STATE LEVEL BANKERS’ COMMITTEE - KARNATAKA

**Convenor – SYNDICATE BANK, CORPORATE OFFICE, BANGALORE**

MINUTES OF THE 124th SLBC MEETING HELD ON 27.07.2013

The 124th SLBC Meeting was held on 27th July 2013 at the Conference Hall, III Floor, Vidhana Soudha, Bangalore under the chairmanship of Sri Sudhir Kumar Jain, Chairman-SLBC & CMD, Syndicate Bank.

The Chairman-SLBC extended Hearty welcome to Sri Siddaramaiah : Hon’ble Chief Minister : GoK, followed by floral welcome. He extended cordial welcome to Sri S.V. Ranganath : Chief Secretary : GoK., Sri Kaushik Mukherjee : Addl. Chief Secretary : GoK., Sri R.K. Dubey : CMD : Canara Bank, Sri H.S. Upendra Kamath : CMD : Vijaya Bank, Sri Sharad Sharma : MD : SBM, Smt Uma Shankar : Regional Director : RBI & Sri G.R. Chintala : CGM : NABARD. He also extended warm welcome to the Addl. Chief Secretary, Finance Dept., Principal Secretaries, Secretaries, Senior Officials from GoK representing different Line Departments and Managing Directors/Heads of State Level Corporations/Boards, Chairmen of RRBs, Executives from RBI, NABARD, HUDCO, NHB, SIDBI, Postal Dept, Commercial Banks, Co-op. Banks, Micro-finance Institutions, other Financial Institutions, Insurance Companies, NGOs and representatives from Print and Electronic media who were present to cover the event.

Before highlighting the performance under key thrust areas during last fiscal (2012-13) and other issues, he touched upon the meeting of Hon’ble Governor & Dy. Governor, RBI held with CMDs / Top Management of Karnataka based Banks on 11.1.2013 at Bangalore wherein they highlighted on Meaningful Financial Inclusion and also the challenges being faced by Banks in implementation. During the course of deliberations, they emphasized the significance of Financial Literacy in taking forward Financial Inclusion. SLBC has already submitted brief report on lessons learnt from the experience of functioning Financial Literacy Centres in the State & common syllabus / curriculum for Business Correspondents. RBI has brought out Financial Literacy Guide, Financial Diary & Financial Literacy posters in English and Hindi. He appealed to Banks to ensure the best use of standard curriculum by FLCs & Rural branches while conducting Financial Literacy camps.

He said that Aadhaar-linked LPG Subsidy schemewas launched successfully on 01.06.2013 at Tumkur in the presence of Sri Veerappa Moily : Hon’ble Union Minister for Petroleum & Natural Gas, Sri Siddaramaiah : Hon’ble Chief Minister : GoK & Sri Nandan Nilekani : Chairman : UIDAI. Similarly, the scheme was launched at Mysore on 1.7.2013. Further, a National Level Workshop was held on 28.6.2013, wherein the Dy. Governor : RBI, the Chairman : UIDAI, the Director General : UIDAI, Oil Marketing Company representatives, CEOs / Top level Executives of Karnataka based Banks and top State Level officials participated. Consequent upon this, a State Level Bankers’ Meeting was conducted on 1.7.2013 at Bangalore and Mysore District level Bankers’ Meeting was held at Mysore on 3.7.2013. A District Level Core Committee has been carved at Mysore to accomplish the task of account opening, Aadhaar seeding & NPCI mapping in respect of all LPG consumers in Mysore District.

He informed that all LPG consumers who want to avail subsidy must provide Aadhaar number to LPG distributors & to their bank accounts. The objective is to eliminate pilferage & duplication. He requested all the stakeholders to implement the scheme effectively.

Subsequently, he presented before the august house the implementation of Financial Inclusion / Direct Benefit Transfer Scheme, other developmental matter and the performance under key business indicators during the last fiscal 2012-13.

**Direct Benefit Transfer (DBT) Scheme :**

The Chairperson informed that GoI has introduced DBT for credit of benefits under Govt funded schemes into the bank accounts of beneficiaries w.e.f. 1.1.2013. In the first phase, in Karnataka, Tumkur, Mysore & Dharwad districts have been selected for implementation of DBT. The directions received from GoI on implementation of DBT from time to time had been deliberated in various fora including the review meetings convened under the Chairmanship of the Chief Secretary, GoK. The Banks have already opened accounts for house-holds and also in the names of beneficiaries of various schemes through conducting campaigns. He requested all fellow bankers to expedite opening of individual accounts of beneficiaries (scheme-wise), seed Aadhaar numbers wherever available & map with National Payment Corporation of India Mapper on a daily basis to enable payment of the benefits through Aadhaar platform. As the Sub-service Area mapping is already completed in tune with DFS: MoF: GoI guidelines, Banks must ensure that one BCA is available in each Sub-service Area for effectively covering 1000 to 1500 house-holds. He requested all the Banks to deliberate on the seeding of Aadhaar number as the progress in this regard is tardy and come out with issues, if any. The Bankers were requested to take urgent steps to expedite seeding of Aadhaar Number into Bank account of the beneficiaries of DBT including LPG.

**Drought affected Taluks:**

He said that in Karnataka, 157 taluks spread over 28 districts had been declared as drought affected by the State Administration. The concerned LDMs had convened special DCC meetings to deliberate on initiating necessary relief measures in terms of RBI guidelines on Natural calamities. As per the information gathered, the Banks have converted 141889 Crop Loans into Term Loans involving an amount of ` 1555.58 crore and rephased 72350 Term Loan accounts with credit limit of ` 900.58 crore. Further, the Banks have also lent fresh Crop Loans to 18009 farmers with credit limit of ` 216.11 crore and extended 9196 fresh Term Loans involving credit limit of ` 333.29 crore. He requested all the Banks to ensure implementation of relief measures as per extant RBI guidelines, in all the eligible cases.

**Bhoomi- Bank Integration:**

He informed that as on 16.7.2013, the Banks have carried out 71,683 online transactions. All the Banks involved in Agriculture lending were once again requested to expedite implementation of the project in toto ensuring 100% coverage of all transaction.

**FINANCIAL INCLUSION & INCLUSIVE GROWTH**

He said that the SLBC theme for the last fiscal was “**Comprehensive Financial Inclusion”.** In the first phase, all the identified 3395 unbanked villages have been provided with banking outlets. Out of 3395, Brick & Mortar branches have been opened in 388 villages accounting for 11.43%. He appealed to the concerned Banks to ensure opening of brick & mortar branches at least in 15% of villages in tune with RBI direction. He informed that under population group of 1600 to 2000 as per 2001 census, **1562 villages** in the State under **Swabhimaan** Financial Inclusion Plan have been identified and allocated to the banks based on Gram Panchayat model for providing banking outlets. **As of March 2013, 966 villages were covered by BCs.** The participating Banks, in terms of DFS guidelines, have already been advised to make use of existing BCs for providing services in other villages.

He informed that in tune with RBI guidelines on roadmap for providing banking services in villages with population below 2000, the Banks have been allocated 23,126 unbanked villages having less than 2000 population, of which 3730 outlets were provided upto March 2013 covering 3730 villages. The Banks were requested to proceed in this regard in right earnest to ensure compliance on time bound manner as per the road map. Further, he requested the Bankers to ensure opening of Brick & Mortar Branches at least in 5% of the villages allotted as advised by RBI.

**Urban Financial Inclusion:**

The Chairperson said that GoI has been emphasizing the need for transferring of benefits under Govt funded schemes to beneficiaries by direct credit to their Bank accounts. These beneficiaries are not only inhabitants of rural villages but also comprise of urban poor and slum dwellers residing in the Urban / Metro centres. The LDMs have already allocated wards to the Banks in Urban areas and SLBC has allocated wards to Banks in Bangalore Metro. SLBC has already set up a Call Centre by outsourcing M/s. Alsec Technologies Ltd and obtained Toll free number, Mobile number to attend calls & SMS queries. Advertisements have been released in leading dailies. He requested all the Banks to advise their branches to open the accounts without paving any scope for complaints.

**OPENING OF BANK BRANCHES UNDER FINANCIAL INCLUSION**

He said that the districts of Bidar, Chamarajanagar, Gulbarga, Bangalore Rural, Koppal and Raichur have been identified by RBI as underbanked. He was glad to inform the House that all the 38 villages identified with population of 5000 & above are provided with Branches / Ultra Small Branches by allottee Banks.

He informed that the success of Financial Inclusion depends upon the pace with which financial literacy and financial education are provided to the villagers. The major banks have set up 71 Financial Literacy Centres (FLCs) so far. He requested all the concerned Banks, to ensure effective counseling through the FLCs so that the process of Financial Inclusion is achieved in meaningful and holistic manner.

**ANNUAL CREDIT PLAN 2012-13**

He was glad to inform that Banks have disbursed ` **62757** crore during 2012-13 under Annual Credit Plan against revised annual target of ` **61805** crore recording an achievement level of **101.54%** under Total Priority Sector. The disbursement under Agriculture sector was ` **37366** crore vis-à-vis the annual target of ` **36512** crore, registering **102.34%** achievement. Banks have disbursed ` **24836** crore under crop loans against the annual target of ` **22223** crore, thereby recording **109.73%** achievement.

He said that NABARD has conducted State Credit Seminar 2013-14 on 27.2.2013. The State Focus Paper has pegged Priority Credit projection at ` 68172 crore, of which the share of Agriculture credit is ` 44210 crore. As the GoI has enhanced quantum of agriculture credit from ` 575000 crore (2012-13) to ` 700000 crore (2013-14) indicating 21.74% growth, there is an urgent need for boosting up Investment credit in agriculture to improve capital formation for ameliorating the standard of living of farming community. He requested the Banks to focus on Investment credit with a long term perspective for sustainable growth of agriculture credit rather than merely concentrating on crop production credit.

He informed that SLBC has projected a target of ` 73362 crores for the current fiscal 2013-14, which accounts for overall 18.70% & 16.90% growth over the previous year target and achievement, respectively.

He said that the Interest subsidy claim of PSBs & RRBS in respect of 6,51,655 farmers to the tune of ` 33.85 crore have been settled by Dept. of Agriculture so far. He appealed to the Bankers to submit all eligible claims under the scheme immediately. He requested GoK to enhance the eligible limit from present ` 100000/ to ` 300000/ on the lines of GoI. He also requested GoK to extend the facility to Private sector banks also on par with GoI announcement in the recent budget.

**HOUSING SCHEMES:**

Continuing his keynote address, the Chairperson informed that Banks have been extending Housing finance to increase the availability of dwelling units to the needy people. The Banks have disbursed ` 5771 crore covering 69712 accounts during the last fiscal. The outstanding level of advances under Housing stood at ` 28477 crore spread over 4,41,375 accounts. The NHB informed that housing sector has been witnessing some pressure of late, with a slow down in sales & stricter lending. As a result, number of residential projects, particularly in metro cities, has got stalled for various reasons including for want of further lending support from the banks. He requested all banks to do the needful for revival of stalled residential projects.

**EDUCATION LOANS:**

He said that in accordance with modified IBA guidelines to provide financial assistance for deserving and meritorious students to pursue higher studies, Banks have disbursed ` 611 crore to 43771 students during the last year. As at March 2013, the outstanding level of education loans was ` 4263 crore covering 226773 accounts. In terms of DFS guidelines, SLBC has already allocated the targets so as to improve the level of outstanding loans from ` 4263 crore (as on 31.3.2013) to ` 5116 crore & the number of accounts from 226773 to 258341 by March 2014. He requested all the Banks to consider all genuine proposals & extend finance without any delay.

###### MICRO, SMALL & MEDIUM ENTERPRISES SECTOR:

He informed that the outstanding level of advances under MSME was ` 65953 crore as at Mar 2013 registering an increase of ` 14348 crore over corresponding Mar 2012 position, thereby, showing a Y-o-Y growth of 27.80%. Under MSE, ` 11164 crore was disbursed during the last year as against the revised annual targeted level of ` 11930 crore. Under CGTMSE scheme, Banks have cumulatively sanctioned credit to 86146 units aggregating to ` 4282.25 crore. He requested all the Banks to play a proactive role in extending eligible financial support to the eligible units by making full use of CGTMSE scheme.

**Self Help Groups, Joint Liability Groups and Micro Credit :**

He said that the Govt through NABARD and Banking Institutions, is focusing & encouraging formation of Self Help Groups / Joint Liability Groups of farmers. The target of providing KCCs/GCCs to financially excluded people, particularly tenant farmers, oral lessees, landless labourers and those belonging to weaker section can best be addressed by linking this programme with promotion of JLGs/SHGs. Banks have disbursed loan of ` 2121 crore to 127598 SHGs under direct credit linkage during 2012-13.

**Credit to Weaker Sections:**

He informed that the level of advances under Weaker Sections was ` 49704 crore as of Mar. 2013 against the level of ` 37127 crore during the corresponding previous year. Banks have shown Y-O-Y growth of 33.88 % in the level of outstanding advances under Weaker Sections as at Mar. 2013 over the previous year. The percentage of advances to weaker sections to total advances stood at 14.41% as against the stipulated target of 10.00%.

**Credit to Minority Communities:**

He said that he level of advances under Minority Communities was ` 14971 crore as of Mar. 2013 compared to the level of ` 13737 crore during the corresponding previous period, recording an absolute increase of ` 1234 crore. Banks have recorded Y-o-Y growth of 8.98% in the level of outstanding advances under minority communities as at Mar 2013. Banks have been able to achieve a level of only 10.75% of Priority Sector Advances under this sector against minimum stipulated level of 15% of Priority Sector Credit. There is thus, an urgent need to boost advances to minority communities. Credit flow to minority communities, during the last year accounted for ` 3500 crore covering 288123 beneficiaries. The performance in identified districts viz., Bidar (19%), Dakshina Kannada (27%) & Gulbarga (16%) was satisfactory as the level of advances was more than 15%.

Later on, he highlighted in brief, the data based performance of banking sector relating to deposits, advances, CD Ratio, Priority Sector Credit, Agriculture Credit, Credit to Women segment, etc. as on 31st March 2013.

He earnestly requested the State administration to associate with banks in conducting joint recovery drives to reduce the NPA level and to maintain the quality of the assets. Credit needs to be efficiently recycled and hence timely recovery is of paramount importance. He reiterated that though credit is an important input in any developmental activity by itself it may not be adequate unless backed by necessary infrastructure (backward and forward linkages) to make the activity sustainable and viable in the long run.

