to take up Financial Inclusion on a MISSION mode and he assured most emphatically that RBI shall spare no efforts to cooperate and collaborate with all the agencies engaged in this direction.

Dr.Venkatesh Tagat, Chief General Manager, NABARD in his speech reiterated on the following points.

1. Ground Level Credit Flow to Agriculture

He said that the ground level credit target for Agriculture for 2010-11 has been fixed at Rs.25.970 cr by Gol for Karnataka State. Crop Loans have been allocated 60% (Rs.15470 cr) of the target, while the rest of the allocation of Rs.10500 cr is for Term loans. The share of Commercial banks is 75% (Rs.19500 cr), RRBs is 10% (Rs.2570 cr) and Coop Banks is 15% (Rs.3900 cr) and the same has been communicated to SLBC for allocating the same amongst banks in the state. The banks have been allocated individual targets by SLBC. They are requested to achieve the targets under agriculture during the current year 2010-11. He requested the controlling offices of the banks in Karnataka to advise their branches for achieving the targets.

He quoted that 80% of the credit for agriculture sector is provided for crop loans and only 20% for agricultural term loans resulting in meager capital formation. One of the reasons for this could be that unit costs are not being fixed and revised regularly as was being done earlier by a committee, prior to 2006, which was fixing unit costs of assets / investments under agri and allied activities. He said that in one of the meetings recently held in NABARD RO, many bankers from the state, requested for revival of the unit cost committee approach prevalent prior to 2006 and fixing of unit cost in the unit cost committee meeting. This was open for discussion in the SLBC for a suitable solution.

Data discrepancy

He observed that data submitted by banks to SLBC, NABARD, etc. do not match and different statements report different GLC figures. Since the source of the data for all the statements is LBR 2, banks need to ensure that all the statements originating from them, report the same figures and inconsistency is avoided. Delay in submission of LBRs also needs to be addressed.

Timely submission of LBRs and data consistency are matters of serious concern. Therefore he directed the senior officers to bestow attention to this matter and issue necessary instructions in this regard.

2. Sustainable Agricultural Practices

Pilot Project on augmenting productivity of Lead crops through Sustainable Agricultural Practices is under implementation in the state. The project focuses on location specific, 3-4 lead crops/activities, in a cluster of villages. The Project interventions are to be completed within a period of 3 years. In the third year, he said, the project should stabilize, sustain on its own and the village body/ villagers themselves should have attained the skill and capability to carry forward the processes further.

NABARD has sanctioned 6 projects in the districts of Bagalkot, Bellary, Chikmagalur, Gulbarga, Kolar & Shimoga under the project covering 2000 farmers per project. The successful implementation of these projects will aid in bridging the yield gap of crops. As **timely availability of credit** will aid in effective implementation of these projects, He requested the bankers to provide necessary credit support to the farmers covered under the project.

3. Subsidy schemes of Government of India

NABARD has circulated a few new schemes to all the banks, viz.,

- Centrally sponsored scheme - **Integrated Development of Small Ruminants (i.e. Sheep and Goat) and Rabbits**
- Centrally sponsored Scheme for **Establishing “Poultry Estates” and Mother Units for Rural Backyard Poultry**

He requested the banks to popularize the schemes and IFL assistance may be availed from NABARD.

GOI has launched the Central Sector Scheme for **“Salvaging and Rearing of Male Buffalo Calves** to assist farmers, NGOs, professionals and corporate bodies to rear male buffalo calves for meat production and recovery of hides. The details of the scheme are furnished in the agenda. He directed Banks to popularize the scheme.

4. Increasing credit to Micro Enterprises - Extension of credit to micro entrepreneurs trained in RUDSETIs/ RSETIs assisted by NABARD

He said that all the districts in the State have training institute, which have been set up by Banks from where training is imparted for Entrepreneurship development along with relevant skill training. NABARD's grant support is extended to such institutions in as many as 20 districts. During 2009-10, as many as 4000 youth have received training for setting

up micro-enterprises through NABARD's support. However, a majority of these trained youth have no access to credit from banks and around 50% of these youth who have set up their enterprises have done so through their own resources. **Despite being trained in training centres which have been set up by banks themselves, these trainees do not receive credit support from the banks.** He requested all banks to look into the matter and associate actively in extending credit support to trainees from these institutions.

5. Micro credit

Progress under SHG - BLP - A total of 90817 SHGs (new and repeat) were credit linked with bank loan assistance to the extent of **Rs. 986.72 cr.** during the year 2009-10 (RRBs and Co-Operatives upto March 2010). Banks to ensure submission of the progress report as on 31 March 2010 immediately to NABARD. Banks may also submit district-wise data in specified format to RO of NABARD on half yearly basis. Commercial Banks and RRBs may finance SHGs at concessional rate of interest by claiming reimbursement under interest subvention scheme of GOK.

JLGs

He said that in order to provide credit to marginal farmers, small farmers, share-croppers, tenant farmers, oral lessees, who were hitherto outside the ambit of formal credit delivery system, banks may form and credit link JLGs under the new incentivisation of JLGs circular issued by NABARD. NABARD has issued revised guidelines in Oct 2009, for incentivising formation and linkage of JLGs. He directed Banks to form 15000 JLGs during 2010-11 in Karnataka.

6. Kisan Credit Cards

- In Karnataka, the commercial banks have accounted for the maximum share under KCC at 40% followed by Cooperative banks at 36% and RRBs at 24%.
- During 2009-10, in Karnataka, 2.94 lakh farmers were covered under the Scheme by RRBs & Coops and 2.05 lakh farmers were covered by Commercial banks, taking the cumulative number of cards issued in the State to **53.10 lakh (69% of farming households)**, with aggregate financial assistance of Rs. 1.61 lakh crore. However, still a large number of farmers are yet to be covered under KCC scheme. Banks may therefore initiate necessary steps for the same.

- Banks may also consider starting a **time bound village level special campaign** by involving all the banks concerned, State Government Machinery, Panchayat Raj Institutions and Civil Society Organisations, Farmers' Club Volunteers, SHG leaders, Business correspondents and facilitators, etc.
- The SLBC may also obtain the **KCC Position districtwise/ agencywise** for all the agencies. It may focus on concentrating in those districts having less coverage, reasons thereof, strategy to be adopted, enhancing the scope of issue of coverage etc. The inoperative accounts may also be made operational.

The SLBC may also obtain the KCC Position districtwise/ agencywise for all the agencies and focus on concentrating on those districts with less coverage, reasons thereof, strategy to be adopted, enhancing the scope of issue of coverage etc. A copy of the districtwise\ agency-wise data may please forwarded to NABARD, on a quarterly basis.

7. Other Issues

- Govt of Karnataka may consider providing interest subvention to all SHGs irrespective of whether they are promoted by Govt departments/ NGOs or any other agency.
- SLBC to advise the banks to strictly adhere to the Govt. order with respect to waiver of stamp duty of all documents to be provided by SHGs to Banks while availing of loans. Some banks are still insisting on stamp duty.

THE AGENDA WAS TAKEN UP FOR DISCUSSION.

Agenda 1.0 : Confirmation of Minutes of 112th Meeting of SLBC

The Minutes of 112th SLBC Meeting held on 7-5-2010 were circulated vide letter No. 229/0479/SLBC/F-101-112dated 6-7-2010. The Minutes were approved as no amendments/changes were received.

AGENDA 2.0 FOLLOW-UP ACTIONS ON THE DECISIONS TAKEN DURING PREVIOUS SLBC MEETING

2. A [1] : Renewed Drive for opening of No Frills Accounts

In keeping with the instructions received from RBI, SLBC advised the Banks and LDMs to complete the process of opening of NFAs by 31.5.2010. However, the feedback received from the LDMs indicates that there are large number of Templates which are to

be verified against existing account data followed by opening of accounts. Banks were advised to issue instructions to Branches/controlling offices to take urgent steps for completing the process and report the details to LDMs.

In all about 103 lac templates were supplied to bank branches of which about 64 lac templates had full details of the families out of which 22 lac families had bank accounts. As at May 2010 about 7 lac accounts have been opened and about 34 lac accounts are yet to be opened as per the information furnished by LDMs. All Banks and LDMs are requested to quickly review the position and take urgent action to complete opening of NFAs .

2. A [2] : Providing Banking Services in all villages with population above 2000 by March 2012.

A road map indicating the detailed time schedule to implement the plan has been submitted by all the banks. LDMs have constituted Sub-Committee of DCC.

The use of Business Correspondents[BCs] to reach people without access to formal financial services and products is being implemented as a possible strategy. In case there is no Bank Branch within 25 Km from the Village, Banks are advised to open Brick & Mortar Branch rather than a BC Model. This has been reiterated by CGM, RBI in recent video conference with LDMs. To hasten this process of Bank Branch opening in Rural Areas, RBI has relaxed norms for opening of a Scheduled Commercial Bank Branch in “Tier 3 to 6” centres with population below 50000 without taking permission from RBI.

Financial Inclusion Plans [FIPs] have been formulated by all banks. We are required to host the FI Plans on the SLBC website to facilitate monitoring of progress by the State Govt. All Banks are requested to submit the Board Approved Plans to SLBC and respective LDMs so that we can host them in SLBC website.

Year wise target for villages with population 2000 and above				
Sno	Districts	Coverage Of Villages		
		2010-11	2011-12	Total
1	Bagalkote	75	58	133
2	Bangalore [R]	25		25
3	Bangalore [U]	52		52
4	Belgaum	160	263	423
5	Bellary	95	120	215
6	Bidar	87	70	157
7	Bijapur	183		183

8	Chamarajanagar	72	49	121
9	Chickballapura	34		34
10	Chickmagalur	19	8	27
11	Chitradurga	109		109
12	D. Kannada	230		230
13	Davanagere	62	76	138
14	Dharwad	35	42	77
15	Gadag	73		73
16	Gulbarga	84	97	181
17	Hassan	34		34
18	Haveri	55	67	122
19	Kodagu	30	25	55
20	Kolar	18		18
21	Koppal	93		93
22	Mandya	75	55	130
23	Mysore	197		197
24	Raichur	115	18	133
25	Ramanagar	78		78
26	Shimoga	5	63	68
27	Tumkur	48	69	117
28	Udupi	106		106
29	Uttar Kannada	39	34	73
30	Yadgir	41	47	88
	TOTAL	2329	1161	3490

The BCs to be appointed and Financial Inclusion in villages with population above 2000 is to be taken up on priority basis.

2. A [3] : Operationalisation of No Frills Accounts

Banks have been advised to provide inbuilt small overdraft facility to all No Frills Account holders and also provide atleast one savings product, RD, Remittance and Micro insurance facility to operationalize NFAs.

Particulars	Number	Rs. In lacs
No. of No Frills A/cs as on March 09	3698516	
No of overdrafts provided	192759	730
No of GCCs provided	110896	19064
No of KCCs provided	1363332	874084

Regional Director, RBI directed SLBC to identify the remittance corridors in Karnataka.

2 A [4] Electronic Wages and Benefit Transfer [EWBT] Scheme–

Banks are implementing bio metric based smart card project on pilot basis for payment of social security benefits and wages under NREGA. In 3 districts banks are implementing One district many banks model adopting service area approach. In other 3 districts, one district one bank model is adopted and implemented by 3 banks. Banks have appointed Technology providers for enrolment of beneficiaries and issuing of smart cards after opening of the bank accounts. RBI has informed that scheme will not be extended from 01-07-2010. Hence, participating banks are requested to submit claims before 15th Aug 2010 in respect of accounts opened and payments routed through accounts from 1.12.2009 to 30.06.2010 for submission to RBI.

EWBT Scheme –Progress

STATUS on 6 PILOT DISTRICTS EBT PROGRESS - as on 15.07.2010							
		NREGA			SSP		
Sl. No	DISTRICT	Enrollment Completed	Account Opened	Cards Issued	Enrollment Completed	Account Opened	Cards Issued
1	Bellary	85962	58894	39134	28514	15381	8412
2	Chitradurga	24959	0	477	15674	2505	1661
3	Gulbarga	119619	53798	2515	0	0	0
	One Dist Many Bank Model	230540	112692	42126	44188	17886	10073
4	Mandya	24278	13715	13715	22140	6502	8841
5	Chamrajnagara	19198	14288	14288	37540	13955	13955
6	Dharwad	76254	51548	24038	11947	0	0
	One Dist One Bank Model	119730	79551	52041	71627	20457	22796
	Grand Total	350270	192243	94167	115815	38343	32869

Payments effected under EBT Scheme

YEAR	NREGP		SSP	
	No. of Cards	Amount Disbursed	No. of Cards	Amount Disbursed
Cumulative upto 25.07.2010 since inception	243	2.05	16503	614.26

2 A [5] EWBT Scheme – MIS and PGRS

SLBC sought the approval of GOK for entrusting the work of setting up server for MIS & PGRS to Canbank Computer Services Ltd. As desired by the Govt., SLBC has sent proposal along with estimates with required documents / cost details for consideration.

2.B SETTING UP OF FINANCIAL LITERACY AND CREDIT COUNSELING CENTRES-

The details of Financial Literacy And Credit Counseling Centres existing in Karnataka are as follows :

Name of the Bank	District
Syndicate Bank	Bijapur
KVGB	Chikkodi
Canara Bank	Chitradurga Chikkaballapur Kolar Blore [R].
Corporation Bank	Madkeri Chickkamagalur, Ramanagar
SBI	Bidar, Gulbarga, Gadag
SBH	Raichur, Koppal,
SBM	Chamarajanagar, Tumkur, Mysore
Vijaya Bank	Dharwad, Haveri, Mandya

Many of the FLCCs are not functioning as per the model scheme. Banks are requested to revive/revisit the existing FLCCs and conform to RBI model scheme.

Syndicate Bank and Vijaya Bank proposed to set up a trust jointly. Canara Bank is setting up a separate trust for this purpose. Other lead banks are requested to inform the steps taken in this regard.

2 C. EDUCATION LOAN TO CHILDREN OF FARMERS ON MORTGAGE OF AGRICULTURAL LAND

In some States, mortgage of farmland to secure loans for purposes other than agriculture is prohibited. This comes in the way of farmers' children getting benefit of education loans, as the farmers cannot offer land as collateral security. In Karnataka mortgage of agricultural land as collateral security is not permitted for purposes other than agriculture. In some other States, there seems to be no prohibition on mortgage of agricultural land as collateral security for loans for purposes other than agriculture. Govt. was requested to permit mortgage of agricultural lands by farmers in respect of education loans availed by their wards pursuing higher studies.

Revenue Department had informed in 112th SLBC that they propose to bring in an amendment to the Karnataka Land Reforms Act and the proposal would be placed in the ensuing session of the Legislature for approval.

Action : Revenue Dept/GOK

2.D MONITORING OF CREDIT FLOW OF ALL PSBS TO MINORITY COMMUNITY LENDING [MCL] UNDER PRIORITY SECTOR LENDING

Advances to Minority Communities stood at Rs.8088 Crore as at March 2010 constituting 10.60% of Priority Sector lending as against the stipulated target of 15% of PSA. There was an increase in the credit flow for Minority Community to the extent of Rs.776 crores over the outstanding level of Dec 2009.

Level of credit to minorities in Minority concentrated districts

Rs.in cr

Name of the District	Bidar	Gulbarga	Dakshin Kannada
Advances	1604.85	4058.00	7596.96
Priority Sector Advances	1203.23	3405.21	4505.60
- to minority community	170.12	287.61	1163.92
% to PSA	14.13	8.45	25.83

All banks are requested to put efforts for increasing credit flow towards minority communities.

2.E INTEREST SUBSIDY SCHEME ON CROP LOANS TO FARMERS UPTO Rs.50000/- THROUGH PSBs/RRBs

GOK had accorded sanction for providing interest subsidy of 3% to short-term crop loans [up to Rs.50000] to farmers through PSBs and RRBs. The farmers will get crop loan up to

Rs. 50000/- with interest at 3% p.a. GOK released Rs.40 Crore as advance subsidy. Claims received from banks of Rs.6.30 crore involving 1.24 lakh accounts are processed and approval obtained from Dept of Agriculture.

The progress in the submission of claims under the scheme is not upto the expected level and the amount released is yet to be utilized. Hence, all banks are requested to submit the Interest subsidy claims in the prescribed format to SLBC for getting approval from Director of Agriculture for onward release to the respective banks.

ACS & DC commented on the low progress in claiming interest subsidy by banks.

Dr.Sarvesh, Director of Agriculture responded to the issue and said that though interest subvention is announced and Rs.40 crores are earmarked for the same, the growth is not picking up.

Mr.Ajay Seth, Secretary, B&R encouraged banks to come forward with proper statistical data and claim the subsidy promptly.

Mr.Bhattacharyya, General Manager, RBI spoke about the problems faced by the farmers in Karnataka and requested the bankers to make efforts to claim the subsidy.

2.F REHABILITATION OF SICK MICRO AND SMALL ENTERPRISES[MSEs].

Creation of Central Registry by the State Governments for registration of charges of all Banks and other lending Institutions in respect of all movable and immovable properties of borrowers incorporated as proprietorship, partnership, co-operative society, Trust, Company or in any other form.

GOK is implementing Urban Property Ownership Record Project provides for noting the mortgage charge on the Urban properties. Survey, Settlement and Land Records Dept is implementing project under PPP model in 5 cities. The banks have been advised to furnish the data on the existing mortgage particulars in these cities for inclusion in the registry. SLBC had followed up with Revenue Dept GOK which in turn has advised the concerned Dept to provide the status of implementation.

2 [G] INTEREST SUBSIDY SCHEME FOR HOUSING TO THE URBAN POOR[ISHUP]

Ministry of Housing and Urban Poverty Alleviation, Govt. of India has launched an Interest Subsidy Scheme for Housing to the Urban Poor (ISHUP). The scheme is designed as an additional instrument for addressing the housing needs of the Economically Weaker Section (EWS)/Low Income Group (LIG) segments in urban areas. The scheme envisages the provision of interest subsidy to EWS and LIG segments to enable them to buy or construct houses. As per the guidelines, major Banks and Housing Finance Companies have entered into a MOU with National Housing Bank/HUDCO, the national nodal agencies for administering interest subsidy.

The income criteria for EWS has been increased to Rs.5000/- per month and from Rs.5001-10000 per month in case of LIGs. This will enable wider choice of beneficiaries for financing under the scheme and improve viability of the proposal.

RRBs are also having branches in all Urban Local Body areas. In this regard, SLBC requested GOI/GOK to consider inclusion of RRBs as eligible Institutions under ISHUP. The issue had come up for discussion in the review meeting of SLBC Convenors organized by NHB at New Delhi on 8-6-2010. The issue is under active consideration of GOI and a decision would be taken in the next Steering Committee.

SLBC allocated target of 2 lac houses amongst major banks under the scheme for the year 2009-10. Details of Urban Local Body wise Targets have also been communicated to major banks and LDMs for necessary action.

The progress achieved under the scheme is dismal. The LDMs have given feedback with regard to slow progress under the scheme which is as follows:

1. As per the scheme guidelines, the borrowers under the scheme must belong to the EWS or LIG and must have a plot of land for the construction or have identified a purchasable house/plot. However, majority of the urban poor will not have land in their own name/land having no clear title. The plots owned by Govt, after paying tax under self assessment scheme are being proposed for construction of houses
2. In most of the applications sponsored, the applicants do not fulfill the eligible criteria of the scheme [mostly the income criteria]
3. The beneficiaries in order to become eligible under the scheme are furnishing very low income [BPL threshold income] supported by the Tahasildar ranging from 15000 to 20000 rendering the proposals ineligible as per the scheme.

4. It is advisable that the officials from ULBs are to take active part in the block level meetings for effective implementation and to sort out issues if any in implementation.
5. During the DCC/BLBC meetings, the Govt authorities are requesting for waiver of the following charges to the beneficiaries under the scheme
 - a. Processing fees,
 - b. Advocate fees for title verification
 - c. Empanelled Engineers fees for verifying the estimates/valuations.
6. Uniform guidelines are required to be formulated / followed in order to hasten the implementation process.

Govt of Karnataka is implementing Interest Subsidy Scheme for Housing to Urban Poor under the name "Vajpayee Urban Housing Scheme". In order to dovetail this scheme with GOI's ISHUP Scheme a provision is made to include all families eligible as per income criteria of ISHUP scheme subject to a maximum monthly income of Rs.7300/-. Hence, both the schemes can be dovetailed while implementing at the grass root level. State Govt is implementing ISHUP Scheme under the name "NAMMA MANE'.

In order to review the progress and also to sort out issues, a meeting was arranged on 18th June 2010 under the Chairmanship of Additional Chief Secretary and Principal Secretary, Urban Development Dept., During the meeting, the Commissioner, DMA, brought to the notice of the Chair the impediments that are causing delay in implementation of the scheme as under :

- a. Abnormal interest rate charged by banks.
- b. Ineligibility of applicants due to income at BPL threshold limit
- c. Banks insisting on production of Property Title Certificate.