Before concluding the keynote address, the Chairperson once again expressed his sincere gratitude to Sri Siddaramaiah, Hon’ble Chief Minister, GoK, for gracing the meeting & guiding the deliberations. He also expressed gratitude to the Chief Secretary, Addl. Chief Secretary, CMDs of Canara Bank & Vijaya Bank, MD of SBM, Principal Secretaries and other Govt. Officials, RD : RBI, CGM : NABARD & Bankers and all other participants for attending the meeting.

**Shri Siddaramaiah, Hon’ble Chief Minister, GoK** in his address informed that he was extremely glad to participate in 124th SLBC meeting. He said that SLBC forum has conventionally provided a good interactive mechanism between the policy makers and the Banking sector. He emphasized the forum to ensure a well co-ordinated response to various problems being faced by the economy presently. Continuing his address, he touched upon the following key points:

1. The growth slow-down, stress on agricultural sector due to adverse weather conditions, impact of national and international economic environment, rising inflation has posed multi-faceted challenges. It is needless to reiterate that such an environment makes the weaker sections all the more vulnerable.
2. The State Govt is determined not only to restore the health of the economy, but also to take it forward on the path of inclusive growth.
3. He desired to create an environment, where the entire population, especially that with lesser skills or resources, is enabled to take up economic activities for their well being. In this regard, the role of the formal financial sector has to be at the core of development strategy, as it holds the key to the credit required for economic activities to ensure sustainable development.
4. As announced in Budget Speech, the State Govt will take the commercial banks into confidence for providing credit and financial assistance to the poor and needy.
5. He was also glad to note that NABARD has pledged credit support of about ` 10,000 Crore for agriculture and rural development in Karnataka along with grant support of about ` 40 crore for promotional activities towards improving income of farmers, artisans and tribal population.

**Coverage by Banks and Credit Deposit Ratio (CD Ratio) of Banks in Karnataka**

1. He informed that Karnataka is the cradle for genesis of FIVE Public Sector Banks and TWO Private Sector Banks. He was happy to note that there are 8,430 Bank branches in Karnataka with 3295 of them located in rural areas. However, this coverage has not resulted in increased flow of credit. While the neighbouring States, Tamil Nadu and Andhra Pradesh, have maintained Credit Deposit (CD) ratio in the range of 117%-120%, Karnataka’s CD ratio is just about 75% only. Even in case of rural areas, Karnataka’s CD ratio barely manages to cross 100%, while Tamil Nadu has been able to achieve 132% and Andhra Pradesh has touched 173%. There is a need to change this trend to ensure higher credit flow to economy in general and to rural economy in particular.
2. He told that a high level committee on CD ratio has been constituted to look into this and the Executive Director, Syndicate Bank is appointed as the Chairman. He opined that the Committee should undertake a thorough analysis of the lower CD ratio and formulate strategies to improve the same, as higher credit flow can give the required stimulus to growth.

**Priority Sector Advances:**

1. He also told that the ratios for Priority Sector Advances, Agricultural Advances and SC/ST Advances to the Total Advances have either declined or are largely stagnant and it is not clear as to why Banks in Karnataka have been so conservative in lending which has resulted in negative growth or under-achievement. He advised to adopt suitable growth strategies to reach out to the most vulnerable in the society.
2. He expressed great **concern** that the targets of lending given by various Social Sector Development Corporations like Dr Ambedkar Development Corporation, ST Development Corporation, Minority Development Corporation, Devaraj Urs Development Corporation have not been achieved by the banks.
3. He urged the Banks to extend credit facilities to these sectors as a social commitment and ensure that the targets are surpassed by a substantial margin.He has announceda number of support schemes and measures for welfare of the weaker sections and he expected that the Banks would play a complementary role in wider coverage of theses schemes. He desired that SLBC to deliberate on how this can be achieved.

**Support to Agriculture:**

1. He informed that during 2012-13, 157 taluks were declared as drought hit. He appreciated the relief by banks by conversion of crop loans (` 1555.68 Crores) to term loans and re-phasement of term loans amounting to ` 900.58 Crore. To keep alive the production credit, Banks have also given fresh Crop Loans as well as Term loans.
2. However, as persistently adverse weather has affected the agriculture sector, the effort to support agriculture should continue. Acceding to the request of the Banks, Govt of Karnataka has enhanced the maximum limit of crop loans provided to the farmers by Public Sector Commercial Banks and RRBs at 3% from the existing ` 50,000/- to ` 1,00,000/-. He observed that the Interest Subsidy claims have been settled only to the tune of ` 31.95 Crores, by the Department of Agriculture. Banks were advised to be pro-active in the scheme in all areas, so that maximum farmers get its benefit.

**Implementation of NABARD Schemes:**

1. He said that Govt is committed to support primary producers for collective marketing of their agricultural produce. There is a need to increase the fund flow to producers organizations through Banks. In addition, commodity and region specific Area development schemes would be used to strengthen the credit take-off.
2. In his recent discussions with NABARD officials, it was deliberated on strategies for tribal development as important cornerstone for sustainable development. He was happy to note that NABARD is a willing partner in their strategies. He is looking forward to increased flow of resources under RIDF to strengthen Anganwadis for minor irrigation projects, watershed development and the like. He requested SLBC to deliberate on NABARD proposals and work out a time-bound implementation plan.
3. He observed that progress in issue of Kissan Credit Cards (KCC) was low with only 7.98 lakh cards issued in 2012-13 as against target of 11 lakh cards. This impedes the progress of deepening the credit line and credit availability for the farmers. The features of the revised KCC should be made known to all the farmers by wide publicity. To facilitate the process of extending credit, Banks were requested to fully use Bhoomi Bank integration facility.

**Credit Flow to Education Sector:**

1. He said that credit flow to Education sector by Banks in Karnataka at ` 4263 Crore was significantly lower than its neighbours like Tamil Nadu - ` 11,894 Crores, Kerala – ` 7,210 Crores and Andhra Pradesh – ` 5,446 Crores. As human capital development is essential factor for sustainable growth, he desired for speedy implementation of Education loan schemes and should cover large population in both rural and urban areas to enhance skill development.
2. The GoK has announced Rajiv Gandhi Loans Scholarship Scheme in order to encourage higher education for students of economically weaker sections whose parental income is below ` 2.5 lakhs and who have availed bank loans for meeting their expenditure on books, cloths and equipments. The Dept of Education has already sent a concept paper on this scheme to the SLBC. He sought strong support from the Banks in this area.

**Finance to Housing Sector:**

1. He expressed concern at the negative growth in Housing loan segment. This sector is vital not only for providing housing space, but for employment too. It is the collective endeavour to make Karnataka a ‘Hut Free State’. The Govt. has decided to enhance subsidy from ` 75,000/- to ` 1,20,000/- covering Basava Vasati Yojane, Ambedkar Vasati Yojane, Vajapayee Nagara Vasati Yojane and Indira Awas Yojane. He looked forward to an enthusiastic partnership from the Banks in providing loan support.

**Credit flow to MSME:**

1. He informed that though advances to Micro, Small and Medium Entrepreneurs showed some increase in overall volumes, but micro enterprises have not been benefited. He advised SLBC to deliberate and improve the situation.

**Sanjeevini and SHG Bank Linkage:**

1. He said that Karnataka has established a separate society called Karnataka State Rural Livelihood Promotion Society under National Rural Livelihood Mission (NRLM) to encourage all aspects of development of Self Help Groups (SHGs). It is a Mission mode project under the flagship programme ‘Sanjeevini’. It introduces scheme for Interest subvention for all credit –linked women SHGs at 7% upto aggregated loan amount of ` 3 lakhs. Also, four districts in Karnataka have been identified for additional interest subvention reducing the effective rate to 4% in prompt repayment of loans. The Govt is extending this scheme to remaining 26 districts also to cover One lakh SHGs this year.
2. Presently, there are Four lakh SHGs, which have disbursed loans amounting ` 5181 Crores. He informed that in Andhra Pradesh, the number of SHGs is more than 10 lakhs with loan portfolio of more than ` 15000 Crore. He was happy to note NABARD has proposed credit linkage to 1.5 lakh SHGs, with a total disbursement of ` 4125 Crore with an average SHG loan size of ` 2.75 lakhs for the current financial year. He expected Banks to firm up strategies to strengthen this segment to have wider inclusion of population, covering weaker sections and women.

**Self Employment Scheme for youth:**

1. He told that the Govt. proposes to start Rajiv Gandhi Chaitanya Yojane to provide skill training, loan, self employment and placement opportunities for Two lakh unemployed youth so that at least 40-50 youth per Gram Panchayat are benefited. He desired that Banks have to come forward to support such trained unemployed youth with adequate financial assistance for entrepreneurship development.

**Annual Credit Plan for 2013-14:**

1. He was happy to note that under Annual credit Plan for 2013-14, the target under Priority Sector Advances (PSA) has been increased to ` 73,362 Crore as against the achievement of ` 60,559 Crore in the previous fiscal.
2. He believed that PSA have a large multiplier impact on economy and assist in employment generation. Thus in case of PSA, the stakeholders should not be satisfied with achieving benchmark level of 40%, as stipulated by RBI, but aim at much higher achievement levels.
3. He said that nature has been kind and with recent copious rains, a growth is expected. He expected the Banking sector to provide adequate credit for production also and focus on long term investment credit.

**Financial Inclusion:**

1. He urged upon to ensure that benefits of growth reach one and all, Financial Inclusion needs to be pursued. Govt. of India and RBI have strengthened the policy and regulatory frameworks for financial inclusion. There is a need to strengthen ground level implementation. He looked forward for implementation of FIP guidelines issued after deliberations of Governor of Reserve Bank of India with Chairmen and Managing Directors of Top Management of Karnataka-based Banks on 11-1-2013. He was confident that the camp mode operation for account capturing may yield more fruitful results compared to branch mode. The State Govt is ready to extend any required support desired in this regard.

**Direct Benefit Transfer (DBT) and Electronic Benefit Transfer (EBT)**

1. He said that Govt of India has started DBT under various Welfare schemes in 43 districts in India with effect from 1-1-2013. In case of Karnataka, the roll-out is in three pilot districts - Tumkur, Mysore and Dharwad and the implementation is poor especially Aadhaar Number seeding. He expected efficient implementation in close co-ordination with RBI and UIDAI.
2. The EBT scheme for social security pensions and MGNREGA disbursements was started in 2008 in seven pilot districts. About 12 lakh beneficiaries have been enrolled so far. Banks are required to speed up the process of integrating Aadhaar numbers with Bank accounts. The transaction levels are not very encouraging. He informed that learning from EBT experience might be utilized. The efforts by Banks and State Govt should be synergized to enable successful roll out of DBT in all districts.
3. He congratulated Banking sector and Administration for successful roll-out of Aadhaar-linked LPG subsidy Scheme in Tumkur on June1, 2013. This would help eliminate pilferage and duplication, thus making distribution efficient. It is Government’s commitment to ensure efficient and transparent transfer of all the benefits to the vulnerable sections of Society and hence should ensure successful implementation of DBT.

**Use of Kannada Language in Banking services:**

1. He said that the State Govt is committed to give emphasis on protecting and encouraging the art, culture and rich heritage of the State. Since Kannada is the Administrative language in Karnataka, the Government wishes to take firm steps for implementing Kannada in all official activities. He observed that the banks, while preparing Challans, Pass Books, Loan applications, account opening forms, fixed deposit certificates are not practicing the compulsory *Tribhasha Sutra*, three-language policy. Hence, the facilities provided by the Nationalized banks and local banks are not reaching the rural masses. It is the desire of the State Govt to encourage use of Kannada in the day to day banking activities. It is also necessary to ensure that employment opportunities are expanded for persons knowing Kannada. He desired the House to deliberate on the ways and means of using and promoting Kannada in the normal banking transactions in Karnataka. In this regard, a note prepared by Kannada Abhivrudhi Pradhikarawas circulated to all the Banks in the meeting.

While concluding his addressed, he wished and looked forward for fruitful deliberations in SLBC Meetings for taking forward the agenda of inclusive development in letter and spirit.

**Sri S.V. Ranganath, Chief Secretary, GoK** in his address expressed immense pleasure in extending warm welcome to the new Chairman-SLBC and Chairman & Managing Director Syndicate Bank Mr. Sudhir Kumar Jain. He expressed confidence that under the leadership of Sri Jain, with a fairly long tenure, SLBC Karnataka would scale greater heights.

Thereafter, he touched upon the following key parameters:

**1) Direct Benefit Transfer and Financial Inclusion:**

The scheme is introduced in 3 Districts - Mysore, Tumkur, Dharwad covering initially 15 welfare schemes. **Important issues to be addressed are (i) obtaining d**igitized database of beneficiaries from the Departments (ii) Aadhaar seeding in Databases is only 40% seeding in the 3 Districts. He informed that this issue was discussed at length in the recently held DBT workshop in Mysore and the following decisions have been taken especially with regard to seeding of Aadhaar Number in Bank Accounts and the same have been conveyed to the SLBC Chairman and Lead Bank Chairman by RBI by way of a circular on 9.7.2013.

1. Steps to be taken to complete account opening and seeding Aadhaar Number in the DBT Districts.
2. The progress in seeding of Aadhaar Number in Bank Accounts of beneficiaries to be closely monitored.
3. System to be put in place to provide acknowledgement to the beneficiary of seeding request and also send confirmation of seeding Aadhaar Number.
4. DBT Implementation Co-ordination Committee to be formed along with State Government Department concerned, at District level and review the seeding of Aadhaar Number in Bank Accounts.
5. District and village wise names and other details of Business Correspondent Agents (BCAs) engaged / other arrangements made by the Banks to be displayed on the SLBC website.
6. Complaint Redressal mechanism to be set up in each Bank and a Complaint Redressal Officer nominated in each District to redress the grievances related to seeding of Aadhaar Number in Bank Accounts.

He desired to hear from the SLBC the progress achieved in this regard. Further, he urged for:

(i) Ensuring Bank accounts for the Beneficiaries and availability of BCAs in all villages with appropriate technology to facilitate disbursements. He suggested that the house to be informed regarding the availability of BCAs in all villages where EBT/DBT is implemented, the number and amount of transactions routed through such BCAs etc. He had indicated in earlier SLBC meeting that a report on the details of transactions routed through the BCAs can be made available to Govt every month.