After a detailed discussion, it was opined as follows:

Under the scheme of Housing loan under EWS/LIG, the chargeable interest on loan amount is 8% out of which 5% Interest Subsidy will be released to banks by GOI through HUDCO/NHB. Contrary to these norms as reported by DC, Shimoga, banks are charging abnormal interest rates which are ranging upto 15%. Interest rates more than 8% will discourage houseless families coming forward to avail loan under ISHUP Scheme.

- a. The scheme is meant for providing affordable housing for both EWS and LIG houseless families whose maximum income is Rs.5000 p.m and between Rs.5000 to Rs.10000 pm respectively and families falling under BPL category have income not exceeding Rs.5000 pm. Most of the applicants fall into BPL category and the family income limit is Rs.11000/- pa. Banks feel that this income level does not

support repayment of housing loan by the borrowers. The restrictive assessment of banks on eligibility of applicants for loan is based on the income certificate issued by the Tahsildars.

- b. Commissioner DMA said that banks are insisting the applicants for production of property title certificate whereas under the existing law no authority can grant title certification to property and the demand of banks is not tenable. It was clarified that extract of tax paid property register confers presumptive right over the property. All the applications forwarded to the banks are supported by income certificate, extract of tax paid property register and voters identity card/ration card which are sufficient to sanction loan. Further, the convenor of SLBC was requested to minimize the number of documents to be furnished by applicants and not to insist upon production of type design, estimate, license for construction and other documents indicated in the list furnished in the meeting.

It was decided to refer the above issues to SLBC for deliberation and decision.

In order to sort out the differences in application sponsored, it was decided that an officer from DMA's Office, Convenor of SLBC and Regional Manager of NHB, Karnataka region shall make joint visit immediately to one of the districts head quarters and reconcile the figures of banks and that of DMA.

Accordingly, the above team visited Tumkur on 3.7.2010 and had a meeting which was chaired by the Deputy Commissioner of the District. The decisions arrived in the meeting are as follows:

1. The LDM was advised to collect the data of applications received by individual Banks and to reconcile with the District authorities on weekly basis.
2. Banks were advised to scrutinize the applications and arrive at the case-wise eligibility of the applications and progress to be submitted by LDM every 15 days to the District Administration.
3. SLBC to send the guidelines on relaxed norms to all the controlling offices of Banks and to charge interest @ 8%.
4. To target the persons who are living in Thatched and Kachcha houses in ULB area first for successful implementation.
5. It was resolved to convene meetings at fortnightly intervals to review the progress. However, as the progress is slow, to start with the meetings at the district level will be every week.

The District Administrative Officer and the concerned Executive Officers to visit the branches to expedite the applications.

SLBC deliberated on the issue and decided that the Sub-Committee on Housing may discuss the issue and take suitable decision for smooth implementation of the scheme.

2. H SETTING UP OF KARNATAKA FARMERS RESOURCE CENTRE [KFRC] AT BAGALKOT.

The project report on FRC was placed in SLBC and it was approved in the 111th meeting held on 08.02.2010. The Chairman, SLBC and CMD, Syndicate Bank has already requested the CMD/ CEOs of PSBs, RRBs, Apex Bank, Private Sector Banks, NABARD, SIDBI, GOK and BVV Sangha to sign MOU and to contribute to corpus of FRC @ Rs. 75.00 Lac each from Public Sector Banks/NABARD/SIDBI, Rs.50 Lac each from private sector banks/RRBs, Rs. 2.00 crore from Govt. of Karnataka and Rs. 25.00 Lac from BVV Sangha. In this regard NABARD, Syndicate Bank, Corporation Bank, SBI, SBM, Vijaya Bank, Karnataka Vikas Grameena Bank and BVV Sangha have already obtained necessary approval from the competent authority for participation and contribution to the corpus. Other Lead Banks [Canara Bank, SBH] and Govt of Karnataka are yet to confirm participation in the project. The Trust deed will be registered after receiving the consent for contribution by the remaining sponsors. The Executive Director, KFRC has already initiated steps for commencing the programmes/activities after the registration of the Trust in the premises to be provided by BVV Sangha .

2 I GLOBAL INVESTORS MEET

Govt of Karnataka had organized Global Investors Meet on June 3rd and 4th 2010 in Bangalore. There was very good response from Industrialists, Banks and other stake holders. In all 389 MOU were signed by industrialists with investment of Rs.3,92,000 crore creating employment to 7.1 lac people. Further, banks also signed MOU to provide funds to the industries to be setup in the State.

2 J STAMP DUTY ON CREATION OF MORTGAGE BY DEPOSIT OF TITLE DEEDS.

The above issue has been taken up with the Inspector General of Registration and Commissioner of Stamps requesting to inform the District Magistrate, Dharwad that stamp duty was not payable on mortgage of deposit of title deeds created prior to 1.4.06 as per the provisions of Karnataka Stamp Act. Further, the District Magistrate, Dharwad may be advised to help bankers in recovery of overdue loans by taking possession of assets under the provisions of SARFAESI Act 2002, enacted to speed up the recovery process by banks.

The IGCSR has vide letter No.STP-68/10011 dt 22.7.2010 clarified that amendment to Karnataka Stamp Act, Schedule 6 was made to include explanation wherein letter, note and Memorandum pertaining to title of property are treated as Agreement relating to deposit of title deeds and stamp duty is payable as applicable. Since the said rule was in force before 1.4.2006 stamping is payable for these documents.

All Banks to take note of the same.

2 K: REPORT OF THE HIGH LEVEL COMMITTEE TO REVIEW LEAD BANK SCHEME - IMPLEMENTATION OF THE RECOMMENDATIONS

Important recommendations of the HLC on Lead Bank Scheme to be implemented by SLBC jointly with GOK:

- a. Banking outlet in all villages having population of 2000 and above
[Rec. 5 Para; 3.10 & 3.11]
- b. **EBT for all villages** [Rec.15; Para 3.23]
[Point No.a and b already discussed earlier]
- c. **Preparation of one time comprehensive State/District level development plans**
[Rec.19; Para 3.27]

The Committee recommends formulation of a one time comprehensive State/District level Development plan for all states/districts on the lines recommended by Committee on Financial sector for Northeastern region. At the State level the Development Plan may be prepared by the sub committee headed by Convenor, SLBC and include officials from State Govt, RBI, NABARD and major banks.

At the district level, a Sub Committee of DCC headed by LDM with district level Govt officials, DDM, NABARD and representatives of major banks as members may prepare such a plan.

The Development plan for a particular State/District may inter-alia cover the following :

1. Financial Inclusion
2. Outlets for General Banking, Currency Chest, FOREX and Govt business.
3. Extending Outreach of SHGs and MFIs
4. Device products appropriate to local ethos.
5. Affordable insurance along with NFAs and OD/GCC
6. Annual sensitization workshops.
7. Publicity and awareness.
8. Financial Literacy and Counselling Centres
9. Infrastructure Development.
10. Identification of Potential Areas
11. Micro and Small Enterprises.
12. Strengthening of RRBs
13. Improving recovery climate
14. Performance Monitoring

PLPs are consolidated and a State Level Credit plan is prepared by NABARD. It is proposed to implement the recommendation of High Level Committee for preparation of Development Plan for the district as well as for the State which will be monitored by a Committee at the District and State level. It is proposed to form a sub committee.

d. Preparation of Annual Credit Plan [ACP]-State/District level[Rec.15 Para 3.31]

The planning process envisages preparation of PLPs by NABARD for all the districts. The PLPs are prepared in Oct-Nov to be advanced and completed by Aug so that state govt may factor in the projections made in the PLP

e. Dovetailing Government Schemes in Annual Credit Plans.

Presently, the targets under various Govt sponsored schemes are dovetailed in the ACP prepared for the district and the targets are to be made available district wise, bank wise,

block wise, branch wise for monitoring/ review. It is desired that these particulars should be available in the website of SLBC wherein it should be possible to update the progress online. SLBC is taking steps for enabling interactive website with these features so that the information will be available in a transparent manner.

f. **Priority Sector Monitoring and Information System** [Rec. 67; Para6.9].

To streamline the process and avoid duplication, there is need for technology upgradation and reducing burden on LDMs to enable them to devote more time on their core functions. It is suggested by High Level Committee to introduce technology enabled PSMIS where the controlling offices/ROs/DCs are required to collect the data and provide it to their ZO/HOs and SLBCs. SLBC will consolidate and generate the data bank wise, block wise, sector wise, activity wise reports. HLC recommended that PSMIS may be implemented on a pilot basis in one or two states. GOK is willing to support this initiative and SLBC may take up with RBI for taking up pilot project in Karnataka.

g. **Centralized Data Repository System.** [Rec. 68, 69, 70; Para; 6.10 & 3.14]-**Central Data Repository System** may also be implemented in Karnataka.

As per the recommendation of High Level Committee on LBS, the Controlling Office of Banks have to thoroughly review the Agenda / Minutes of DCC/DLRC Meeting regularly on following lines:

- Bank-wise and Block-wise Performance under DCP.
- Performance of Banks under Financial Inclusion Plan.
- Performance of Banks under Govt. Sponsored Schemes.
- Performance of Banks under thrust areas like Credit flow to Agriculture, MSE, Housing, Education Loans, SC/STs, Weaker Section, DRI, SHG-Bank linkage, Minority Communities.
- Implementation of any other district specific schemes / projects.
- Higher level participation by Banks/Govt Depts.'

In tune with the recommendations of the High Level Committee on Lead Bank Scheme and also due to the importance attached to the deliberations held in the meeting of **Hon'ble Finance Minister** with CMs of South Zone States and CEOs of PSBs/FIs on 20.07.2010 to review the State wise credit flow and related matters on the following, it was decided to constitute Sub Committees for various issues.

→ Agriculture Credit,

- MSE Credit,
- Housing Loans,
- Education Loans,
- Credit to Weaker Section,
- Credit to Minority Communities
- CD Ratio.
- Financial Inclusion [Branch network, FIP Plan, SHG Bank linkage, NREGA payments and State Govt subsidies/benefit] and progress under centrally sponsored schemes [SGSY, SJSRY, SRMS and PMEGP]. Detailed discussions are presented below :

FORMATION OF SUB COMMITTEES :

It was reiterated that Sub Committees for various issues and meetings of the committees may be convened at the earliest to show progress in the schemes.

The various sub-committees suggested were :

1. Sub-Committee on **Annual Credit Plan** :

1	Secretary, Planning Department, GOK	Chairman
2	CGM, NABARD	Members
3	Director of Agriculture, GOK	Member
4	General Manager, Canara Bank	Member
5	General Manager, State Bank of India	Member
6	Convenor, SLBC	Convenor

2. Sub-Committee on Flow of **Credit to Agriculture** :

1	Principal Secretary, Agriculture	Chairman
2	Principal Secretary, Co-Operation	Member
3	Director of Agriculture	Member
4	Director of Horticulture	Member
5	NABARDYH	Member
6	General Manager, State Bank of India	Member
7	General Manager, Canara Bank	Member
8	General Manager, State Bank of Mysore	Member
9	General Manager, Syndicate Bank, PSCD	Convenor

3. Sub-Committee on **Credit Deposit Ratio** :

1	Executive Director, Syndicate Bank	Chairman
2	Secretary, Finance Dept., GOK	Member
3	General Manager, Reserve Bank of India	Member
4	General Manager, State Bank of Hyderabad	Member
5	General Manager, State Bank of Mysore	Member
6	Chief General Manager, NABARD	Member
7	General Manager, State Bank of India	Member
8	General Manager, Canara Bank	Member
9	General Manager, Syndicate Bank, PSCD	Convenor

4. Sub-Committee on **Financial Inclusion** :

1	Regional Director, Reserve Bank of India	Chairman
2	Principal Secretary, Finance Dept., GOK	Co-Chairman
3	Chief General Manager, NABARD	Member
4	General Manager, Vijaya Bank	Member
5	General Manager, State Bank of India	Member
6	General Manager, Canara Bank	Member
7	General Manager, Corporation Bank	Member
8	General Manager, State Bank of Mysore	Member
9	Technology Service Provider	Special Invitees
10	General Manager, Syndicate Bank, PSCD	Convenor

5. Sub-Committee on **SHG-Bank Linkage**:

1	Principal Secretary, RDPR, GOK	Chairman
2	Chief General Manager, NABARD	Co-Chairman
3	General Manager, Syndicate Bank	Member
4	General Manager, State Bank of India	Member
5	General Manager, Vijaya Bank	Member
6	General Manager, State Bank of Mysore	Member
7	General Manager, Canara Bank	Convenor

6. Sub-Committee on **Credit flow to SC/STs, Minority Communities and Weaker Section**:

1	Principal Secretary, Social Welfare, GOK	Chairman
2	Secretary, Women & Child Development Dept	Member
3	Secretary, Minority Development Dept	Member
4	General Manager, Canara Bank	Member
5	Convenor, SLBC	Member
6	General Manager, Syndicate Bank, PSCD	Member
7	General Manager, Corporation Bank	Member
8	General Manager, State Bank of India	Member
9	General Manager, State Bank of Mysore	Convenor

7. Sub-Committee on **Education Loans**:

1	Principal Secretary, Higher Education Dept GOK	Chairman
2	General Manager, Syndicate Bank	Member
3	General Manager, State Bank of Hyderabad	Member
4	General Manager, Canara Bank	Member
5	General Manager, State Bank of India	Member
6	General Manager, Vijaya Bank	Convenor

8. Sub-Committee on **Housing Loans** :

1	Secretary Housing, GOK	Chairman
2	General Manager, SLBC	Member
3	General Manager, State Bank of India	Member
4	General Manager, State Bank of Mysore	Member
5	Representative from national Housing Bank	Member
6	Representative from HUDCO	Member
7	Representative from RGRHCL	Member
8	General Manager, Canara Bank	Convenor

9. Sub-Committee on **Recovery, Rehabilitation and other measures** :

1	Principal Secretary, Revenue	Chairman
2	Registrar of Co-Operative Societies	Member
3	General Manager, Vijaya Bank	Member
4	General Manager, Syndicate Bank	Member
5	Principal Secretary, RDPR Department	Member
6	Director of Agriculture	Member
7	NABARD	Member
8	Reserve Bank of India	Member
9	General Manager, State Bank of India	Convenor

It was suggested to include Directors, Animal Husbandry and Sericulture as members for Sub-Committee on flow of credit to Agriculture.

The Chairperson suggested to have two more committees on MSME and GSS which are constituted as follows :

10. Sub-Committee on **MSME**

1	Principal Secretary – Industries and commerce	Chairman
2	Director, KVIB	Director
3	Director, KVIC	Member
4	Director, MSME Development Institute	Member
5	General Manager RBI	Member
6	General Manager NABARD	Member
7	General Manager Syndicate Bank - RBD	Member
8	General Manager, Canara Bank	Member
9	General Manager, SBI	Member
10	General Manager Corporation Bank	Convenor

11. Sub-Committee **GSS**

1	Principal Secretary RDPR	Chairman
2	Secretary, Industries and Commerce	Member
3	Director KVIB	Member
4	Director KVIC	Member
5	Managing Director Devraj Urs Backward Class Development Corp	Member
6	Managing Director, Ambedkar Development Corpn	Member
7	Director, Municipal Administration	Member
8	General Manager, syndicate bank	Member
9	General Manager, Canara Bank	Member
10	General Manager, Vijaya Bank	Convenor

AGENDA 3: BANKING STATISTICS – BRANCH NETWORK

BRANCH NETWORK:

	Mar.08	Mar.09	Mar.10	YoY Increase
RURAL	2186	2207	2243	36
SEMI -URBAN	1118	1168	1206	38
URBAN	988	1038	1184	146
METRO	988	1091	1157	66
TOTAL	5280	5504	5790	286

GROWTH IN BANK DEPOSITS, ADVANCES & CD RATIO

	Mar.08	Mar.09	Mar.10	YoY % growth
DEPOSITS	163924	206376	228936	10.93
ADVANCES	131500	155409	171807	10.55
CD RATIO	80.22	75.30	75.05	

PRIORITY SECTOR & AGRICULTURE ADVANCES

PARTICULARS	Mar.08	Mar.09	Mar.10	YoY Gr %
P.S.ADVANCE	58002	71810	76320	6.28
% TO TOTAL ADV	44.11	46.21	44.42	
AGRIL.ADV	25817	29196	35429	21.35
% TO TOTAL ADV	19.63	18.79	20.62	

CREDIT DEPOSIT RATIO

The CD ratio of commercial banks and RRBs is 75.05% as at March 2010 which is above the national average of 71.10%. However, CDR has come down by 5.17% compared to March 2008. GOK has desired that the CD ratio may be increased to 85% during the year 2010-11 in order to give a boost to the economy keeping in view the expected investments in agriculture and industrial sector.

Efforts shall be made and plans will be implemented for increasing the CD ratio in the State. Some of the banks having CD ratio less than 60% [SBH: 55.33%, SBM :57.64%, Allahabad Bank:44.15% and Karnataka Bank Ltd 36.09%] may take steps to increase their lending in the state.

The CD ratio in the state came up for a lot of comments as the same was not at par with other southern state's data. One of the reasons quoted for the same was that the Co-operative sector data was not included. MFI lending is also more in Karnataka. Major banks to take pro-active steps to curb this. Financial Inclusion **could** also help this. It was suggested that the Sub Committee formed for the purpose to analyze the same and recommend remedial measures.

Housing Loans & Reverse Mortgage Loans

	2008-09	2009-10	Growth	Growth %
Disbursement	3892	5996	2104	54
Outstanding	14900	17341	2441	16

Banks have sanctioned 544 loans under Reverse Mortgage Loan scheme amounting to Rs.61.44 crores. Hon'ble Union Finance Minister during 2010, had announced a scheme of 1% interest subvention on Housing loans upto Rs.10 lacs where the cost of the house does not exceed Rs.20 lacs. For this Rs.1000 crore was allocated. The scheme has been extended up 31.3.2011 and a sum of Rs.700 crore has been allotted for 2010-11. Detailed guidelines are expected to be issued from RBI.

All the Banks are requested to improve the performance under the scheme.

Educational Loans

Banks have formulated education loan scheme as per IBA guidelines. GOK has formulated a Interest Subsidy Scheme for Education loans availed by students for professional courses admitted through CET 2008-09 onwards. GOK is reimbursing subsidy to Banks over and above 6% charged by the Banks. Banks are requested to claim Interest Subsidy for the year 2009-10 also from Karnataka Examination Authority.

	2008-09	2009-10	Growth	Growth %
Disbursement	649	743	94	14
Outstanding	2277	2989	712	31

In order to facilitate disbursement of loans for education, Public Sector Banks have been advised by GOI to introduce Online system for processing Education Loan applications with the following features :

- Registration of Loan applications and immediate automatic reply with reference number for future correspondence
- Processing application within stipulated time and conveying sanction in principle to the student to approach the concerned branch.

The Chief Secretary, Govt of Karnataka expressed concern over low disbursements under the scheme when compared to other neighboring states. He appealed to the bankers to put best efforts for disbursement under the scheme and also utilize the interest subvention scheme made available by Govt of Karnataka.

Coverage Under Credit Guarantee Scheme Of Credit Guarantee Fund Trust For MSE [CGTMSE] –

Under CGTMSE, Banks have covered 16826 units with an approved amount of Rs.91417 Lac as of Mar 09 reflecting an increased coverage of 5833 units over Mar 09.

The matter was discussed in SLBC and it was suggested to make the pamphlets available in the counters of all branches.

Karnataka Vikas Grameena Bank has been awarded MSME award, one among RRBs, for covering maximum loans under CGTMSE which was displayed in the SLBC meeting. The House commended the achievement.

COLLATERAL FREE LOANS TO MICRO AND SMALL ENTERPRISES [MSE] SECTOR

RBI vide Cir.No.RPCD.SME&NFS.BC.No.79/06.02.31/ 2009-10 dated 6-5-10 stated that the banks are mandated not to accept collateral security in the case of loans up to Rs.10 lacs extended to units of MSE Sector. Banks may also strongly encourage their branch functionaries to avail of the CGS cover, including making performance in this regard a criterion in the evaluation of their field staff.

All commercial banks and RRBs are requested to issue suitable instructions to controlling offices/branches for meticulous/strict compliance in this regard.

AGENDA 4.0 IMPLEMENTATION OF ANNUAL CREDIT PLAN (2009-2010)

Consolidated Agency-wise targets and achievement under ACP 2009-10 is as under: -

Sector	Annual Target	ACP 2009-10 Disbursements [Rs. Cr]					%age Achievement
		Comm Banks	RRB	Co-op Banks	KSFC	Total	
Primary	25178.14	13389	3698	3926	0	21013	83.45
Secondary	3067.88	3085	518	19	143	3765	122.72
Tertiary	6693.99	5472	624	0	146	6242	93.24
TOTAL	34940.01	21946	4840	3945	289	31020	88.78
Crop Loan	16188.16	8718	3250	3579	0	15547	96.03

Under Agriculture Sector target increased by Rs.7581/- Crore from Rs.17597/-Crore as per NABARD instructions.