(ii) As per GOI direction, Banks need to ensure that about 1000 to 1500 households are available in the Sub Service Area to be serviced by one BCA. He suggested that such granular details of availability of BCAs as above, their contact details etc., be hosted in the SLBC Website for the benefit of all the Stakeholders.

(iii) Ensuring Banks to be on APB/ AEPS: Many banks are yet to sign the Authentication User Agreement (AUA) with UIDAI, and be a part of Aadhaar Enabled Payment System (AEPS) to ensure proper disbursement of benefits through BCA. He told that the process of NPCI takes some time and suggested to have position on the Banks which are fully ready and further the expected timeline for the rest to be technologically ready.

He said that following the discussions on 20/11/2012 regarding Financial Inclusion and Electronic Benefit Transfer (EBT) on the sidelines of the meeting with Honorable Finance Minister with Chief Minister of South Zone States and CEOs of Public Sector Banks, Secretary:DFS has provided clear guidelines to Bankers for achieving FI targets. Similarly, RBI Governor in the meeting on 11-1-2013 with CMDs of Banks had given a specific direction that the experience gained by Banks so far on Financial Inclusion Scheme need to be put to effective use. As against target driven achievement of FI envisaged so far, Bankers should aim at achieving meaningful FI, while paying special attention to covering SC/ST and other backward communities in villages. The functioning of the BCAs to be monitored, account capture should be done in a camp mode to see that all beneficiaries of Govt Schemes are brought into the Banking fold. He looked forward for focused implementation of directions of RBI Governor.

It was reiterated in the DBT Workshop and decided that it was not enough the Government benefits are credited to the Bank Accounts. It should also be ensured that the benefits which are credited to the accounts are disbursed to the villagers in their respective villages with the network of BCAs using appropriate technology and Micro ATMs. He desired SLBC to deliberate on this aspect and inform the house the developments.

**2. Electronic Benefit Transfer (EBT)**

He said that the issue of the progress of EBT in 7 pilot districts is being discussed since the last 5 years. As per the original project report based on which the EBT project was undertaken in 7 Pilot Districts, the entire EBT exercise should have been completed within 3 years from the commencement of the project (by 2012). This time over run has resulted in cost overrun which has been commented adversely by Government Auditors. Still there is a huge gap between enrolment completed, account opened and cards issued. As against 4 lakhs enrolment of SSP beneficiaries, only 3.65 lakhs accounts are opened and smart card issued are only 3.5 lakhs. In Gulbarga and Yadgir, the progress in enrolment itself is very slow. Further data on transaction routing indicates that neither data has been captured nor monitored. He advised for dedicated completion of task at hand in EBT districts within a fixed time frame by 30th September 2013. This would enable development of strategies for synergy with DBT while implementing in the remaining districts.

Continuing his address, he informed that recently Secretary (Fiscal Reforms) along with Advisor (Financial Inclusion) visited Chamarajanagar Taluk in Chamarajanagar District to undertake a study to review the functioning mechanism and the process flow in respect of the Social Security Pension. It reveals that there is a need to plug in the serious knowledge gap visible at every level in the Taluk. The process flow could not be explained by anybody including the LDM and the Technology Service Provider. There is lack of co-ordination between the different agencies clearly indicating that ownership for the entire process is missing. If the process itself is not understood, effective delivery cannot be expected. He considered that the LDMs and the District officials can be given some refresher training, also using this opportunity to review the present status of progress of EBT and chalk out a specific time bound programme to complete the entire EBT by September 2013.

1. **Management Information System, Public Grievances Redressal System (MIS PGRS)**:

He said that withmore transactions flowing through BCAs, there is a need to have a proper MIS, PGR system. This has been discussed in every SLBC Meeting. He desired to know the present status and when this would be in place.

**4. SLBC action points**:

He informed that in the meeting of Hon’ble Finance Minister with Hon’ble CMs of South Zone States and CMDs of Public Sector Banks, the performance of the States under key parameters was reviewed and certain action points were suggested. In this connection, he recalled the suggestion made by ACS, Finance Department in one of the SLBC meetings for individual banks to review the performance in the state under SLBC key action points/parameters vis-à-vis the targets and submit such review notes to convenor SLBC which shall be placed in the SLBC meeting for discussion/review by SLBC. He noted that such reviews are not discussed in the SLBC meeting.

1. **Discussion on the recommendations of Sub Committees:**

He said that similarly some of the important suggestions/recommendations of the various sub-committees should be discussed and adopted by the SLBC to take them forward to logical conclusion. Such a focused attention on the performance and closer monitoring by SLBC of the key parameters will ensure better performance for the State. With concerted efforts, the banks and the Government should jointly post better performance in all areas.

1. **CD Ratio:**

He told that the Banking Statistics reported indicate continuing challenges in improving credit flows to the State Economy. CD Ratio at 75.15 as in March 2013 though higher than March 2012 level at 74.57, is lower than the position as in March 2011 at 76.03 and as repeatedly observed considerably lower than the neighboring states. He recalled the observation made by Principal Secretary (B&R) that the Sub Committee on CD Ratio has been one of the active Sub Committees where ED Syndicate Bank, who is the Chairman of the Committee and other Banks have been coming out with constructive suggestions to improve the CD Ratio of the State. One of the suggestions was that all Banks should analyze the credit needs of their top 100 clients of Karnataka State. Though short term increase can be hoped by this targeting of top clients, long term sustainability would be achieved by widening the base, by bringing more under the coverage of formal banking services combined with enterprise friendly credit regime.

All Banks with CD Ratio of less than 60% were advised to initiate specific Action Plans to increase the CD Ratio. He also concurred the suggestion of the recent Sub Committee meeting that those Banks whose CD Ratio is less than the State average of 75%, need to step up their act and take remedial measures to be in line with State average.

Further NABARD has identified in their State focus paper certain important sectors like Plantation and Horticulture, Dairy Development etc., having high impact on income generation where Banks can extend credit. Another important aspect that SHG Bank linkage is done very successfully in the neighboring States of Andhra Pradesh, Tamil Nadu and Kerala. Here also Karnataka State Rural Livelihood Promotion Society (KSRLPS) with the flagship programme “Sanjeevini” has started implementing NRLM guidelines for SHG. Banks were requested to improve the SHG Bank Linkage in a big way. Meanwhile, he intends to have a Bank-wise feedback regarding the suggestions like whether any assessments have been done by the Banks of credit needs, any action taken, progress achieved so far following the recommendations of the CD ratio subcommittee. He requested the banks to look at the various investment initiatives targeted by the Government of Karnataka and formulate appropriate strategies supporting such initiatives of the Government with the required need based financial assistance.

1. **Self Help Groups:**

He told that Karnataka is the pioneer in SHG movement having started the first SHG in 1991 and with a present number of around 4 lakh Credit Linked SHGs. However, SLBC has not been able to provide District wise /Bank wise details of these SHGs and their Bank Linkage from the system, despite the fact that all Banks are under CBS. He noted from the Agenda notes that the potential of SHG-Bank Linkage for the year 2013-14 was discussed in the recently held State Credit Seminar of NABARD and accordingly a credit linkage of 1.5 lakh SHGs is estimated with a total disbursement of ` 4125 crore with an average SHG loan size of ` 2.75 lakhs and is welcome development. However, success of linkage depends upon close monitoring.

He said that recently, GoI, under their flagship programme NRLM (Aajeevika) has announced Interest Subvention Programme. In 150 identified districts (4 districts in Karnataka), Banks to lend all the Women SHGs @ 7% Interest p.a. upto an aggregated loan amount of ` 3 Lakhs. The SHGs will also get additional Interest Subvention of 3% on prompt payment, reducing the effective rate of Interest to 4%. The Hon'ble CM has announced in the Budget Speech that it is proposed to extend this Interest Subvention Scheme in the remaining 26 districts of the State covering upto 1 Lakh SHGs this year. Hence, it is evident that the data on SHG is very crucial for implementation of the Interest Subvention programme and to make available the various benefits of NRLM to the SHG by the Karnataka State Rural Livelihood Promotion Society. The sub Committee on SHGs should look into this aspect. Bankers to kindly note that in the neighboring state of Andhra Pradesh, the number of SHGs is more than 10 Lakhs with a loan portfolio of around ` 15000 Cr.

1. **Credit Flow to Agriculture:**

He informed that KCC scheme has been revised to be made as Smart card cum Debit card based on the recommendation of the working group set by the financial services by the GoI. However only about 8 lakh KCCs were issued against target of 11 lakh cards. He suggested to deliberate and analyse the reasons for low implementation. The SLBC was requested to place a review note on the number of ATM cum Debit cards issued by the State as also the coverage of eligible farmers.

He said that GoK had declared 157 Taluks as drought hit during fiscal 2012-13. Though action has been initiated by the banks for the conversion of crop loans into terms loans and also rephasement of some of the term loan, he requested all the banks to confirm implementation of relief measures as per RBI guidelines. Acceding to the request of the Banks, GoK has enhanced the maximum limit of crop loans provided to the farmers by Public Sector Commercial Banks and RRBs at 3% from the existing ` 50,000/- to ` 1,00,000/-. He noticed that Interest Subsidy claims have been settled only to the tune of ` 31.95 cr. by Dept of Agriculture so far. Banks were advised to popularize the scheme of Interest Subsidy of State Government to short term crop loans to farmers launched by the Govt and lodge claims under the scheme so that maximum farmers get benefit of Interest Subsidy. While observing some progress in Bhoomi Bank integration, as decided in the meeting on the sidelines of FMs visit on 20. Nov. 2012, Banks were requested to fully use Bhoomi Bank integration facility and stop manual entry. He suggested that some of the last mile issues need to be flagged and sorted out.

1. **Housing Loans**-

**He informed that t**he progress under Housing Loans is negative. It has come down from ` 34857 Cr. in March 2012 to ` 28477 Cr. in March 2013. Under ISHUP programme, where the loan component was only ` 50000/- with Govt subsidy of ` 75,000, the implementation was very sluggish with lot of applications pending with banks. Hon’ble Chief Minister has announced in the Budget speech that it has been decided to enhance the subsidy from ` 75,000 to ` 1,20,000 in the current financial year for some of the housing schemes.

He said that GoI has formulated a credit guarantee scheme to provide credit guarantee support to collateral free / third party guarantee free upto ` 5 lakhs. This should encourage the banks to give more housing loans especially in the low income segment.

1. **Education Loans:**

He informed that the Education Loan in the state at ` 4263 Cr. is significantly lower compared to the levels in the neighboring states- Tamil Nadu- ` 11,894 Cr. Kerala- ` 7210 Cr., and Andhra Pradesh- ` 5446 Cr. Banks were requested to hold camps and push education loans.

**11. Credit Flow To MSME:**

He observed that within MSME, share of Micro to Micro and Small is 38.5% compared to target of 60% as set by PM’s task force. He advised the Banks to extend the required support to Micro enterprises to achieve the set goals.

**Sri Kaushik Mukherjee, the Addl. Chief Secretary, GoK** in his address informed that though the farmer is poor, but he is really an entrepreneur. The statistics reveal the rainfall pattern in the State in not predictable. Still the farmer is continuing the agriculture and feeding all the people. The services of farmer are very much essential. There is an urgent need to increase per acre productivity and income level. The investment credit per acre should improve to curb the migration of village population to urban areas, which would create number of problems in urban areas leading to social menace. Micro Enterprises are to be encouraged in rural areas to provide employment opportunities. The Self-Help Group (SHG) members are availing loans @ 20% to 24% p.a., whereas Corporates and Industrialists are getting finance at 8 to 10%. Most of the SHGs are utilizing loan amount for consumption purpose. They are to be educated and trained to graduate them to the next higher level to take up economic activities by availing finance for productivity activities. There is good scope in the rural areas to take up service activities like cell phone repairs, motor rewinding, etc. There are isolated packets dominated by weaker section / tribal communities who do not have access to formal financial institutions. They depend upon private money lenders for their small financial requirements. Large sized Adivasis Multipurpose Societies are to be rejuvenated and revived to strengthen their financials. As the credit is demand driven, there is a need to increase the credit absorption capacity of the poor people through proper education and guidance without making just clinical review.

He said that GoK has taken up many schemes like ‘Bhoo-Chetana’ to improve the productivity of the agriculture lands. Better coordination is required among all the stakeholders for the cause of the farmers. If agriculture sector goes bad, no other sector will be in good path. He was glad to inform the House that Hon’ble Chief Minister attended SLBC meeting for the first time, which indicates the level of significance attached to SLBC forum.

**Smt Uma Shankar, Regional Director, RBI**, in her address, expressed gratitude on behalf of RBI to Sri Siddaramaiah, Hon’ble Chief Minister, GoK for gracing the SLBC meeting, as his presence at the meeting enabled SLBC to comply with Hon’ble Governor’s observations, during his meeting with the CMDs of Karnataka based banks on January 11, 2013, that the Chief Minister should be requested to attend at least one SLBC meeting in a calendar year. She stated that RBI has been incessantly advising all the banks to accelerate credit flow to Priority Sectors including Agriculture, MSE, weaker Sections, SC/ST, Minoritiy Communities, Women Segment & other priority areas and also effectively implement Financial Inclusion Programme as per the time schedule. She was happy to note that the State Administration has also joined hands with RBI in impressing upon the banks to pay focused attention on improving credit flow to all the deserving priority areas. She further informed the house that RBI Circulars issued during the period covering last SLBC meeting to date, are hosted on the Bank’s Website ([www.rbi.org.in](http://www.rbi.org.in)) which can be accessed by all.

Additionally, she addressed the House on the following areas.

1. **Study on Education Loan:** Sharing the findings of a study on Education Loans in the State of Karnataka conducted by the Reserve Bank, she stated that the high rate of rejection of Education Loans by banks are due to (i) bankers being afraid as there is no reliable credit history of the parents of those students availing education loan; and (ii) students are not traceable after completion of education / when loan becomes actually due. She, however, added that being vigilant, banks can address these concerns and further stated that when compared to the NPAs from high exposure advances, the NPAs arising out of Education Loans were miniscule.
2. **Holding regular review meeting:** She urged the concerned stakeholders to hold regular review meetings at District / Taluka / Village level to closely monitor the flow of credit to Agriculture and MSE segments. She added that though the share of NPAs in agriculture credit is on a higher side, there is a need to meticulously analyze the percentage of NPAs in the above segments that constitutes the Balance Sheet of the banks.