ACP OUTLAY 2010-11

Agency	AGENCY WISE STATE ACP OUTLAY 2010-11					
	Primary	Secondary	Tertiary	TOTAL P S A	Of which Crop Loan	YOY growth Agri
COMM BANKS	19500	2490	7859	29849	10140	45
RRBs	3820	194	1027	5041	2869	4
CO-OP BANKS	5605	136	881	6622	4725	43
K.S.F.C.	0	347	48	395	0	
TOTAL	28925	3167	9815	41907	17734	32

Revised disbursement targets for Agriculture for 2010-11

Rs in Crore

AGENCY	Crop Loan	Term Loan	Total	Growth over achmt 09-10
Commercial Banks	10140	9360	19500	46
RRBs	2869	951	3820	3
Co-Operatives	4725	880	5605	43
TOTAL	17734	11191	28925	38

Target to Agriculture as finalised under ACP is retained for RRBs and Co-operatives. For Com. Banks, target to Agriculture increased from Rs. 12251 crore to Rs. 19500 crore. This envisages the growth rate of 38% over achievement 09-10.

Dept. of Sericulture plans to increase credit flow to Sericulture from the present level of Rs. 7.00 cr. to Rs. 360 cr. Mr. Manivannan, Commissioner of Sericulture remarked about the seeming negligence to advances towards sericulture. No targets are fixed for Sericulture. Hence he requested for allocation of targets to banks under the sector.

Regional Director, RBI while responding, said that the issue is to be taken up at DCC level more particularly in North Karnataka districts where thrust is to be given for development of sericulture. NABARD CGM responded that targets were already fixed and he assured to push the same forward.

The Chairperson and also the Chief Secretary, GOK opined that the disbursement under agriculture is very low in Karnataka when compared to other southern states. Hence, they requested for working out strategy for increase in Agricultural credit. SLBC deliberated on the issue and decided that Sub Committee on flow of credit to Agriculture to look into the issue and work out strategy for increasing agriculture credit in the State.

AGENDA 5.0**CENTRE AND STATE SPONSORED SCHEME****5.1 PRIME MINISTER EMPLOYMENT GENERATION PROGRAMME [PMEGP]**

Khadi & Village Industries Commission [KVIC] is the nodal agency for implementing Rural Employment Generation Programme [REGP] of GOI, Ministry of Micro, Small & Medium Enterprises [MSME]. KVIC Mumbai has advised that while implementing the programme, the nodal agencies/blocks have to ensure coverage of social category beneficiaries such as SC-15%, ST –7.5%, OBC-27%, Minorities-5%, Ex Serviceman-1%, PHC –3%, Women-30% (overall).

The progress under PMEGP for the year 2009-10 as at March 10 is as follows:

Agency	Revised Targets			[Rs. in lacs]			
				Actual Achievement			
				Sanctioned by Banks		Disbursement by Banks	
No. of Projects	Margin Money	Employment Generation	No. of Projects	Margin Money	No. of Projects	Margin Money	
KVIC	675	809.97	6750	326	1002.32	317	99.14
KVIB	675	809.97	6750	659	1505.55	424	851.55
DIC	900	1079.96	9000	1284	3286.80	647	1150.08
Total	2250	2699.90	22500	2269	5794.67	1388	3000.77

TARGETS UNDER PMEGP FOR THE YEAR 2010-11:

KVIC vide letter no. KNT/PMEGP/Targets/2010-11/577-79 dated 19-5-2010 has communicated the target for the State for 2010-11 as follows:

	Rs. Lac		
	No. of Projects	Margin Money	Employment Generation
KVIC	621	868.81	6210
KVIB	620	868.81	6200
DIC	828	1158.40	8280
Total	2069	2896.02	20690

SLBC deliberated on the issue and decided to approve the above target and communicate the same to all LDMs.

5.2 SWARNA JAYANTI GRAM SWAROZGAR YOJANA (SGSY) [2009-10]

Progress under SGSY as of March 10 is as under: **Rs. in Lac**

Category	Credit	Credit disbursements	
	Target	Amount	Subsidy amt
Individuals	18118.65	458	172
SHGs		19145	7625
Total		19603	7797

Disbursement of credit and subsidy to weaker sections under SGSY as at MARCH 10

(Rs.in lacs)

Sl.No	Category	Credit	Subsidy	Total
1	SC	6438	2487	8925
2	ST	2188	879	3067
	Total SC ST	8626	3366	11992
3	Minorities	2211	870	3081
4	Women	15843	6032	21875
5	Disabled	526	200	726

All banks are requested to take steps for achieving the targets under the scheme.

TARGETS FOR THE YEAR 2010-11:

GOI/RBI has communicated the Credit mobilization Target of Rs. 20831.25 Lac for the year 2010-11 for the State. The District wise targets have been communicated by the Dept.

5.3 SWARNAJAYANTI SHAHARI ROZGAR YOJANA (SJSRY) – 2009-10

The progress up to March. 10 is furnished below –

Category	Annual Target		Credit disbursements [Rs in lacs]		
	Physical	Financial	Number	Loan Amount	Subsidy
ME	1975	987.50	3541	2590.59	839.71
DWACUA[Groups]	395	1185.00	508	1250.14	623.78

All Banks are requested to take steps for achieving the target under the scheme.

5.4 SCHEMES OF Dr.B.R. AMBEDKAR DEVELOPMENT CORPORATION LTD

Progress as at MARCH 2010 is as under :

(Rs. in lacs)

Parameters	Self Employment Programme (S E P)	Industry-Service-Business (I S B)	Safai Karmachari Rehabilitation Programme (SKRP)
Annual Target	7000	860	1000
Achievement	6004	952	25
Bank Loan	1282.52	1586.67	5.10
Margin Money		385.47	0.21
Subsidy	533.82	37.35	2.50
Total Assistance	1816.34	2009.49	7.81

5.5 SCHEME OF KARNATAKA S.T. DEVELOPMENT CORPORATION –

The Corporation is implementing 2 schemes for the benefit of STs.

The progress for March 10 is as follows.

Amount Rs.lac

Name of the scheme	Annual Target			Progress as of MARCH 10			
	Physical	Subsidy	Margin money	Physical	Subsidy	Margin money	Bank loan
Self Employment	4000	400	-	2854	245		517.28
ISB Scheme	300	30	150	290	16.78	137.25	554.68
TOTAL	4300	430	150	3144	261.78	137.25	1071.96

5.6 SCHEME OF KARNATAKA MINORITIES DEVELOPMENT CORPORATION

The progress under Swavalambana scheme for MARCH 10 is as under:

Rs.in lacs

Target for 2009-10		Progress as of MARCH 10		
No of Beneficiaries	Financial Outlay	No of Beneficiaries assisted	Bank Loan sanctioned	Margin Money Released
4000	600	2802	1240.29	462.60

5.7 SCHEME OF D.DEVARAJ URS BACKWARD CLASSES DEV. CORPN. LTD.

D Devaraj Urs Backward Classes Development Corporation Ltd. is implementing CHAITANYA Subsidy cum Soft Loan Scheme.

Rs in Lakhs

Target for the year 2009-2010	
Physical Target	Financial Target
5000	550
Achievement as at MARCH 2010	
Physical	Subsidy
3433	528.25

The Corporation is also implementing a subsidy-linked scheme for traditional artisans wherein it is proposed to assist one-lakh beneficiaries. The scheme envisages that each beneficiary will be provided with subsidy amounting to Rs.5000/- and bank loan of Rs.5000/- In all 30421 applications were sponsored to different bank branches of which 3001 applications have been sanctioned. SLBC has advised the LDMs/controlling office of banks to dispose off the applications received.

AGENDA 6.0 SPECIAL FOCUS PROGRAMMES

6.1 CREDIT FLOW TO MINORITY COMMUNITIES

The Scheduled Commercial Banks, including RRBs, have extended loans to **147121** beneficiaries amounting to **Rs.2136.01 Crore** during 2009-10 as at March-10. The outstanding level of advances to Minority Communities as at the end of March-10 was **Rs.8088Crore** constituting **4.70%** of total credit and **10.60%** of PSAs against the stipulated target of 15% of PSA.

FLOW OF CREDIT TO MINORITY COMMUNITIES IN IDENTIFIED DISTRICTS

The outstanding level of credit to minority communities in the identified districts as at March 10 is as follows –

[Rs in Crore]

Name of the District	Bidar	Gulbarga	Dakshina Kannada
Advances	1604.85	4058.00	7596.96
Priority Sector Advances	1203.23	3405.21	4505.60
- to minority community	170.12	287.61	1163.92
% to PSA	14.13	8.45	25.83

The flow of credit to minority communities in Bidar and Gulbarga Districts require improvement to achieve the stipulated target of 15% of priority sector advances in the district. The banks operating in the districts are requested to increase flow of credit.

6.2 CREDIT FLOW TO WOMEN

Banks have disbursed **Rs.5618.34** Crore to 320564 Women Beneficiaries for the year 2009-10 up to MARCH 2010. The outstanding level of Advances to Women Beneficiaries was **Rs 14715.80 Crore** as of MARCH 10 constituting **8.56%** total of advances. Banks to take steps to improve performance in this regard.

6.3 KISAN CREDIT CARD

In keeping with the suggestions received from NABARD, SLBC has, vide letter No.42 dt 22.4.2010, advised all banks to work out practicable strategies and take steps for covering all eligible farmers under KCC scheme. Further, a target of issuing 10 lac KCCs for the year 2010-11 has been communicated to major banks, RRBs and Co-op Banks.

All Banks are requested to take appropriate steps to achieve the target of covering all eligible farmers under KCC scheme.

The Banks (including RRBs and Co-ops.) have issued **847156 KCC Cards** during 2009-10 with credit limit of **Rs.5787.03 Crore**. Agency-wise number of Cards issued is as under:

Agency	Target for 2009-10 [Number of KCCs to be issued]	During the Year Up To MARCH 10		Outstanding balance- March 10	
		No.of cards Issued	Limit sanctioned	No. of cards	Amount
Comm.Banks	348000	359001	3717.32	921615	7116.44
RRBs	368000	205303	1378.41	664348	3115.05
Cooperatives	200000	282852	691.30	1466246	3374.48
Total	916000	847156	5787.03	3052209	13605.97

KISAN CREDIT CARD [KCC] SCHEME - COVERAGE OF ALL ELIGIBLE FARMERS

NABARD has suggested that a detailed review of the available eligible farmers as also new farmers in the State who are yet to be covered under KCC Scheme. SLBC had allocated a target of issuing 916000 KCCs during the year 2009-10 in respect of commercial banks, RRBs and co-operative banks. Banks may identify and bring into KCC fold all farmers including defaulters. All inoperative a/cs may be reviewed periodically by the banks to ascertain reasons and wherever possible the farmers may be allowed to operate the accounts subject to banking norms and route all crop loans through KCC mode only. Banks may ensure that KCCs are renewed in a hassle free manner and direct their efforts towards ensuring 'quality in operations' on the KCC. Banks may also ensure that all eligible KCC holders are covered under Personal Accident Insurance Scheme (PAIS). Target for issuing 10 lac cards for the year 2010-11 has already been communicated to the banks.

AGENDA 7.0 SELF HELP GROUPS

Progress under SHG Bank Linkage as at MARCH 2010 –

[Rs in Crore]

	Target	Achievement		Bank loan		Of which Repeat Groups			
		09-10	08-09	09-10	08-09	09-10	08-09	09-10	08-09
	No.	No.	No.	Amt	Amt.	No.	No.	Amt.	Amt.
Com. Bks.	New- 40000 Repeat 160000	41624	55494	446	614	16033	22551	172	361
RRBs		35505	25862	198	278	20481	18388	210	188
Coop		17666	12625	102	98	8961	8473	60	20
Total	200000	94795	93981	746	990	45475	49412	442	569

Outstanding position of advances to SHGs

Agency	March 2009		March 2010		YOY growth
	No. a/cs	Amount	No. of A/cs	Amount	%
Com.Bks	196036	1268	255210	1572	24
RRBs	81432	422	77323	496	18
Coop.	46874	178	57195	176	
Total	324342	1868	389728	2244	20

The matter was taken up for discussion and it was observed by CGM NABARD that targets are generalized and Bank wise targets are to be allotted. Regional Director, RBI requested Commercial Banks to make available proper data and fix targets bank-wise/branch wise targets.

The Principal Secretary, RDPR, said that lending to SHGs by the Banks is more in the State of Andhra Pradesh than in Karnataka. The Bankers were requested to credit link more SHGs in Karnataka.

Target for 2010-11

CGM, NABARD has suggested the following strategies for 2010-11:

- Promotion of 20,000 new SHGs in the Districts where density of SHGs is low.
- Credit linkage of 50,000 new SHGs in the state.
- Extending Repeat Linkage to 1,30,000 SHGs.
- Enhancing per Group finance to Rs.1.50 lac to facilitate the members to take up Income Generation Activities.

SLBC decided that all Banks and Govt departments to take note of the above and accomplish the set targets.

AGENDA 8.0

STREE SHAKTI PROGRAMME

The progress under Stree Shakti Programme as furnished by the Women & Child Development Department, Govt. of Karnataka, for March 2010 is as under:

No. of Stree Shakti Groups formed	130000
No. of groups maintaining accounts with banks	130000
Cumulative amount saved by the Group Members	Rs.826.26 Crore
No. of groups credit linked	120456
Loan disbursal by banks	Rs. 1112.47 Crore

AGENDA 9.0 UDYOGINI, AASARE AND AMRUTHA SCHEME OF KARNATAKA STATE WOMEN'S DEVELOPMENT CORPORATION [KSWDC]

The Corporation has finalized the targets for the year 2010-11 under Udyogini, Asare and Devadasi Rehabilitation Scheme, which has been communicated to the LDMs for reallocation. Banks are requested to take steps to implement the schemes.

The Banks have financed 5530 beneficiaries against a target of 5563 under Udyogini scheme. Under Aasare scheme 319 beneficiaries have been financed against a target of 400. Under Amrutha Scheme, 869 loans have been sanctioned against a target of 3748 as at March 10. All Banks are requested to issue instructions to branches to consider sanction of applications under these schemes.

AGENDA 10 IMPLEMENTATION OF SPECIAL SCHEMES

A] Agri-Clinics / Agri-Business

As per the information received from Banks, during the current fiscal [2009-10], Commercial Banks have financed **377 Clinics [Rs.40.51 cr]** up to March 10. Banks are requested to monitor the implementation of the scheme at the ground level and ensure sanction of the proposals received on merits, submit subsidy claims to NABARD in respect of eligible proposals.

B] Implementation of National Horticulture Board [NHB] Subsidy Scheme.

For the year 2009-10, NHB has released subsidy in respect 377 proposals under the scheme amounting to Rs.397.90 lakh, which are approved by the State level committee.

AGENDA 11.0 - RECOVERY

11. A RECOVERY OF BANK DUES UNDER GOVERNMENT SPONSORED SCHEMES

The summary of scheme-wise Demand-Collection-Balance position is furnished below-

(Amount in Rs. crore)

SECTOR		DEMAND	COLLECTION	BALANCE	%-age of over dues to demand
P M R Y		151.73	56.11	95.62	63.02
SGSY	Individuals	137.14	75.03	62.11	45.29
	Groups	137.66	112.76	24.90	18.50
SJSRY	M E	34.00	18.57	15.43	45.37
	DWCUA	5.40	3.56	1.84	34.00

Nodal agencies [DIC, RDPRD/Zilla Panchayat, ULB (municipalities)] are requested to extend assistance to banks for recovery of overdues in co-ordination with Banks.

11. B NON-PERFORMING ASSETS POSITION –

There were **386271** NPA a/cs involving an amount of **Rs.6613.88 crore** as of March 10 accounting for 3.86% of total advances. Farm sector account for **76215** a/cs with a balance of **Rs.649.50 crore** constituting **1.83%** of advances to agriculture.

AGENDA 12 RECOVERY UNDER KPMR & KACOMP ACTS

As of March 10, **27371** cases filed by Banks under RR Acts are pending before Revenue Authorities involving an amount of **Rs.67.35 Crore**. The Banks have filed **662** applications during the current quarter involving loan amount of **Rs.3.14 Crore**. There are **12208** cases pending for more than 3 years for recovery under RR Acts.

Revenue Dept., GOK is requested to advise District level revenue authorities to expedite execution of Recovery Certificates for realizing the dues.

AGENDA: 13 BANKING CODES AND STANDARDS BOARD OF INDIA Spreading awareness of the codes among bankers and public:

The Banking Codes and Standards Board of India [BCSBI], was set up in February 2006. The main aims and objectives of Banking codes and standards Board of India (BCSBI) are to evolve codes and Standards for banks for providing fair treatment to their customers. The BCSBI has given Citizen Charter for Small and Medium Enterprises and are displayed on the website of Banks.

Mr.P.K.K.Krishnan, Senior Vice President, BCSBI made a presentation on creating awareness about the codes amongst the banks and public as follows :

Code of Bank's Commitment to Micro & Small Enterprises (MSEs)

Codes evolved so far

- Code of Bank's Commitment to Customers released in July 2006 and revised in August 2009
- Code of Bank's Commitment to Micro and Small Enterprises (MSEs) released in May 2008

- **Code of Commitment for MSEs – Genesis**
- Inadequate flow of credit to MSEs
- Difficulties experienced by MSEs in getting timely bank credit due to procedural delays, etc.
- Difficulties experienced by banks in extending credit to MSEs due to poor record maintenance, lack of credit information on entities, etc.
- Significant role played by MSEs in employment generation and contribution to National Economy
- Positive Public Policy Thrust

What is MSE Code ?

This is a Code, reflecting the bank's positive commitment to its Micro and Small Enterprise (MSE) customers to provide easy, speedy and transparent access to banking services in their day-to-day operations and in times of financial difficulty. This Code is not only a Charter of Rights of the MSE but also enshrines his obligations vis-à-vis his bank

Definition of MSE Units

Manufacturing Units: Investment in Plant & Machinery

- Micro Enterprise : Up to Rs.25 lakh
- Small Enterprise : From Rs.25 lakh to Rs.5 crore
- **Service Units: Investment in equipment**
- Micro Enterprise : Up to Rs.10 lakh
- Small Enterprise : From Rs. 10 lakh to Rs.2 crore

Broad objectives of the Code

- The MSE Code explains how banks are expected to deal with the Micro and Small Enterprises borrowers in normal time as well as when the units are in financial difficulty
- The Code is a Commitment of Banks to their MSE Customers
- The Customers have also a duty to keep their banks informed of the working of the units
- To provide a positive thrust to the MSE sector through easy access to efficient banking services
- Encourage fair banking practices

- Enhance transparency
- Improve business understanding through effective communication
- Encourage market forces to achieve higher operating standards
- Promote a fair and cordial relationship and
- Foster confidence in the banking system

Scope of MSE Code

- Code is confined to only Micro and Small Enterprises
- Further, loans granted by banks to MSEs are classified as priority sector loans, including loans those engaged in export business

Key features of Code

- General

- Ensure effective communication of financial products and services
- Prevent mis-selling of products
- Provide regular updates on changes in interest rates and other charges, terms and conditions, etc.
- Provide procedure for lodging complaints
- Adequate internal control systems for proper and prompt handling of complaints
- Ensure confidentiality of data

- Lending

- Provide simple, easy to understand, standardised loan application forms free of cost
- Acknowledge receipt of loan applications
- Banks to assist filling up loan application forms
- Provide check list of documents to be furnished by borrowers
- Time frame for disposal of applications – Within
- 2 weeks for loans up to Rs. 2.00 lakh
- 4 weeks for loans up to Rs.5.00 lakh
- No processing fee for loans up to Rs.5.00 lakh if the loan is not sanctioned
- Proper assessment of credit requirements based on business plan, personal financial commitments, track record, market reports, etc.

- Working Capital limits to be fixed at minimum 20% of the turnover for manufacturing units
- Collateral free loans up to Rs.5.00 lakh (in May 2010, RBI issued guidelines to increase the limit to Rs.10 lakhs)
- Code says banks to consider collateral free loans up to Rs.25.00 lakh subject to satisfactory track record
- Transparency in sanction of loans and reasons for not acceding to request will be conveyed in writing
- Terms and conditions of loans will be duly communicated in writing to borrowers
- Disbursement of loan within 2 working days subject to compliance with terms and conditions
- Prepayment of loans up to Rs.5.00 lakh without penalty
- Sharing of rating parameters
- Convey consent or otherwise within two weeks if borrower was to transfer the loan account to another bank
- Release all securities on receiving repayment immediately, in any case not later than one week
- Inform the details of debits to a/c arising out of interest application, fees, etc.
- Monitor progress made by customer through various means
- Dealing sympathetically and positively with borrower's financial difficulties
- Borrowers should let the bank know, as soon as possible, their difficulties
- Banks endeavour to provide credit counselling services
- Nursing sick MSEs and debt restructuring within a definite time frame
- Rehabilitation package implemented within 60 days from date of receipt
- If bank is unable to support, it lets borrower know the reasons therefor
- Security repossession policy to be built on courtesy, fair treatment and persuasion
- Collection/Recovery policy will include proper identity of persons authorised to recover, respect for privacy and dignity, amicable resolution of disputes
- Security repossession policy will be in accordance with the law and will be displayed on website

Grievance Redressal

- Bank to explain the procedure
- Issue acknowledgement of complaint

- Maximum Turn Around Time
- Escalation of complaint to bank's higher authority
- Banking Ombudsman Scheme

Prescribing a Code of Conduct for DSAs by member banks

- Handling of personal and business information with same degree of confidentiality by third parties (such as DSAs) engaged by banks
- Banks to take appropriate steps if complaint against representative, courier or DSA received

Implementation of Code

- RBI, in public interest, gave wide publicity to the Code
- Appeared in 86 editions of English, Hindi and regional languages
- Banks have adopted the Code and advised their constituents
- BCSBI placed Code in Hindi, English and 11 regional languages on its website www.bcsbi.org.in
- Sensitization campaign undertaken by BCSBI
- Number of workshops held across India to disseminate MSE Code amongst bankers and MSEs, at Thane, Kochi, Chennai, Belgaum, Cuttack, Agra, etc.