1. **Rendering Hand-holding support to small borrowers:** She informed that a lot of handholding facilities like concession, incentives, restructuring, rehabilitation, etc., are extended to high net worth clients / huge exposures which should also be extended to Agriculture, MSE and other Priority Sector advances. Talking about NPAs, she requested the bankers to do handholding for small entrepreneurs too as the restructuring and nursing cannot be limited only to high exposures.

**Non-participation in Review / DCC / DLRC / BLBC Meetings:** She mentioned with great concern that there are incidents of bankers not participating in the Review meetings conducted by RBI and DCC / DLRC / BLBC meetings without assigning any valid reason. She said that the bank representatives were either absent at these fora or those present were not well prepared for participating in the meetings. She requested senior bankers to take note of this aspect and ensure attendance in all important meetings as it was mandatory for banks to do so.

She also observed that the progress achieved in implementation of Direct Benefit Transfer scheme was not satisfactory. She said that opening of accounts, seeding of Aadhaar numbers with bank accounts and NPCI mapping under DBTL Scheme in Mysore and Tumkur districts should have been completed within a month`s time from the date of Workshop on DBT at Mysore on June 28, 2013. She exhorted the bankers to keep up the tempo in accomplishing the task at an early date without paving any scope for further delay.

**CD Ratio:** As regards Credit Deposit Ratio, she told that there is a need to study composition of Credit Deposit items and the segments having highest exposure in the neighbouring States like Andhra Pradesh & Tamil Nadu. Public Sector Undertakings are utilizing large amount of credit in TN & AP as compared to our State. In Karnataka, there are number of Self financed units and large number of small entrepreneurs whose credit requirement capacity is relatively low, which come in the way of increasing CD Ratio. Venture Capital units are not getting finance, for which Banks can not be engaged. The scope for Green Field Enterprises is also limited. In view of this, Bankers are to be very cautious in giving commitment to boost up CD Ratio from the present level of 75% to 80% by March 2014, which requires huge deployment of credit.

**Sri G.R. Chintala, CGM, NABARD**, Karnataka Regional Office, in his address said that it was indeed a proud privilege to have Hon'ble Chief Minister Sri Siddaramaiah in the SLBC, which showed his deep interest and involvement for the development of the State and would certainly pave way for an added focus and direction to the developmental agenda. During his address, he flagged the following issues :

* The per hectare credit disbursed for agriculture at ` 20,020 in Karnataka was lower than the all India average agricultural credit at ` 22,900 per hectare (2010-11). Though the per hectare agricultural credit increased to ` 21,956 during 2011-12 and further to ` 26,927 during 2012-13 it is still much lower than ` 57,184 registered in Andhra Pradesh for 2012-13. There is similarity in the rainfall pattern (barring coastal Karnataka where rainfall is in the range above 3000 mm) with the average rainfall in Andhra Pradesh and Karnataka being almost same at 800 mm. Therefore, there is a need to study the reasons for low per hectare agricultural credit in Karnataka and initiate suitable measures.
* Another way to increase credit flow to agriculture is to finance farmers adopting innovative farm technologies. Farmers need to take up new and innovative technologies to increase productivity and yield, like SRI cultivation in paddy. He suggested the Banks to have a specific agenda to make technology the driver for credit flow to agriculture.
* Although PSA targets are being met consistently, bank credit has not touched the lives of all like Soliga tribals engaged in micro enterprises and allied agriculture activities, It is noteworthy to mention that the potential for dairy activity in Karnataka is further enhanced because the procurement price for milk is highest in Karnataka and the State Government is giving an incentive of ` 4.00 per Litre. In view of the need to increase investment credit in agriculture, dairy farming is an activity with tremendous scope. State needs to give a boost to dairy activity through credit and related activities.
* Watershed areas treated with NABARD assistance, Government assistance or World Bank assistance are left without hand holding after grant assistance dries up. With increased irrigation capacity, the credit absorption capacity of the farmers in command areas increases tremendously. Banks need to promote and finance JLGs of these farmers in watershed areas. JLG mode of financing has proved to be a very good option in such cases and has registered excellent recovery percentages. NABARD also provides grant support to Banks for promotion and nurturing of JLGs.
* Karnataka has a large area under sugarcane and despite having a very favourable climate for sugarcane production the average yield is close to around 30 tonnes / hectare as against 60 to 70 tonnes / hectare in other States. Farmers use good quality seed cane but they have not adopted new technology like SSI (Sustainable Sugarcane Initiative). Farmers are interested to take loans and explore this activity. Therefore, this is another opportunity that bankers can seize to increase credit flow.
* Major part of Karnataka is rainfed. State is receiving almost same amount of rainfall like neighbouring States. But most of this water is going as run off, and not getting captured anywhere. This is also one of the reasons for low productivity. NABARD has formulated a model scheme in consultation with technical organisations for “Rainwater Harvesting -cum-Artificial Recharging of Bore wells for Irrigation” which costs hardly ` 40,000 but is capable of giving sustainable irrigation for at least two crops. Banks can think of financing these units in North Karnataka where there is a real need for such structures.
* Giving Crop loans through KCCs and ATM enabled KCC is mandatory. However, no much progress is made in this direction. NABARD is assisting all the RRBs and DCCBs to make all the KCCs ATM compliant. Recently NABARD has sanctioned ` 1.6 crore to Dakshina Kannada DCCB for converting their entire KCC operations into ATM enabled KCC system. Similarly other banks can also have plans to complete the process.
* Karnataka has the highest number of tribals, next only to Orissa. NABARD has a Tribal Development Fund where the communities are supported through holistic projects comprising grants and loan. As mentioned by RD : RBI, Banks prefer to finance borrowers with credit history. Banks can consider financing SHG / JLG Federations from these project areas as the entrepreneurs are credit hungry and credit history is already created.

**Sri Vijay Bhaskar, Pr. Secretary, RDPR Dept., GoK** made a Power point presentation on National Rural Livelihood Mission (NRLM) – Sanjeevini. The MoRD, GoI has restructured one of its key rural development programmes, the Swarna Jayanthi Gram Swarojgar Yojana (SGSY), through the establishment of the NRLM with a clear objective of rural poverty reduction through creation and strengthening institutional platform of the rural poor. The focus under the revised scheme is on dedicated staff structure, building of human resources, saturation approach of inclusion of poor in SHGs, interest subsidy and community investment fund and demand driven approach. The Mission is to reduce the rural poverty by providing gainful wage and self-employment opportunities through community institutions. The guiding principles are (a) poor have a strong desire to come out of poverty, and they have innate capabilities (b) social mobilization and building strong institutions of the poor (c) requirement of an external dedicated and sensitive support structure to induce social mobilisation.

The key features of NRLM are social inclusion, financial inclusion and economic inclusion. During power point presentation, the lending norms and recovery mechanism as envisaged in RBI Circular dated 27.6.2013 were informed to the House in detail.

The NRLM would train SHGs on financial literacy and improve quality of banking services to poor clients by positioning one Customer Relationship Managers (Bank Mitra) for every Branch. The Banks were requested to share their data related to SHGs in the prescribed format. The transaction data is also required to be shared with SRLM for initiating various strategies as per MOU proposed to be entered into with Banks. He also touched upon the following salient features of Interest Subvention Scheme under NRLM.

1. Out of the 150 identified districts in the country, 4 districts in Karnataka, viz., Gadag, Koppal, Tumkur and Mysore are selected. Banks will lend to all Women SHGs at 7% up to an aggregated loan amount of ` 3 Lakhs. SHGs will also get Additional Interest Subvention of 3% on prompt payment, reducing the effective rate of interest to 4%.
2. In the remaining districts, NRLM compliant women SHGs will be eligible for interest subvention to the extent of difference between the lending rates and 7% for the loan upto ` 3 lakhs subject to the norms of SRLM.
3. Hon’ble Chief Minister of Karnataka has announced in the budget speech that it is proposed to extend the additional Interest Subvention of 3% on prompt repayment by SHGs, reducing the effective rate of interest to 4% to the remaining 26 districts covering upto one lakh SHGs this year.

In this his regard, Banks were requested to charge 7% and 4% upfront to the NRLM compliant women SHGs and SHGs that pay promptly which would be subsequently reimbursed by State Government.

In the presentation, he also made a mention on ‘Rajeev Gandhi Chaitanya Yojane’. It is a new programme to provide skill training, loan, self employment and placement opportunities for 2 lakh rural unemployed youth has been announced in the Budget 2013-14 by the Hon’ble Chief Minister of Karnataka. The guidelines are being worked out for the above scheme. Bankers were requested to extend credit linkage for all the beneficiaries of the scheme.

Thereafter, Agenda was taken up for deliberation by the Convenor Sri H. Vasanth Nayak & GM, Syndicate Bank.

**AGENDA 1.0 CONFIRMATION OF THE MINUTES OF 123rd SLBC MEETING**

# The Minutes of 123rd SLBC Meeting held on 31.12.2012 were circulated vide letter No. 048/2013/2944/SLBC/-F-101-123 dated 09.1.2013. The Minutes were approved as no suggestions for amendments received.

# The SLBC meeting scheduled on 26.3.2013 and 10.6.2013 to review progress for the quarter ended December 2012 was postponed due to Assembly Elections and extension of Assembly Session, respectively. In the meeting, the performance relating to December 2012 & March 2013 was reviewed simultaneously.

* 1. **Aadhaar-linked LPG Subsidy scheme:**

The scheme was launched at Tumkur & Mysore on 01.06.2013 & 01.07.2013 respectively. A National Level Workshop was organised at Mysore on 28.6.2013 to deliberate upon DBT Scheme. The data on LPG consumers and Aadhaar penetration as on 21.7.2013 was presented to the House for Tumkur & Mysore Districts separately. The following action points as per RBI CO: Cir RPCD No. 11 dated 9-7-13 were presented to the House:

* Banks to ensure completion of account opening and seeding Aadhaar number.
* Closely monitoring the progress in seeding of Aadhaar number.
* Putting in place a system to provide acknowledgement to the beneficiary of seeding request and also send confirmation of seeding Aadhaar number.
* Lead Banks to form DBT Implementation Coordination Committee, along with State Govt Dept., concerned at district level and review the seeding of Aadhaar number.
* To ensure that district & village-wise names and other details of Business correspondents (BCs) engaged / other arrangements made is displayed on the Bank Web site. The BC details shall be sent to SLBC for hosting the same on SLBC Web site.
* Banks to set up a Complaint Grievance Redressal mechanism and nominate a Complaint Redressal Officer in each District to redress the grievances related to seeding of Aadhaar number.
* SLBC to closely monitor & report to RBI on weekly basis.

Consequent upon the above workshop, State Level Major Bankers’ Meeting was held on 1.7.2013 at Bangalore to evolve the strategies for effective implementation of Scheme. Mysore district level Bankers’ meeting was convened on 3.7.2013 to chalk out local level feasible strategies including outsourcing reputed NGOs and according wide publicity for opening of accounts, Aadhaar seeding and NPCI mapping of LPG consumers. During the meeting, a Core Committee was constituted to meet on weekly basis for close monitoring of the scheme.

The Chairman: SLBC requested the House to inform the ground level issues involved in opening of accounts, Aadhaar seeding & NPCI mapping and also narrate the success stories, if any, so as to emulate the same by other member banks.

The MD : SBM informed that there is substantial progress in Mysore & Tumkur Districts subsequent to Workshop held at Mysore. The Banks have sent bulk SMSes, letters, etc., to the LPG consumers and making all out efforts to achieve 100% progress. The said Districts have attained 4th & 5th position, respectively on All India basis in the progress. There was a disconnect between LPG consumers and Distributors. The banks would achieve the set goal by the end of August 2013.

The RD, RBI informed that though good progress has been made during July 2013, 100% should have been achieved by July as per the decision taken in the workshop. She advised the banks to maintain the same tempo to accomplish the objective at an early date.

The CMD : Canara Bank informed that the Banks have deployed all the strategies and modes of communication to reach the LPG consumers. In Waynad District, Kerala, the progress was comparatively more since the process commenced long back. In Karnataka, the process has started recently. The Banks have displayed Banners, Hoardings and dispatched letters, brochures / leaflets to all the consumers. Banks have to depend upon other agencies for getting Aadhaar numbers. Banks have already seeded Aadhaar number into the accounts wherever they are received. Significant dent could be made by 15th August 2013.

The Secretary (Fiscal Reforms), Finance Dept., GoK informed that only 11 Banks have come on board of Aadhaar Enabled Payment System (AEPS). Delivery of Cash particularly under SSP scheme is not taking place at the point nearer to the beneficiary. There is a need to speed up Aadhaar linking & NPCI Mapper.

The ED, Syndicate Bank informed that almost all the Banks have signed AEPS MoU with UIDAI except SBI & Syndicate Bank on account of some unacceptable clauses in the agreement. The issue was raised in Workshop and also taken up with IBA for revising the UIDAI agreement, particularly regarding de-duplication. Bankers have been making payments to their customers since age old time. In case of Aadhaar linked beneficiaries, minimum responsibility has to be taken by UIDAI to protect the bankers. The UIDAI representative informed that they are working with RBI and Law Ministry to resolve the issue immediately. He requested the LDMs in the 3 Districts and Banks to adopt the same procedure for Aadhaar linking and NPCI mapping. Karnataka Residents Data Based Utility is also made use in supplying the list of Aadhaar linked beneficiaries to the LDMs. The LDMs have to expedite supply of Bank-wise list and getting back the list of beneficiaries of Aadhaar linked and NPCI mapped to narrow the gap between the list supplied by the Nodal Departments and the progress made by the Banks.

The Addl. Chief Secretary, GoK suggested the Banks to insist for Aadhaar number by the beneficiaries while opening the accounts and also to make it compulsory for the existing Account holders to provide Aadhaar number within a fortnight, otherwise they cannot operate their accounts.

The Convenor-SLBC informed that all the LDMs have been advised to constitute DBT Coordination Committee comprising major Banks and connected Line Departments to sort out the issues. The LDMs have informed that majority of the beneficiaries are coming only with EID number, which cannot generate Aadhaar number. He requested the UIDAI to make some modifications in the system to facilitate generation of Aadhaar number by using EID number.

**(Action : Banks / LDMs / UIDAI / Line Depts. / SLBC)**

**AGENDA 2.0 FOLLOW-UP ACTION ON THE DECISIONS TAKEN DURING THE**

**PREVIOUS SLBC MEETING**

**2.1: Direct Benefit Transfer Scheme (DBT) in Tumkur, Mysore & Dharwad districts**

GoI had introduced DBT into the Bank account of the beneficiaries under various welfare schemes w.e.f 1.1.2013. In Karnataka, Tumkur, Mysore and Dharwad Districts have been selected for DBT implementation in the first phase w.e.f. 1.1.2013.