AGENDA 14 APPOINTMENT OF RECOVERY TAHSILDARS IN THE DISTRICTS WITH LARGE AMOUNT OF BANK DUES

GOK, FD has informed that earlier the Districts with large amount of Bank dues to be recovered as arrears of Land revenue had Recovery Tahsildars assisted by few staff. Salary of the recovery unit was met by the banks. Additional amount of 5% of the dues was recovered from the defaulters. FD has advised that this matter may be placed before the SLBC to take a view whether the same arrangement can be revived.

It was discussed and decided in the SLBC meeting that the Sub Committee on Recovery and Rehabilitation, constituted for the purpose to deliberate and decide on the issue.

AGENDA 15 NON INCLUSION OF LOANEE FARMERS UNDER CROP INSURANCE PROGRAMME BY SOME BANKS.

Director of Agriculture has informed that in the SLCCCI meeting held on 26.3.2010, the matter of non inclusion of loanee farmers under crop insurance programme by some banks was discussed and resolved to take up the matter in the SLBC. For loanee farmers

crop insurance is compulsory for the crops notified by the Govt. All banks are advised to ensure that all loanee farmers are covered under Crop Insurance Scheme.

All the banks are requested to take note of the above and cover all the loanee farmers under crop insurance without fail.

AGENDA 16 : COFFEE DEBT RELIEF PACKAGE : 2010

GOI has communicated Coffee Debt Relief [CDR] Package for Rs.241.33 crores envisaging the following :

1. SMALL GROWER

- i. Pre 2002 loans : SCTL : Waiver of 50% liability subject to max Rs.5 lac per grower to be borne by GOI. Additional 25% shall be waived by banks and balance rescheduled.
- ii. Crop Loans : Waiver of liability of 10% each borne by GOI and banks. Max Rs.1 lac per farmer.
- iii. Post 2002 Term loans : waiver of 10% liability subject to max Rs.1 lac to be borne by GOI.

2. MEDIUM & LARGE FARMERS - are eligible for rescheduling of loans.

3. Package shall apply to outstanding amount as on 30.6.09

Rescheduling – [Recommendations of Bankers Committee]

Small Growers

In case of SCTL loans of small growers, the loans may be rescheduled and made repayable in 7 annual instalments with two years moratorium period. The interest accrued during the moratorium period shall be funded and repaid along with the installment of the rescheduled loan.

The rescheduled loan account may be classified as standard asset enabling the coffee growers to get fresh loans.

The rate of interest on rescheduled loans may be charged at 9% p.a as applicable to SCTL Loans in case of commercial banks and 3% in respect of co-operative banks.

Medium and Large Growers

Existing term loans including SCTL may be rescheduled and made payable in 7 annual instalments with a moratorium of 2 years. Int accrued during the moratorium period shall

be funded and repaid along with the installment of the rescheduled loan. Crop loans may be converted into medium term loans repayable in 3 yearly instalments with a moratorium of 1 year.

The int accrued during the moratorium period shall be funded and repaid along with the installment. The rescheduled loan account may be classified as standard asset enabling the growers to get fresh loans. ROI on rescheduled SCTL loans may be continued at the rate of 9% p.a. In the case of Non-SCTL loans, the rate of interest as applicable to such loans will continue.

Sri.Jawaid Akhtar, Chairman, Coffee Board made a presentation on the Relief Package.

He also dealt with the clarifications given by the Monitoring Committee held on 9.7.2010 at new Delhi for the benefit of the members. SLBC deliberated on the subject and decided to implement the Scheme with immediate effect. Regarding rescheduling of loans, it was decided to consult IBA as per the suggestion of Monitoring Committee and seek RBI clearance.

CHICKO Bank informed that the impact of coffee package on their bank is expected to be more than Rs.2.5 crores, the burden of which the Bank is not in a position to bear for which they sought relief from Govt. It was informed that the issue was discussed during Monitoring Committee meeting also and it was felt that sponsoring bank should come to the rescue of RRB. However, it was decided that the matter may be taken up with NABARD so that they in turn can follow up with GOI.

AGENDA 17 REDUCTION IN STAMP DUTY AND REGISTRATION FEE IN RESPECT OF REGISTERED SIMPLE MORTGAGE

Stamp duty on Registered Simple Mortgage (RSM) is 0.5% and registration fee is 0.5% on the loan amount without ceiling .For UREM, stamp duty is 0.1% on the loan amt [max Rs.50,000/- with a min- Rs.500/-]. For REM stamp duty is 0.1% subject to a maximum of Rs.50000/- + regn fee at 0.1% with maximum of Rs.10000/-. Frauds are taking place while creating UREM by banks in Housing loans/ mortgage loans where the borrowers deposit duplicate title deeds/fake documents. For creating RSM, there is no need to deposit documents of title deeds. Frauds can be reduced by insisting on RSM by banks which will be reflected in the EC. Stamp Duty for RSM is on the higher side compared to EM which

leads to creation of EM by banks instead of RSM. It was decided in the earlier meeting to refer the matter to IGCSR in this regard.

Revenue Department is requested to expedite at the earliest.

AGENDA 18 : NABARD AGENDA ITEMS

1. Promotional Fund

a. Pilot Project on augmenting productivity of Lead Crops / Activities through adoption of Sustainable Agricultural practices- A Pilot Project to augment the productivity of lead crops / activities through adoption of sustainable agricultural practices is under implementation in the State. The project aims at augmenting income of the farmers through,

- Improving productivity of the lead crops/activities through adoption of appropriate technologies,
- Reduction of costs,
- Getting better price for the produce by way of value addition (e.g., grading, cleaning, primary processing, storing after harvest, etc.)

The project focuses on location specific, 3-4 lead crops/activities, in a cluster of villages. The Project interventions are to be completed within a period of 3 years. In the third year, the project should stabilize, sustain on its own and the village body/ villagers themselves should have attained the skill and capability to carry forward the processes further.

NABARD has sanctioned 6 projects in the districts of Bagalkot, Bellary, Chikmagalur, Gulbarga, Kolar & Shimoga under the project covering 2000 farmers per project. The successful implementation of these projects will aid in bridging the yield gap of crops. As timely availability of credit will aid in effective implementation of these projects, all banks are requested to provide necessary credit support to the farmers covered under the project.

Details of the sanctioned projects is indicated below:

Pilot Project on Augmenting Productivity of Lead Crops/Activities through Adoption of Sustainable Agriculture Practices						
Details of Sanctioned Projects				Rs.in lacs		
Sl. No	District	Block	Villages identified	Project Facilitating Agency	Lead crops / activities identified	Grant Sanctioned
1	Bagalkot	Badami	Phakeerabudihal, Sagnur, Narnu, Hosakote & Kainakatte	OUTREACH	Jowar, Groundnut, Bajra, Sunflower	53.00
2	Bellary	Hadagalli	Uttangi, Mahajanadahalli, Talakallu, Adavimallanakere & Varkanahalli	SNEARDS	Maize, Sunflower, Groundnut, Redgram & Onion	53.00
3	Chikmagalur	Chikmagalur	Belavadi, Govindapura, Narisipura, Vaddarahalli, Kurubarahalli, Kalhally, Bhovicolony, K.B.Hal, Bhaktrahalli, Kottigenahalli, Machenahally, M.Tandya & Shankaranahalli	BHOOMI	Ragi, Horse gram, Maize, Sesame & Coconut	53.43
4	Gulbarga	Aland	Bodhan, Savalagi K, Karahari, Belamagi & Naron	Parivartan Samaste	Redgram, Bengalgram, Bajra & Sunflower	48.97
5	Kolar	Bangarpet	Balamande, Bhemanganahalli, DP Halli, Kadirenahalli, Dinnur, Gullahalli, Kommanahalli, Chikkupura & Vattigallu	AME Foundation	Ragi, Paddy, Tomato, Mulberry & Dairy	51.53
6	Shimoga	Shikaripura	Guddadathuminakatte, Suragihalli, Mugalgere, Hosaguddinakoppa, Nimbegondi & Haranahalli	Academy of Sustainable Development	Maize, Groundnut, Sunflower & Paddy	53.43

2. Micro Credit

a. Progress under SHG-Bank Linkage programme : A total of 90817 SHGs (new and repeat) were credit linked with bank loan to the extent of Rs.986.72 crore during the year 2009-10 as per the data available from RRBs and Cooperatives, upto March 2010 and provisional figures submitted by Commercial Banks.

Commercial banks may kindly submit the progress report as on 31 March 2010 immediately to NABARD. Commercial Banks may also submit district-wise data in specified format (circulated during Strategy meet held on 26 August 2009) to Regional Office of NABARD on half yearly basis.

b. Strategy for 2010-11

- (a) Promotion of 20,000 new SHGs in districts where the density of SHG is low.
- (b) Credit linkage of 50,000 new SHGs in the State.
- (c) Extending repeat linkage to 1,30,000 groups.
- (d) Enhancing the per group finance to Rs.1.50 lakh/group to facilitate members of SHGs to take up income generation activities.

c Categorisation of SHG Accounts : Banks may categorise the SHG Accounts into 'Active' and 'Inactive'. Such segregation of SHG Accounts would help the banks to initiate appropriate measures such as promoting micro credit enterprises among 'A' grade SHGs, arranging training for 'B' grade SHGs and initiatives for rejuvenating 'C' grade SHGs. Banks may advise their branches to categorise SHG Accounts and report to for consolidation and subsequent sharing of information with Govt. / RBI / NABARD.

d Micro Credit planning for SHGs: SHGs may be encouraged to prepare member-wise Micro credit Plan and consolidate the same for the group. The Micro Credit Plan would take into account the consumption, income generation and debt swap needs of all the members of SHGs individually. Loans to SHGs may be decided upon by the branches taking into account the Micro credit Plan of the SHGs besides various other norms.

e Joint Liability Groups: In order to provide credit to small / marginal farmers, tenant farmers, oral lessees who were hitherto remained outside the ambit of formal credit delivery system, banks may form and credit link under the new incentivisation of JLGs (Circular issued by NABARD). During 2010-11, NABARD proposes to form and credit link at least 15000 JLGs in the State of Karnataka.

f. Financial Inclusion: Financial Inclusion is a national agenda. Banking is public good and hence should be available to all. MFIs operating in **unbanked areas** have not been able to live up to the task since they offer only limited range of activities compared to banks. To scale up, MFIs need technology which requires large capital. Lenders and investors repose faith only if the sector is regulated. Banks have high level of credibility because they are regulated.

g. Other Issues

8.1. Rural Development and Panchayat Raj Department of GoK / Registrar of Cooperative Societies may permit DCCBs to use prominent NGOs as Business Facilitators.

8.2. Govt. of Karnataka may issue a fresh Govt. Order detailing arrangements for hassle free settlement of interest subvention amount so that SLBC can forward the same to all the banks, Lead District Office for effective implementation.

8.3. Govt. of Karnataka may consider providing interest subvention to all SHGs irrespective of whether they are promoted by Govt. Departments / NGOs or by any other agency.

8.4. The State Government may also advise the banks to strictly adhere to the Govt. Order with respect to waiver of stamp duty of all documents to be provided by SHGs to Banks while availing loans. Some Banks are still insisting on Stamp Duty.

8.5. MIS may include data of Active and Inactive SHG Accounts.

8.6. Data of JLGs should also form part of MIS by appropriately distinguishing SHGs and JLGs separately.

3. Investment Credit

a. Centrally Sponsored Scheme - Integrated Development of Small Ruminants and Rabbits (Ref NABARD Circular No. 219 /ICD- 46 /2009 dated 24 December 2009)

Government of India has launched a centrally sponsored scheme for integrated development of small ruminants and rabbits for providing Venture Capital assistance during the remaining period of XI Five Year Plan in 24 states with a focus on 114 districts for small ruminants and 12 districts for rabbits. In the State of Karnataka, the 11 districts have been approved for implementation of the scheme. The districts are Belgaum, Chitradurga, Gulbarga, Kolar, Mandya, Raichur, Tumkur, Chikmagalur, Hassan, Chikkaballapur & Bangalore (Rural) . Under the scheme an Interest Free Loan (IFL) shall be provided based on the total financial outlay (TFO) for the various components as indicated below :

Sl. No	Component	Eligibility	TFO (Rs lakh)	Pattern of Assistance
1	Rearing of sheep and goats (40+2)	Individual farmers, SHGs are the intended beneficiaries for setting up rearing units. Preference would be given for traditional shepherds, women, SC and STs.	1.00	50% of the outlay as IFL subject to a maximum of Rs. 50,000/-.
2	Sheep and Goat Breeding units (500+25)	Individual farmers, NGOs, Companies would be eligible for breeding farms with preference for those who have organised the farmers into groups for taking up rearing of small ruminants	25.00	50 % of the outlay as IFL subject to a ceiling of Rs 12.50 lakh

b. Centrally Sponsored Scheme for Establishing Mother Units For Rural Backyard Poultry (Ref NABARD Circular No. 218 /ICD- 46 /2009 dated 24 December 2009)

Mother units with a unit size of 1500 chicks would be established for rearing one day old chicks of low input birds upto 4 weeks, after which the birds would be supplied to beneficiary families. The mother units will get the day old chicks from State Poultry Farms or private hatcheries producing low input birds. The mother units will be eligible for a subsidy amount of Rs.0.20 lakh per unit which would be directly routed by the State Department of Animal Husbandry to the financing bank. The mother units will also be eligible for Interest Free loan of Rs.0.36 lakh per unit which will be routed through the financing banks by NABARD.

C. Central Sector Scheme for “Salvaging and Rearing of Male Buffalo Calves (Ref NABARD Circular No. 129 /ICD- 28 /2010 dated 12 July 2010)

Government of India has launched the above scheme with a total outlay of Rs.121.62 crore during the remaining period of XI Five Year Plan(2010-11 & 2011-12). Under the scheme, it is proposed to assist farmers, NGOs, professionals and corporate bodies to rear male buffalo calves for meat production and recovery of hides. The scheme has following three components:

(i) Individual Units (Model-I) : Under this model 100% interest subsidy on short term loan would be provided for rearing of male buffalo calves (1 to 9 calves). An indicative unit

cost of Rs.6400/- per calf would be provided by banks as short term loan for rearing the calf upto marketable age (say 12 months).

(ii) Commercial Units (Model-II) : Under this model, 25% of the outlay (33 1/3% in NE States including Sikkim and hilly areas) as back ended capital subsidy would be provided for rearing of 10 to 50 male buffaloe calves. (with a ceiling of Rs.21,750/- for a unit of 10 calves). An indicative unit cost of Rs.87000/- per 10 male calves would be provided as term loan by the banks.

(iii) Industrial Units (Model-III) : Under this model, 25% of the outlay (33 1/3% in NE States including Sikkim and hilly areas) as back ended capital subsidy would be provided for rearing of 1000 male buffaloe calves with a ceiling of Rs.20.86 lakh. An indicative unit cost of Rs.83.45 lakh for rearing of 1000 male calves would be provided as term loan by the banks.

Banks are requested to encourage suitable entrepreneurs, farmers, NGOs to utilise the benefits available under the schemes.

4. Non-Farm Sector:

a. Swarojgar Credit Cards: The issue of low achievement as against the targets allocated to commercial Banks during 2009-10 is due to under reporting about the issue of the cards including issue of LCCs etc. which has to be discussed with the Bankers at the meeting. The under reporting is mainly on account of non-identification of one office / officer in each commercial bank to compile and report the SCC data to NABARD. During the 111th SLBC meeting, the issue of identifying one officer / office at State level in each commercial Bank was discussed and subsequently SLBC had advised the member Bank to do the needful and report the identification to NABARD promptly. No communication in this regard has been received from any Bank till date by us.

Commercial Banks may be advised to increase the issue of SCCs and include LUCs for reporting under SCC scheme and submit the monthly / quarterly reports on SCCs issued within the stipulated time frame. The number of cards issued is less than 500 as against a target of 12000 cards

b. Increasing credit to Micro Enterprises - Extension of credit to micro entrepreneurs trained in RUDSETIs/RSETIs assisted by NABARD

As per the recommendations of the Prime Minister's High Level Task Force on MSMEs, banks have been urged to take effective steps to increase the flow of credit to the MSE Sector, particularly to micro-enterprises as under:

- (i) The allocation/increase in share of Micro enterprises in MSE Lending to 60% should be achieved in stages viz.50% in the year 2010-11, 55% in the year 2011-12 and 60% in the year 2012-13 and
- (ii) Achieve a 10% annual growth in number of micro-enterprise account.

2. All the districts in the State have training institutes which have been set up by Banks from where training is imparted for Entrepreneurship development along with relevant skill training. NABARD's grant support is extended to such institutions in as many as 20 districts. During 2009-10, as many as 4000 youth have received training for setting up micro-enterprises through NABARD's support. However, it is observed that a majority of these trained youth have no access to credit from banks and around 50% of these youth who have set up their enterprises have done so through their own resources. Despite being trained in training centres which have been set up by banks themselves, these trainees do not receive credit support from the banks. Banks are requested to provide financial assistance to the beneficiaries under the scheme.

3. Keeping in view the recommendations of the Prime Minister's High Level Task Force for the micro sector, SLBC may take upon itself to advise its members banks to actively associate in extending credit support to trainees from these institutions so that the task of achieving growth in the micro sector is achieved.

5. District Development

a. Monitoring of ground level credit flow -Submission of LBRs_The submission level of LBR 2 has not reached 100% even after twenty years of launching of SAMIS. Rigorous follow up/persuasion is still required from LDMS/DDMs for submission to reach a reasonable level.

As long as controllers and corporate offices of banks continue to have different MIS for their reviews, the branch managers will not accord any importance to submission of LBRs.

To improve the situation, it is suggested that submission of LBR should be a part of review of branch performance by the corporate offices of banks, controllers etc.

Non- submission of LBR returns is causing problem in compilation of data. We have not received data pertaining to 2009-10, from most of the districts. Non submission of LBR-2 returns is hampering the proper and timely monitoring of credit flow. Even after three months of the end of previous quarter (March 2010), actual ground level credit flow information is not available. Banks may take necessary steps to ensure LBR submission in time.

b. Discrepancy in data:

At present the GLC data is being generated from three sources viz.

1. The data generated out of LBR 2,
2. information submitted by Cooperatives and RRBs directly to NABARD and
3. that presented by the SLBC

The data from these three different sources do not match. Because of this discrepancy, ground level flow of credit cannot be firmly arrived at. To put an end to discrepancies, **the source should be single, i.e LBR 2. Banks should also ensure data consistent so that all statements contain the same data.**

b. Crop insurance : Some of our DDMs have reported that the condition of Insurance Company that it has to be informed within 48 hrs of occurrence of natural calamity, has resulted in denial of compensation to the farmers affected by floods. The bankers have requested for relaxation of this condition in case of floods, as it is not possible to intimate the company when means of communication get dislocated.

This issue may be given favourable consideration.

6. Production Credit:

a. ADWDR Scheme 2008-09-Debt Relief: The last date for submission of claims under OTS was upto 30 June 2010 and under Grievance Redressal Mechanism, it is 31 July 2010. Further the banks were requested to submit their claims to NABARD duly audited in the required format by 31 August 2010 both in respect of Debt Relief and Grievance Redressal Mechanism.

AGENDA 19 : OTHER ISSUES :

Sri.Aravind Srivastav, Managing Director, KUIDFC, informed the house that Municipal authorities are taking up certain developmental projects for the welfare of communities. It was also informed that Bankers are not coming forward in a big way to finance such projects. He said that certain Banks which have agreed to finance have gone back under the pretext that banks cannot finance where repayments are from budgetary allocations. It was informed that repayment will be out of own resources generated by ULBs besides budgetary allocations. He requested bankers to relax the norms and participate in financing ULBs. The issue was discussed. The RD, RBI said that this is a policy decision and exceptions could be effected only after amendment to the policy at the Apex level.

The meeting concluded with Vote of thanks proposed by Sri.R.Ramachandran, Executive Director, SyndicateBank.