The GoI has decided to launch DBT for LPG throughout the country w.e.f 1.10.2013. The strategies for seeding Aadhaar in Bank Account in terms of DFS guidelines communicated vide F No. 20/2/2010-FI dated 22.4.2013 are:

* Adopting Camp approach for collection of beneficiary details, including Bank account and Aadhaar.
* Considering other solutions and technology by Banks to cover large number of beneficiaries expeditiously.
* Advertisement in the local print & electronic media for opening A/cs/Aadhaar seeding.
* Using Call Centres to advise through pre-recorded messages.
* Developing applications for collection of Aadhaar from customers having mobile phones through SMS. Bulk SMS/ e-mails can also be sent.
* Enabling large ATM network to advise customers to seed Aadhaar.
* Developing IVRS applications to be used by customers to send request.
* Using Remote Aadhaar Seeding Framework (RASF), developed by UIDAI (https://rasf.uidai.gov.in).

Further, DFS vide their letter F. No. 1/19/2013-FI dated 8.5.2013 indicated the following strategies for Opening of bank accounts:

* LDM to arrange for opening of bank accounts within 7 days after receipt of list in the prescribed format from the Depts.
* Details of Bank A/cs to be conveyed to the implementing Dept for updating database.
* Banks to conduct follow up camps till the process of A/c opening & issuance of pass book is completed.
* Wherever the list is incomplete, take up with district Administration through LDM.
* Bank accounts are opened as per the choice of the beneficiary irrespective of SAA. The Service Area Branch is under obligation to open A/c if the beneficiary does not want A/c in any other branch.
* The Scheme Implementing Departments must send the certified list with Aadhaar No. so that branches need not verify the Aadhaar No. of beneficiary
* Seeded bank account must be uploaded to NPCI Mapper everyday without fail. Banks may consider bulk seeding of Aadhaar.
* Through “Aadhaar Lookup” facility developed by NPCI, LDM shall follow up/ ascertain the status of seeding & uploading by various Banks.

The DFS vide their communication F. No. 1/19/2013-FI dated 8.5.2013 suggested the following measures for strengthening of Banking Infrastructure in uncovered areas:

* The process of mapping the service area & requirement of banking infrastructure to serve the uncovered areas must be completed immediately.
* The district level mapping, coordinated by LDM should be aggregated at State level by the Bank concerned and inform SLBC
* Banks should deploy BCAs as per the schedule and as per Sub-Service Area Mapping.
* Banks need to ensure that the procurement of BC Transaction device by the bank or by the vendor conforms to the IBA standards.
* Ensure that onsite ATMs are installed & Debit Cards are issued.

The status of readiness of the district, availability of digitized database of beneficiary, seeding and provision of banking infrastructure must be placed for review/follow up action during regular DLCC meetings.

The District-wise status of implementation of DBT in Tumkur, Mysore & Dharwad was presented to the House.

**Mapping of Gram Panchayats for coverage through Branch/BCA/CSC-Sub Service Area Approach**

The DFS:MoF:GoI envisaged the following guidelines vide their communication F.No. 6/36/2012-FI dated 20.12.2012:

* Banks need to ensure that about 1000 to 1500 households are available in SSA to be serviced by one BCA.
* In larger GP, one BCA can be appointed. In case of smaller GP, contiguous GPs could be assigned to BCA.
* The GPs serviced by Bank branch/BCA must be clearly identified as a SSA within the SA of branch.
* District Service Area Plans are based on the above points.
* Location of BCA is not a factor. He should cover the entire sub-service area allocated to him.
* Banks to follow the guidelines provided for category of persons / organizations which could be engaged as BCAs.
* Specific wards / areas have already been allotted to Banks under urban FI by LDMs / SLBC.
* The MIS / Reports to be submitted by all Banks to DFS/ other authorities and also to SLBC regularly without fail

The LDMs have already completed the exercise of mapping of Sub-service Area and compliance submitted to the DFS.

**The highlights of additional guidelines received form DFS are as under:**

Banking Outlets in the Sub-Service Areas (SSA) -

(a) If a SSA already has minimum one branch, nothing further needs to be done.

(b) Of the remaining SSAs, if a SSA already has a minimum one functional BCA, nothing further needs to be done.

(c) Of the remaining SSAs, if a SSA already has a functional CSC, it should be engaged as a BCA.

(d) Remaining SSAs need to be provided with a banking outlet in the form of a new BCA/ new CSC. Banks to appoint BCAs in SSA without a functional BCA.

District-wise assessment of additional BCAs & Implementation of ATMs in DBT Districts was presented to the House.

SLBC had arranged the meetings of Banks / Govt. Depts in 3 pilot districts to impress upon the immense significance of DBT scheme guidelines. District Profiles were obtained and submitted to DFS. SLBC had communicated all the directions of DFS to all Comm. Banks/RRBs/LDMs. Meetings chaired by the Chief Secretary, GoK were also held to stress upon Aadhaar seeding and NPCI mapping.

Dr. Rajat Sachar, Economic Advisor, GoI and Sri Ateesh Singh, Director, DFS visited Dharwad and Tumkur Districts respectively to conduct sample field visits on random basis to assess the implementation of the scheme (17th and 18th January, 2013). The SLBC Convenor accompanied Dr. Rajat Sachar during his visit. The following important observations have already been communicated to all the Banks:

a) Issue of Smart Cards to all SB account holders

b) Establishment of on-site ATM

c) Prompt opening of accounts of scheme beneficiaries

d) Seeding of Aadhaar numbers in Bank accounts

e) Migration of customer data on CBS server

f) Enhancing withdrawal / deposit limit of BCAs as per ATM limit

g) Ensuring issue of smart card to all account holder doing banking through BCAs

h) Ensuring that in all the USBs, the name & timing of the visit of the Bank official is available and

i) Prompt payment of salary to BCAs.

**SSP Scheme in Mysore and Tumkur Districts:**

There were 72,234 existing Bank accounts for SSP beneficiaries in Tumkur and Mysore Districts. Data pertaining to 2,81,908 beneficiaries received from DSSP during first week of April ’13 and sent to Banks/LDMs of Mysore and Tumkur Districts for account opening and validation. Banks were requested to expedite the opening of accounts adopting camp approach in association with respective Govt. Dept. The following action points of the meeting with Chief Secretary, GoK held on 3.5.2013 on disbursement of pension through DBT using Aadhaar were informed to the House.

* Meeting with Dy. Commissioners of Tumkur, Mysore & Dharwad Districts.
* Issues pertaining to the Banks to be prepared by the Director, SSP and Convenor-SLBC.
* The following issues were to be deliberated.

Banks insist on nomination while opening new accounts for Social Security Pensioner. However, as per the scheme, there is no nomination permissible under the Scheme.

The RBI guidelines pertaining to Nomination Facility in Single Deposit Accounts in terms of RBI –DBOD Master Cir. dated 2.7.2012 were reproduced in the agenda note.

The Banks keeping in the guidelines received from DFS have already taken steps for enhancing the cash limit to the BCAs. Further, Banks have been advised to appoint BCAs in identified Sub-Service Area where BCAs are not presently available. The beneficiary to be given freedom to open the accounts either in the Post Office or in the Banks. Seeding of Aadhaar with the Bank a/c should proceed. However, sanction of pension should not be linked to the seeding of Aadhaar.

**(Action : Banks / LDMs/ Nodal Depts.)**

**Agenda 2.2: Meeting of Hon’ble Governor, RBI with CMDs / Top Management of**

**Karnataka based Banks to review the progress in implementation of**

**Financial Inclusion Plan (FIP)**

The captioned meeting, Chaired by the Hon’ble Governor, RBI and attended by Dr, K C Chakrabarty, Dy. Governor, RBI was held at RBI, Bangalore on 11.1.2013. The deliberations were primarily centered around achieving meaningful Financial Inclusion and also the challenges / difficulties being experienced by the Banks in implementing the same. The following action points emerged during the course of deliberations.

**FINANCIAL INCLUSION**

* The experience gained so far by RBI and banks on Financial Inclusion (FI) scheme need to be put to effective use. As against the target-driven achievement of FI envisaged so far, bankers should aim towards achieving meaningful FI, while paying special attention to covering SC/ST and other backward communities in the villages.

* Functioning of Business Correspondents (BCs) should be improved through identification of ways to further incentivize and remunerate them, provide periodic training /retraining and holding periodic ‘Review Meetings’. Efforts to be made to make the BC work more attractive. Incentives could be given on a graded basis with higher remuneration for more transactions. A sense of competition should be developed amongst the BCs.
* All Karnataka based banks may each organize a convention in a chosen district. The presence of CMD at such a convention will be a rewarding and learning experience.
* Banks to identify BC centers where the transactions are low and make more focused efforts in these centers for enhancing FI drive. Accounts capture should be done in *camp mode* rather than in *branch mode*. RBI officials and district administration should be actively involved in these efforts.

**(Action : Banks)**

RBI in association with Canara Bank has organized BCs’ convention at Chitradurga & similar convention was organized by Syndicate Bank at Udupi.

**Financial Literacy**

* FI can work only if Financial Literacy is spread, for which Financial Literacy Campaigns may be undertaken by banks by deploying their best people, who have positive attitude, flair and enthusiasm for this type of work. The campaigns should be made interesting by including variety of programmes like puppet shows, skits, etc. rather than only delivering speeches. In this context, bankers may go through the draft Report on ‘National Strategy for Financial Education’ available on the RBI website [www.rbi.org.in](http://www.rbi.org.in).
* SLBC, coordinator in Karnataka to prepare a brief on ‘Lessons learnt from the experience of FLCs functioning in Karnataka State.

**Action taken by SLBC:**

* SLBC had obtained the necessary feedback from the concerned Banks and submitted item wise compliance report on Lessons learnt from the experience of FLCs functioning in Karnataka and common syllabus / curriculum for BCAs to RBI.
* As directed, Chairman-SLBC has invited the Hon’ble Chief Minister, GoK to 124th SLBC meeting.
* RBI has already brought out Financial Literacy Guide, Financial Diary and Financial Literacy Posters in Hindi and English. Banks have been advised to make use of the standard curriculum by FLCs and rural branches while conducting Financial Literacy Camps.
* Steps are being taken to assess the demand for Financial Literacy material in Kannada for use by Rural Branches/ FLCs. Kannada version of the material is awaited from RBI.

**2.3: Drought affected Taluks in Karnataka State for the year 2012-13**

The Govt of Karnataka had declared **157 taluks** as drought-hit during the current fiscal 2012-13. The list of drought affected taluks (district-wise) spread over 28 districts was communicated to all the Banks / LDMs. As per the information gathered, the Banks have converted 141889 Crop Loans into Term Loans involving an amount of ` 1555.58 crore and rephased 72350 Term Loan accounts with credit limit of ` 900.58 crore. Further, the Banks have also lent fresh Crop Loans to 18009 farmers with credit limit of ` 216.11 crore and extended 9196 fresh Term Loans involving credit limit of ` 333.29 crore.

The Addl. Chief Secretary, GoK suggested the Banks to ascertain the reasons for low progress under Drought Relief measures.

The Chairman, Pragathi Grameena Bank informed that though drought declared has been declared in respect of 157 Taluks, Annewari has not been declared by the District Administration. This comes in the way of availing refinance from NABARD. Either the government has to declare Annewari in drought affected Taluks or NABARD has to do away with the requirement of Annewari for extending refinance.

**(Action : Banks / NABARD / GoK)**

**2.4: Implementation of Bhoomi-Bank Integration:**

The Govt. of Karnataka has computerized agricultural land records fully under coveted Bhoomi Project, a unique and prototype in the country. It eliminates manual entries & tampering of land records, besides enabling farmers to obtain hassle-free agriculture credit. The usage is made mandatory w.e.f. June 1, 2012 in the entire State.

The Bank-wise online transaction conducted under Bhoomi Project as on 16.7.2013 was presented to the House. The Banks have carried out 71683 online transactions.

In case of agriculture loans of above ` 1.00 lakh, Banks obtain legal opinion. If the opinion recommends for simple mortgage / registered equitable mortgage, invariably mortgage transaction has to take place through Kaveri project, being handled by Registration Department. Under Bhoomi project, charge will be noted in Records of Rights, but the same will not be reflected in Encumbrance Certificate. Hence, there is a need to integrate Kaveri project with Bhoomi project by making necessary amendments, which would facilitate both noting of lien on Records of Rights & Encumbrance Certificate.

**(Action : Revenue Dept., GoK)**

**2.5: Providing Banking Outlets in all villages with population above 2000**

All the identified **3395 unbanked villages** have been provided with banking outlets by the banks, thereby achieving **cent percent coverage.** It comprises BCAs-2981 (including BCAs in 1302 USBs), B & M branches-388 and Mobile Vans-26**,** aggregating to 3395 **as on March 2013.**

In tune with the directions of the Hon’ble Governor of RBI, the Banks in Karnataka are required to ensure that 15% of these villages covered with Brick & Mortar Branches.Presently, the Brick & Mortar Branches constitute around 11%, which is to be stepped up to 15% to comply with directions of Hon’ble Governor.

The bank wise number of villages covered & progress made were presented to the House.

**(Action : Banks)**

**2.6 : Providing Banking outlets to villages with population of 1600 to 2000 as per**

**2001 census**

In accordance with DFS guidelines, SLBC in association with LDMs has identified **1562 villages** under population group of 1600-2000 (as per 2001 census) in the State under **Swabhimaan** FIP and allocated to the banks based on Gram Panchayat model for providing banking outlets. **As of March 2013, 966 villages have been covered**. SLBC has been collecting progress report on monthly basis for close monitoring and onward transmission to DFS: MoF: GoI. The participating Banks, in terms of DFS guidelines, have been advised to make use of the existing BCs for rendering services in other villages since the common RFP mechanism could not come into place. Further, in view of implementing DBT in selected districts, i.e., Mysore, Tumkur & Dharwad, all villages in the said Districts have to be provided with Banking outlets as population criterion has no relevance. All the participating banks were requested to cover remaining villages immediately and report to SLBC.

Bank-wise number of villages allocated, were presented to the House.

**(Action : Banks)**

**2.7 : Roadmap for Providing Banking Services in villages with population below 2000**

In terms of RBI guidelines, SLBC had informed all the Banks and LDMs to finalise Roadmap with details of allocated villages (district-wise) as per the formats prescribed by RBI. Banks have been allocated the villages having population less than 2000 based on Gram Panchayat model in their respective districts. There are 23126 unbanked villages identified with < 2000 population. Out of this, total of 3730 villages were covered upto quarter ended March 2013. A roadmap has been prepared and submitted to RBI, Banks and LDMs. Further, RBI has advised that at-least 5% of the villages allotted under this category shall be provided with banking outlets in the form of Brick & Mortar branches. Accordingly, the banks were requested to submit revised roadmap. Out of 33 banks, 22 banks have submitted & the consolidated report has already been submitted to RBI. The other Banks were advised to submit the same immediately.

The details of Progress made upto March 2013 & Revised Roadmap submitted to RBI with provision of opening Brick & Mortar Branches were presented to the House.

**(Action : Banks)**

1. **Urban Financial Inclusion – Launch of campaign to ensure at least One Bank Account for Each Family**

Govt. of India has been emphasizing the need for transferring of benefits under Govt funded schemes to beneficiaries by direct credit to their Bank accounts. These beneficiaries are not only inhabitants of rural villages but also comprise of urban poor and slum dwellers residing in the Urban / Metro centres.

In tune with DFS guidelines, SLBC had already allocated wards to various Banks in BBMP area and LDMs in Urban areas, including Municipality areas to provide banking services to entire population residing in Urban and Metro Centres (Urban Financial Inclusion).

Bankers’ Meeting was convened on 2.3.2013 to deliberate and review on opening of accounts under SSP, NREGS and implementation of roadmap in FI villages with population less than 2000, opening of Brick & Mortar Branches, progress under Annual Credit Plan, Education Loan, ISHUP scheme and also regarding establishment of Call Centre.

SLBC has already **set up a Call Centre** by outsourcing **M/s. Alsec Technologies Ltd**, 45/7, Vinayaka Complex, Residency Cross Road, Bangalore -560025. SLBC has obtained a Toll Free Number, Mobile Number for attending SMS queries and E-Mail ID for receiving the requests / queries through E-Mail. Banks have been requested to issue instruction to all the branches to open the accounts of migrant labourers, street hawkers/ vendors as per the guidelines issued by RBI/ GoI. The required advertisement has already been released in leading Dailies.

**(Action: Banks)**

**3.1 :** **Strategy and Guidelines on Financial Inclusion- Opening of Bank Branches**

The guidelines envisaged on Strategy & Guidelines on Financial Inclusion received from the DFS, MoF, GOI had been communicated to the Banks on opening of Bank Branches in the Underbanked Districts as listed by RBI. In terms of the RBI report, **in** **Karnataka**, **Bidar, Chamarajanagar, Gulbarga, B’lore Rural, Koppal & Raichur are identified as underbanked districts.**

**Action taken:** 38 villages have been identified with population of 5000 to 10000 & one village with population above 10000. it was heartening to note that the concerned service area banks have already opened branches in all the 39 villages (23 brick & mortar branches and 16 ultra small branches).

**3.2 : Electronic Benefit Transfer [EBT] Scheme**

EBT is being implemented in Bellary, Chitradurga, Gulbarga & Yadgir under “One District Many Banks” model and in Chamarajanagar, Dharwad & Mandya under “One District One Bank” model as per MoU. The SSP payments electronically through Banks’ smart cards have already commenced in Chitradurga, Bellary, Chamarajanagar, Dharwad & Mandya districts. The district-wise status on implementation of MGNREGS & SSP scheme and also transactions through BCAs were presented to the house. The Lead Banks & Participating Banks were advised to complete the implementation before Sept 2013, particularly under SSP scheme & also improve the volume of transactions through BCAs.

**(Action: Banks/LDMs)**

**3.3: EBT Scheme – MIS and PGRS**

The web based software for MIS PGRS has been developed by NIC. SLBC has requested NIC to continue to host the module after final testing at the present server / place in view of proven safety and performance. SLBC has constituted a Committee of IT Officers selected from SBI, SBM, Canara Bank and Syndicate Bank to float a RFP for this purpose. Detailed study would be taken up in association with DSSP/MGNREGS Directorate & will be placed before ensuing FI Sub-committee meeting

**(Action: SLBC)**

**3.4: e-Payment of commercial Taxes**

In the last meeting some of the Commercial Banks like Bank of India & Oriental Bank of Commerce had informed that their customers request their Branches to accept commercial taxes as the Banks are under 100% Core Banking Solution platform. Their customers have to approach other Banks for payment of Commercial Taxes. They have already approached Govt seeking accreditation. SLBC had taken up the matter with Finance Dept, GoK vide letter No. 168 dated 9.2.2013 for needful action. The ACS and DC, GoK had assured to do the needful immediately in the last meeting. SLBC vide had requested GoK for early favourable action. GoK is requested to kindly do the needful early.

**(Action: Finance Dept, GoK)**

**3.5 : Implementation of Financial Inclusion Plan (FIP) in Karnataka**

RBI has modified the periodicity of submission of Financial Inclusion Plan Progress under LBS MIS-IV & V in terms of their Cir. RPCD.68 dated 19.3.2013 to strengthen Monitoring Information System. Accordingly, a consolidated progress report of all the Controlling Offices of Banks is to be submitted to RBI under copy to SLBC. In order to follow up the matter on regular basis, Nodal Officer/s to be identified for this purpose and name/s, contact No/s and e-mail address/es of such Officers to be provided to RBI under copy to SLBC.

**(Action : Banks)**

**AGENDA 4.0 : FINANCIAL LITERACY CENTRES (FLCs):**

RBI had communicated the guidelines on opening of Financial Literacy Centres (FLCs). In compliance, SLBC had informed all Banks who sponsored FLCs and other Banks to abide by the guidelines of RBI and submit a quarterly report as per the format stipulated by them. Further, RBI had communicated certain clarifications for establishing FLCs.

All LDMs have completed the allocation of Taluks in the State to various Banks for opening FLCs. Banks were requested to open FLCs at taluka level as per the allocation made at DCC. LDMs were advised to follow up the matter in the DCC/DLRC and pursue with the Banks/ Trust to open the FLCs at taluka level. So far 71 FLCs have been opened in the State and the details were presented to the House. Banks were requested to submit quarterly report as per the format prescribed by RBI.

**(Action : Banks/ LDMs)**

**4.1: Financial Literacy**

SLBC has submitted the brief report on Lessons learnt from the experience of FLCs functioning in Karnataka and common syllabus/ curriculum for BCAs to RBI. RBI has already brought out Financial Literacy Guide, Financial Diary and Financial Literacy Posters in Hindi and English. Banks have been advised to make use of the standard curriculum by FLCs and rural branches while conducting Financial Literacy Camps. SLBC has already made an assessment through LDMs regarding requirement so as to facilitate SLBC for getting it printed soon after getting Kannada version from RBI.

**(Action : SKBC)**

The Gramin Abhyudaya Trust suggested that the following Departments of the State Administration can integrate their Developmental programmes with FLCs for mutual benefits.

1. Bhu-Chetana and Swarna Bhoomi programmes of Agri dept
2. Programmes of National Horticulture Mission & Horticulture Dept
3. Programmes of Watershed Development Dept
4. Programmes of Women & Child Development Dept
5. Programmes of Education Dept
6. Programmes of Social Welfare Dept
7. Programmes of Krishi Vignana Kendras

**(Action : Concerned Depts of GoK)**

**AGENDA 5.0 : INTEREST SUBSIDY SCHEME ON CROP LOANS TO FARMERS UPTO**

` **100000/- THROUGH PSBs/RRB**

Govt. of Karnataka has accorded sanction for the above scheme for providing interest subsidy for crop production loan upto the limit of ` One Lakh availed from Public Sector Banks and Regional Rural Banks [RRBs]. At present, GoI is extending 2% interest subvention upto ` 3 lakh limit and additional 3% incentive to those who repay the loans regularly. The effective rate comes to 4% (9%-5%). In addition, the GoK is extending 1% subsidy upto ` One lakh limit for prompt repayers so that the ultimate rate comes to 3%.

Interest subsidy claims in respect of 651655 farmers to the tune of ` 33.85 crore have been settled by Dept of Agriculture till date. All Banks were requested to lodge claims under the scheme to SLBC.

GoK was requested to consider Private Sector Banks also to be eligible to receive Interest Subvention since Union Finance Minister in his Budget Speech announced that GoI interest subvention scheme is made applicable to Private Sector Banks for creating level playing field.

Similarly, GoK may enhance the limit to ` 3 Lakh on par with GoI scheme. The issue was also discussed in the Sub-Committee Meeting of Annual Credit Plan.

**(Action: Dept. of Agriculture, GoK)**

**Agenda 5.1: Performance Audit of Agri. Debt waiver and Debt Relief scheme 2008**

The RBI has informed that the following major observations were made with regard to implementation of above scheme during the Exit Conference held with officers of CAG.

1. Ineligible accounts of farmers extended benefits under the scheme.
2. In some cases loans extended to MFIs were claimed and disbursed.
3. Less/ Excess benefits to eligible accounts
4. Reimbursement of inadmissible charges to Banks
5. Non issuance of Debt Waiver & Debt Relief Certificates
6. Out come relating to fresh loans not monitored.

All the banks were requested to take corrective measures as per DFS / RBI directions.

SLBC has already sent the soft copy of the formats as per RBI direction to all Banks (Bank- wise/ District - wise) through e-mail on 24.1.2013 for submission of data in the prescribed format on ADWDRS – 2008 for onward submission to RBI.

**(Action: Banks)**

**AGENDA 6.0 : CREATION OF CENTRAL REGISTRY FOR MICRO AND SMALL**

**ENTERPRISES [ MSEs]**

The Survey, Settlement and Land Records Dept, GOK has taken steps for creating Urban Property Ownership Records [UPOR] under PPP model in 6 cities [Bellary, Hubli-Dharwad, Mangalore, Mysore, Shimoga and Bangalore Metro]. The UPOR project provides for noting the mortgage charge on the urban properties. The banks have been advised to furnish the data on the existing mortgage particulars and new mortgages created in these cities for inclusion in the registry.

CERSAI- [Central Registry of Securitization Asset Reconstruction and Security Interest of India] was set up on 31st March 2011 under the provision of SARFAESI Act. The SARFAESI Act permits filing of all types of charges whether mortgage, pledge, hypothecation or even patent and intellectual property rights and design etc., on the Central Registry. As CERSAI has come into effect, Banks can file the details of charges with CERSAI for registration.

**(Action : Banks)**

**AGENDA 7.0 : REVIVAL, REFORM & RESTRUCTURING PACKAGE FOR**

**HANDLOOM SECTOR**

The guidelines were discussed in the earlier meeting with the bankers having exposure to handloom sector. The NABARD informed that Recapitalization Assistance of ` 4.35 crore has been released to one Apex Weaver Society and 104 PWCS so far. Taking this into account, banks are required to provide working capital limit to AWCS and PWCS as well as extend loan to the individual weavers. It has released an amount of ` 0.85 crore to 5 Banks (Canara, Syndicate, CBI, PGB and KVGB) in respect of 377 individual weavers and 2 SHGs. Further, an amount of ` 0.48 crore in respect of 226 individual weavers pertaining to PGB will be released on receipt of State Govt’s share.

The District wise / Bank- Branch wise target under Weavers’ Credit Cards (8000) for the State sent to all LDMs. The Cards issued was 2950 involving a credit limit of ` 705.10 lakh by various Banks. Banks were advised to follow revised operational guidelines of NABARD. The State-wise claim has to be submitted to NABARD, RO in the prescribed format.

NABARD has informed that the claims settled under the RRR Package for Handloom Sector could be audited by CAG during the current year. The Banks which have benefited under RRR package are required to maintain all the records in the proper manner to enable smooth audit by CAG. One of the main objectives of the RRR Package for Handloom Sector was to restore institutional credit flow to the sector. In this context, the Banks were required to submit data on fresh loans issued under handloom sector and submit the utilisation certificate confirming the crediting of package benefits to the accounts of beneficiaries to enable NABARD to submit the same to GoI/GoK.

Further, the Banks are expected to provide Margin Money and Interest Subvention under the comprehensive Package to handloom sector through the Weavers Credit Card (WCC). SLBC to advise Banks for submission of data on issue of WCC as also the Margin Money and Interest Subvention schemes to NABARD on monthly basis.

**(Action : Banks)**

**AGENDA 8.0 : SETTING UP OF KARNATAKA FARMERS’ RESOURCE CENTRE [KFRC] AT BAGALKOT**

Karnataka Farmers’ Resource Centre [KFRC] is set up at Bagalkot through SLBC with the support of Govt. of Karnataka, NABARD, 10 Banks [Viz., Syndicate Bank, Canara Bank, Corporation Bank, Vijaya Bank, State Bank of India, State Bank of Mysore, State Bank of Hyderabad, Karnataka Vikas Grameena Bank, The Karnataka Bank Ltd and Krishna Grameena Bank] and B.V.V. Sangha, Bagalkot. KFRC is an Apex State Level Institute constituted under Charitable Trust. Any institution / individual making donations / contributions to KFRC, is eligible to claim Income Tax exemptions under section 80G of IT Act.

The GoK has released their share of ` 2 Cr. towards Corpus Fund of KFRC. SLBC gratefully acknowledged the support of GoK. Canara Bank, State Bank of Hyderabad & V.V. Sangha, Bagalkot were requested release balance amount committed at an early date.

KFRC is in the process of finalising the estimates as per the plan approved for calling tenders for construction of building.

**(Action : KFRC)**

**AGENDA 9.0 : REPORT OF THE HIGH LEVEL COMMITTEE TO REVIEW LEAD**

**BANK SCHEME - IMPLEMENTATION OF THE**

**RECOMMENDATIONS**

The minutes of the following Sub-Committees were circulated along with Agenda Book.

1. Financial Inclusion – held on 26.04.2013
2. Education Loans- held on 25.03.2013
3. Credit Deposit Ratio -held on 19.3.2013
4. Flow of Credit to Agriculture-held on 13.3.2013
5. Government Sponsored Schemes-held on 13.03.2013.
6. MSME- 5.6.2013 (Circulated as additional agenda).
7. Housing- 18.6.2013 (Circulated as additional agenda).

Further, the following Sub-Committee meetings were held:

1) SHG-Bank Linkage (NRLM)-11.7.2013.

2) Annual Cr.Plan-19.07.2013,

3) Steering Committee on R-SETIS-23.07.2013,

4) Credit Flow to SC/ST, Minorities & Weaker Sections- 15.07.2013

5) Govt. Sponsored Schemes-10.07.2013

The convenors of other Sub-Committees were requested to submit the approved minutes to SLBC for circulation. **(Action : Convenors of Sub-Committees)**

**Agenda 9.1 : National Handicapped Finance & Development Corporation (NHFDC)**

The Ministry of Social Justice & Empowerment, GoI informed that NHFDC has been set up in 1997. It functions as an apex Institution for promoting economic activities and self-employment ventures for the benefit of Persons with Disabilities (PwDs). The funds are channelized through State Channelising Agencies (SCAs). It also provides grants for skill training of disabled persons. It has recently tied-up with 3 PSBs (Bank of Baroda, Andhra Bank & IDBI Bank) and 24 RRBs for flow of collateral free concessional credit (interest rate of 4-8% p.a.) to PwDs for self employment under credit guarantee scheme of GoI. These Banks will also extend education loans to eligible students with disabilities for higher education in India or abroad at an interest rate of 3.5-4% p.a. only. The entire loan extended to PwDs for above purpose shall be refinanced by NHFDC to the concerned Bank. Also, the partner Banks will be able to earn 3% interest margin on above loans extended to PwDs. The detailed information on schemes of NHFDC is available on website [www.nhfdc.nic.in](http://www.nhfdc.nic.in/).

**(Action : Banks)**

**FINDINGS OF QUICK STUDY ON EMU UNITS**

Emu breeding is one of the activities eligible for capital subsidy under the centrally sponsored Poultry Venture Capital (Subsidy) Fund Scheme. As per advise received from Department of Animal Husbandry, Ministry of Agriculture, GoI, Karnataka Regional Office of NABARD had conducted a quick study of Emu units financed by Banks in Kolar and Chikkaballapur Districts during April 2013. A gist of the observations is as under:

*Emu farming, like most new sub-sectors and activities, had a lucrative run in its initial years due to high demand for emu chicks form new entrants in emu farming. The initial years, therefore, saw the spread of and scramble for setting up emu units and the early entrepreneurs had profitable ventures in emu breeding. It was also expected that emu eggs and meat would gain acceptance as a food item with gradual rise in demand for emu meat in the local market and usage of by-products in various industries like pharmaceuticals, cosmetics, etc. However, the expected demand for emu eggs and meat for table purpose has not happened while tapping of export market remains an uncharted task due to strict export regulations and product specifications. Further, post media reports of ponzi schemes in emu breeding in Tamil Nadu, there are no takers for emu chicks.*

*The maintenance cost of emu birds has become prohibitive with the high feed intake at high cost coupled with absence of commensurate revenues due to lack of demand for emu meat. Emus, with a life span of 30 to 35 years, have about 15 to 20 years of productive egg laying. Emu farmers are, therefore, currently bearing the twin financial burdens of incurring substantial recurring expenditure with no revenues form the activity that may stretch to a considerable period of time.*

*Since most emu farmers are medium to big having other sources of income, the activity has, so far, been sustained with no default on repayments of bank loan. Hence, problems are not overtly manifested. However, as the activity under emu farming is confined only to breeding & rearing with no clear and defined marketing arrangement either for meat, oil, egg, etc, the activity may have serious implications in project viability.*

All Banks were requested to take note the findings of the above study done by NABARD.

**(Action : Banks)**

**AGENDA 10.0 : REVIEW OF BANKING STATISTICS AS OF MAR 2013**

The Bank-wise position as of Dec. 2012 & Mar. 2013 were reviewed in respect of Branch Net Work, Deposits, Advances and CD Ratio, etc.

**Branch Network:**

As at the end of Mar 2013, the total numbers of bank branches in the State were **8430,** out of which, Commercial Banks-**6052**, RRBs-**1460**, KASCARD-**178,** DCC Bank-**670,** Karnataka Industrial Coop Bank-**38** and KSFC- **32** Branches.

**ATM :** There were **8441** ATMs in the State, out of which, **675** in rural, **1564** in S. Urban, **2079** in Urban and **4123** in Metro areas.

##### Deposits:

The aggregate deposits of Banks was ` **458925** **crore** as at the end of Mar 2013, when compared to the level of ` **402158** **crore** as on Mar 2012, registering an increase of ` **56767 Crore** showing a growth rate of **14.12%.**

**Advances:**

The total outstanding Advances of Banks was ` **344870 Crore** as at the end of Mar 2013ascompared to the level of ` **299888 Crore** as at Mar 2012, registering an increase of ` **44982 Crore** showing a growth rate of **15.00%**.

**Credit-Deposit Ratio:**

The Credit Deposit Ratio as of Mar 2013 was **75.15%** vis-à-vis **74.57%** as of Mar 2012 showing a marginal increase**.** The CD ratio was the highest at **107%** in Rural areas as compared to **77%** in Semi-Urban, **68%** in Urban and **73%** in Metro areas.

Further analysis indicates that some banks with good presence are having CD ratio below the bench mark level of 60%. [SBH-34%, BOB-54%, OBC-54%, Karnataka Bank-43%]. Banks which are having CD Ratio below 60% need to take necessary steps to increase flow of credit to productive sectors of the economy.

The Hon’ble Chief Minister, the Chief Secretary and the Addl. Chief Secretary, GoK urged the Bankers to improve the CD Ratio substantially as the State is trailing behind very much as compared to neighbouring States like Tamil Nadu & Andhra Pradesh. The strategies and recommendations made by the Sub-committee on CD Ratio are to be implemented with right earnest. The RD, RBI informed the Banks to analyse the composition of CD Ratio of the neighbouring States since in Karnataka there are large number of Small Entrepreneurs and also self-financed units. In the neighbouring States, big ticket loans are being availed by industrialists and Corporates. Increase of CD Ratio substantially has to be analysed critically and meticulously since it involves huge deployment of credit.

All Banks who are below the State average were requested to improve their CD Ratio by accelerating lending to various sectors, having potential for growth in the State and contribute towards economic development.

**(Action : Banks)**

**Priority Sector Advances:**

The outstanding level of total priority sector advances of Banks stood at ` **139283 Crore** as of Mar 2013 as against` **120981 Crore** as at Mar 2012 showing an increase of ` **18302 Crore** recording a **growth of 15.13%.** The percentage of priority sector advances of Banks works out to **40.39%** surpassing the Benchmark level of 40% as stipulated by RBI.

The total **agricultural advances** as at Mar 2013 were to the tune of ` **63724 Crore** constituting **18.48%** of the total advances of Banks against mandatory level of 18%. Out of which direct advances to agriculture stood at ` **49182 Crore forming 14.26%** of total advances as against the bench mark level of **13.5**%.

The outstanding Advances to Weaker Sections by Banks was ` **49704 Crore** constituting **14.41%** of the total Advances with an increase of ` **12577** crore over the corresponding previous year level. The outstanding advances to Small & Marginal farmers was to the tune of ` **30826 Crore** covering about **39.79 lakh** accounts, constituting **48.37%** of the total Advances to Agriculture. The outstanding advances to SCs/STs were` **9676 Crore** constituting **2.81%** of the total advances.

The position of Priority Sector and Weaker Section Advances as at Mar 2013 was presented to the House.

**HOUSING LOANS AND REVERSE MORTGAGE LOAN SCHEME:**

The Banks have been financing construction of houses under different schemes to encourage housing sector and to increase the availability of residential houses to the needy people. The outstanding level of advances under housing as at Mar 2013 stood at ` **28477** crore covering **441375** accounts. During year ended Mar 2013, the Banks have disbursed ` **5771** crore involving **69712** accounts.

Public Sector Banks have formulated Reverse Mortgage Loan Scheme for the benefit of the Senior Citizens. The Banks assisted 1061 persons with a loan amount of ` **102** crore as at Mar. 2013. Bank-wise position of Housing Loans and Reverse Mortgage Loans was presented to the House.

The Principal Secretary, RDPR, GoK requested the Banks to provide the details of Housing Loans granted to Weaker Sections & lower income groups. All the Banks were advised to accelerate credit flow to Housing Sectors.

**(Action : Banks)**

**EDUCATION LOANS:**

With a view to provide financial assistance to deserving and meritorious students to pursue higher studies, Banks have formulated education loan scheme as per IBA guidelines. As at Mar-2013, the outstanding level of education loans stood at ` **4263** crore covering **226773** accounts. Banks have disbursed loans to **43771** students amounting to ` **611** crore up to the end of Mar-2013. Consolidated position under Education loan was presented to the House.

As directed by DFS, SLBC has informed all the Banks to gear-up the flow of credit to Education Sector. The GoI advised SLBC to allocate the targets so as to improve the level of outstanding loans under Education from ` **4263.43 cr** as on 31.3.2013 to ` **5116.12 cr (258341 accounts)** by 31.3.2014. The GoI have also directed SLBC to allocate target of 20% growth in number of accounts and also 20% growth in amount outstanding since in our State, the % growth during the last fiscal (2012-13) was less than 10% in number of accounts and 20% in loan amount outstanding. Based on the outstanding accounts as of March 2013, all Banks were allocated target under Education Loan for the year 2013-14 (as at March 2014) by SLBC. Bank wise target for 2013-14 under Education Loan Scheme was presented to the House. As desired by the Dept. of Higher Education, GoK, SLBC has convened a meeting of major Banks to explore the possibility of organizing mega scale Education Loan Expo at Bangalore in association with Educational Institutions. The strategies would be finalised soon. The GoK has also announced Rajeev Gandhi Loan Scholarship Scheme for the students whose parental income is less than ` 2.5 lakh per annum.

All Banks were requested to take steps to achieve the targets.

**(Action : Banks)**

**Credit Flow to Micro, Small & Medium Enterprises [MSME] – Mar-2013**

As per the guidelines issued by GoI/RBI, the Banks have taken steps for increasing the flow of credit to Micro, Small & Medium Enterprises. The outstanding level of credit to Micro Enterprises stood at ` **16065 Crore.** The advances to Small Enterprises were at the order of ` **25662 Crore.** The advances toMedium Enterprises stood at ` **24226 Crore** as at Mar-2013. The percentage of advances to Micro & Small Enterprises (` **41727 Crore)** was at the order of **63.27%** out of the total advances to MSME Sector (` **65953** **Crore)**.

The Sector-wise / Bank-wise particulars were presented to the House.

RBI is regularly conducting meeting of the Empowered Committee on MSME for Karnataka every quarter to review the implementation of the recommendations of the Working Group on Rehabilitation of Sick MSMEs, flow of credit to MSME sector, Collateral Free Loans to SMEs, flow of credit to MSME clusters and conducting awareness programmes and entrepreneurial camps, CGTMSE etc. RBI seeks compliance report in the prescribed format, which should to sent to them before 15th from end of the quarter.

RBI has informed that the extent of Financial Exclusion in the MSME Sector is very high, to the tune of 92% as per the observations made in the 4th Census on MSME. Hence, it is imperative for Banks that the excluded units are brought in the formal banking sector. SLBC has requested all Commercial Banks to advise Branches to play a more pro-active role in the affairs of MSE clients by providing them with financial literacy and consultancy support. The Banks staff would also be trained through customized training programmes to meet the specific needs of the sector.

**(Action : Banks)**

**COVERAGE UNDER CREDIT GUARANTEE SCHEME OF CREDIT GUARANTEE FUND TRUST FOR MICRO & SMALL ENTERPRISES [CGTMSE] –**

Under guarantee scheme of CGTMSE, Banks have covered **25252** units with an approved amount of ` **1298.71 crore** during the quarter ended Mar-2013 and cumulative progress was **86146** applications amounting to ` **4282.25** crore [Source: Credit Guarantee Fund Trust for Micro & Small Enterprises].

The Addl. Chief Secretary, GoK advised Banks not to dilute the appraisal process on account of coverage under CGTMSE.

**AGENDA 11. 0 : IMPLEMENTATION OF ANNUAL CREDIT PLAN (2012-13)**

The progress in revised disbursement under Annual Credit Plan for the year ended Mar-2013 with Bank-wise / Agency-wise position was presented to the House.

During the last fiscal (2012-13), the total revised Priority Sector target under ACP was ` 61805 cr. The revised disbursement was ` 62757 cr., thereby registering 101.54% achievement. Under agriculture sector, the achievement was 102.34% and under Crop Production Credit, it was 109.73%.

The NABARD had conducted State Credit Seminar 2013-14 on 27.2.2013. The State Focus Paper has pegged Priority Credit Projection at ` 68172 crore, of which the share of Agriculture credit is ` 44210 crore.

The GoI has enhanced quantum of agriculture credit from ` 575000 crore (2012-13) to ` 700000 crore (2013-14) indicating 21.74% growth. There is an urgent need for boosting of investment credit in agriculture to enhance capital formation under this sector for improving the standard of living of farmers. The Banks were requested to concentrate on investment credit with a long term perspective for sustainable growth of agriculture credit rather than focusing only on production credit.

Considering the NABARD Priority Credit Projection at ` 68172 crore and the GoI’s enhancement in the quantum of agriculture credit from ` 575000 crore (2012-13) to ` 700000 crore (2013-14) indicating 21.74% growth, in the current fiscal 2013-14, SLBC has fixed the total target of ` 73361 cr. with 18.7% and 21.14% growth Vs. previous target and achievement, respectively. Under Primary Sector (Agriculture), the target is increased by 22% over the previous year target as per the GoI guidelines. Accordingly, the target under Agriculture Sector has been fixed at ` 44545 cr., which accounts for 22% growth over previous year target and 19.21% that of previous year achievement. Under Secondary & Tertiary Sector, the growth rate of 10.42% and 17.06% has been envisaged over the previous year’s target, respectively. The target was deliberated at length and duly approved in the Sub-Committee Meeting of SLBC on Annual Credit Plan held on 19.7.2013.

The Agency wise / Bank-wise / Sector-wise Annual Credit Plan Target for the year 2013-2014 was presented to the House:

**AGENDA 12.0 : CENTRAL AND STATE SPONSORED SCHEMES**

**12.1: 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 as on **31.05.2013** was presented to the House:

KVIC, State Office, Bangalore had informed that the time line has been extended upto 31.5.2013 for sanction of the loan proposals under PMEGP forwarded by the Nodal Agency during the last fiscal 2012-13 (upto March 2013). The eligible margin money claims were to be submitted to the concerned Nodal Bank Branches on or before 15.6.2013. SLBC has already communicated the above information to all the Banks and LDMs.

KVIC has informed that during the previous year, in some of the districts, the LDMs have not agreed to forward / select the projects having consent letters of the Financing Banks and further, they have reduced / restricted the project cost, which will result in under finance and the beneficiary will be unable to set up the units as per the project.

In view of the above facts, the implementing agencies faced hurdles and could not achieve the target as per the expectations. It was, therefore, requested to advise the LDMs to select the projects having bank consent letters on priority basis and also not to reduce / restrict the project cost without genuine grounds. The final decision of sanction is vested at the level of financing bank as per the viability norms. Further, LDMs to be advised to allow implementing agencies to forward the project proposals to the financing banks at the ratio of 1: 2. Looking into the potentiality, they can forward more number of applications to the banks, for which KVIC will provide Margin Money.

The above aspects have already been communicated to all the LDMs by SLBC.

The KVIC has been informed to conduct District Level Task Force Committee meetings well on time for selecting the beneficiaries instead of keeping at the close of financial year & enroll all eligible Banks to implement the scheme.

**(Action : LDMs / KVIC / KVIB / DIC)**

**12.1A: National Mission on Food Processing- Centrally Sponsored Scheme.**

The GoI has launched National Mission on Food Processing (NMFP) scheme during the 12th Five Year Plan to be implemented through the State Govt. The components of the scheme are a) Scheme for Technology Up-gradation / Establishment / Modernisation of Food Processing Industries b) Scheme for supporting Cold Chain, Value Addition and Preservation infrastructures for non-horticultural products c) Scheme for Human Resource Development & d) Scheme for promotional activities

The eligible Individual Entrepreneurs / Partnership Firms / Registered Societies / Companies / Corporations / Govt. organisations / Universities / Institutions / PSUs / NGOs / Co-operatives seeking financial assistance under the above components can submit the applications under the scheme. All the Banks were requested to extend financial assistance under the scheme to eligible entrepreneurs under 12thplan scheme. The scheme details are hosted in the Website: [www.mofpi.nic.in](http://www.mofpi.nic.in/)

**(Action: Banks)**

**12.2 to 12.8 :** The progress made during the previous fiscal 2012-13 pertaining to SGSY, SJSRY, Dr. B.R. Ambedkar Dev. Corporation schemes (SEP & ISB), ST Dev. Corporation schemes (SEP & ISB), Minorities Dev. Corporation scheme (Swavalambana), Devaraj Urs Dev. Corporation scheme (Chaitanya) etc were presented to the house. The scheme details on NRLM were covered during the power point presentation made by the Pr. Secretary, RDPR Dept, GoK. The MDs of Corporations were requested to analyse the reasons for not achieving the set targets & also fix district-wise targets for the current fiscal at an early date.

**(Action: Nodal Agencies)**

**AGENDA 13.0 : SPECIAL FOCUS PROGRAMMES**

**13.1 CREDIT FLOW TO MINORITY COMMUNITIES**

The Banks have extended loans to **288123** beneficiaries amounting to ` **3500 Crore** up to year ended Mar 2013. The outstanding level of advances to Minority Communities as at the end of Mar 2013 was ` **14971 crore** constituting **10.75%** of PSA. Bank wise details of credit disbursement upto Mar 2013 & outstanding balance as at Mar 2013 were presented to the house. All the banks were requested to increase credit flow to minority communities to achieve the stipulated targets.

The outstanding level of credit to minority communities in the identified districts as at Mar 2013 was above the stipulated level of 15% of PSA.

**Advances under DRI scheme:** Banks have financed 34248 beneficiaries amounting to ` 60 Cr forming 0.02% of total credit. All the banks were requested to accelerate credit flow under DRI as per RBI norms to reach 1% of total credit**.**

**(Action: Banks)**

**13.2 : CREDIT FLOW TO WOMEN**

Banks have disbursed ` **7291** Crore to **645446** Women Beneficiaries upto Mar 2013. The outstanding level of Advances to Women Beneficiaries was ` **27590 Crore** as of Mar 2013 constituting **8.00%** oftotalof advances vis-a -vis stipulated target of 5%. The Bank wise details were presented to the house.

**13.3 : KISAN CREDIT CARD**

The Banks have issued **798369 KCC Cards** upto Mar 2013 with credit limit of ` **8988 Crore vis-à-vis the set target of 1100000 cards.**  Agency-wise number of Cards issued was presented to the house. All the banks were advised to extend revised KCC to all the eligible farmers.

**(Action: Banks)**

**Implementation of Kisan Credit Card - Revised Scheme**

a. NABARD has informed SLBC to place a **note on number of ATM-cum-Debit cards issued in the State** as also the coverage of eligible farmers in the meeting.

**b. Kisan Credit Card Scheme – Data on Aadhaar enabled Rupay KCC Cards**

Government of India has desired that all KCC holders should get Aadhaar enabled Rupay KCC enabled cards by September 2013.

c. The RRBs having moved to CBS and RTGS/NEFT facilities have to ensure that Rupay KCC is issued to all KCC holders latest by 30.9.2013. The **Sponsor Banks to help RRBs in issue of Rupay Cards to the KCC holders.**

d. As regards the Cooperative Banks, the **CBS enabled South Canara, Hassan and Tumkur DCCBs to take effective steps** for issue of Rupay KCC latest by 31.7.2013.

The Banks were requested to create awareness about the revised KCC guidelines and to furnish the information on ATM cum Debit Cards and Aadhaar enable Rupay KCC to SLBC/NABARD on quarterly basis.

It has been now decided by NABARD to support RRBs and Co-operative Banks out of FITF for providing RuPay Kisan Credit Cards to their farming clientele, which are operable in ATMs and PoS devices. The interchange Charges will be re-imbursed to RRBs / Cooperatives in respect of KCC transactions. The new guidelines in this regard have already been circulated among the RRBs / Cooperatives.

**(Action : Banks)**

**AGENDA 14.0 SELF HELP GROUPS/ JOINT LIABILITY GROUPS**

The progress under SHG Bank Linkage as at Mar 2013 was presented to the house.

Commercial Banks have directly credit linked 73455 SHGs with an amount of ` 1254 crore and indirectly 35247 groups with a limit of ` 446 crore. RRBs could credit link 18202 groups with an amount of ` 348 crore and Co-op. Banks have credit linked 36352 groups with a limit of ` 531 crore upto Mar 2013.

NABARD has flagged the following issues for effective credit linkage of SHGs.

**SHG-BLP – assessing SHGs for bank finance**

**A.Upscaling SHG- Bank Linkage Programme :** There were about 7.48 lakh SHGs in the State which were Savings Linked as on 31 March 2013, of which only 1.27 lakh SHGs availed credit during 2012-13. But the average loan size per SHG works out to ` 1.66 lakhs which is much lower than **the average size of per SHG loan in 2011-12 which was** ` **2.02 lakhs.**

**B. SHG – 2 :** To make the SHG Bank Linkage more suited to the recent developments and to enable financing banks to respond to the changing requirements of members of SHGs, the SHG 2 guidelines provide for (a) Voluntary savings in addition to compulsory savings (b) CC Limit / OD facility to SHGs (iii) Enabling JLGs within SHGs (iv) Building second tier institutions (v) Improving risk mitigation systems (vi) Training requirements of bank personnel.

**C. Targets :** For the year 2013-14, as discussed during the recently held State Credit Seminar, NABARD has estimated (a) Formation and savings linkage of 25000 SHGs (b) Credit linkage of 1,50,000 SHGs (Target for CBs-75000, RRBs – 45000 & Cooperative – 30000 Groups) (c) Average loan size per SHG to be at ` 2.75 lakhs (d) Credit linkage of 10,000 JLGs.

District-wise targets received from NABARD have already been communicated to LDMs with a request to make Bank Branch-wise targets in the district in association with DDMs & Project Directors (ZP).

**D. Strategies :** The Banks need to adopt suitable strategies for achieving the targets like focusing on low density districts namely, Bagalkot, Belgaum, Bijapur, Haveri and Koppal, revival of defunct SHGs through training /re-orientation in coordination with NABARD / NGO, extending credit plus services like, micro insurance, capacity building, skill upgradation through R-SETIs etc., extending CC Limit to SHGs as per SHG2 guidelines, sensitization/Capacity Building of Branch Managers, engaging NGOs as BFs for promotion of SHGs / JLGs, Engaging SHG members as BCs for the bank as being practiced in some parts of the State, adoption of ICT – Smart Cards & PoS machines for door-step services etc., developing livelihood plans for SHGs in consultation with NGOs to enable micro-enterprises.

**E. Joint Liability Groups:** In order to purvey 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 JLGs. The disaggregated District-wise targets have been sent to SLBC with a request to communicate the same to LDMs and ensure allocation of branch-wise targets by LDMs.

**F. Assessing SHGs for bank finance** : A simpler norm for assessing the SHGs bank finance has been advised to all banks vide NABARD Cir. No.122/MCID-04/2013-14 dated 27.05.2013. Banks may either use the norms suggested or develop suitable norms with necessary amendments for use by the financing units.

**AGENDA 15.0 : LENDING THROUGH MFIs:**

Association of Karnataka Micro-Finance Institutions (AKMI) has informed that the loan outstanding given by various MFIs in Karnataka as on Mar 2013 was ` 4187 crore covering 3979528 accounts. Out of which, overdue was only 1.69%. AKMI had conducted the meeting of all MFIs with Shri Srinivasan, Executive Director IDBI on 2.5.2013. It is telecasting another 8 episodes on Micro Finance on Chandana Channel. The episodes are very much educative for rural mass.

**AGENDA 16.0 : STREE SHAKTI PROGRAMME**

The progress under Stree Shakti Programme as furnished by the Women & Child Development Department, Govt. of Karnataka, for Mar-2013 was presented to the house. 123290 groups have been credit linked by extending credit limit of ` 1393 crore out of 140000 groups formed.

**AGENDA 17.0 : UDYOGINI SCHEME OF KARNATAKA STATE WOMEN’S**

**DEVELOPMENT CORPORATION [KSWDC]**

Karnataka State Women’s Development Corporation, the Nodal agency for Udyogini scheme has informed that Banks have financed to **9752** beneficiaries and ` **941 Lakh** has been released as subsidy amount as on Mar 2013. The progress report was presented to the House.

**AGENDA 18.0 : IMPLEMENTATION OF SPECIAL SCHEMES**

**A] Agri-Clinics / Agri-Business**

The progress under Special Schemes like Agri-clinics / Agri-Business, Rural Godowns & National Horticulture Board was presented to the House as of March 2013.

**AGENDA 19.0 : RECOVERY**

**19.1 : RECOVERY OF BANK DUES UNDER GOVERNMENT SPONSORED**

**SCHEMES**

The scheme-wise NPA position as at Mar.2013 was presented to the House. The Nodal agencies [DIC, RDPRD/Zilla Panchayat, KVIC/ KVIB & ULB (municipalities)] were requested to extend assistance to Banks for recovery of overdues in co-ordination with Banks. Bank- wise details were presented to the House.

**19.2 : NON-PERFORMING ASSETS POSITION :**

There were **680045** NPA a/cs involving an amount of ` **13648 crore** as of Mar 2013, accounting for **3.96%** of total advances. The Farm sector accounts for **287232 a**/cs, with a balance of ` **3565 crore** constituting **5.59%** of advances to agriculture**.**  Bank-wise details were presented to the House.

**19.3 : RECOVERY UNDER SARFAESI / DRT / LOKADALAT**

Banks have recovered ` **446** crore against amount involved ` **1201** crore under **SARFAESI Act,** ` **92 crores** against amount involved ` **344** crore under **DRT** and ` **47.24** crore against amount involved ` **73.56** crore through **Lok Adalat** up to Mar 2013.

**19.4: RECOVERY UNDER KPMR & KACOMP ACTS**

As of Mar 2013, **28881** cases filed by Banks under RR Act were pending before Revenue Authorities involving an amount of ` **201 Crore**. The Banks have filed **1717** applications up to Mar 2013 involving loan amount of ` **4.81 crore.** There are **5253** cases pending for more than 3 years for recovery under RR Acts. Bank-wise details were presented to the House.

**AGENDA 20.0: Bankers’ Meeting convened by the Commissioner, Transport Dept., GoK- Financing Auto Rickshaws in Bangalore Metro.**

A meeting of the Bankers was convened by the Commissioner for Transport, Bangalore, GOK on 7.11.2012 to discuss about financing Auto rickshaws in Bangalore Metro area. The gist of the deliberations of the above meeting were sent to all the Banks and also incorporated in the last SLBC meeting. Further, SLBC requested all the Banks to instruct the branches to consider the applications received on merits. A subsidy amount of Rs 15000 per Auto for converting from 2 stroke to 4 stroke engine will be available from GoK and can be credited to the Bank account in case they avail loan from Bank.

**(Action : Transport Dept., GoK / Banks)**

**AGENDA 21.0: RURAL SELF-EMPLOYMENT TRAINING INSTITUTES**

In tune with the action point emerged in the last steering committee meeting on R-SETIs, SBI (Lead Bank) has already commissioned R-SETI at Yadgir in the premises of Krishna Gramin Bank, RO. They have requested the Dy Commissioner, Yadgir for allotting 2 acres of land for constructing own building. With this, all 30 districts have R-SETIs (in Udupi District 2 institutes are functioning). Corporation Bank has informed that Director has been posted to COBSETI, Kodagu, which was vacant earlier. Banks were requested to instruct their each rural & semi-urban branches to sponsor at least 10 applications per annum. LDMs were advised to review the progress in sponsorship of applications and other issues of R-SETIs at BLBC / DCC/ DLRC forum as one of the agenda items.

**(Action : Banks / LDMs)**

**ADDITIONAL AGENDA :**

**I. ACP 2012-2013 achievement for the year ended March 2013.**

The salient aspects of revised achievement under Annual Credit Plan 2012-13 have already been covered under Regular Agenda No.11 mentioned above. Similarly, the details of the targets fixed under ACP 2013-14 are also covered in the above cited Agenda.

**II. National Rural Livelihoods Mission:**

The details of guidelines of the above scheme have already been covered in the Power point presentation made by the Principal Secretary, RDPR Dept., GoK during inaugural session. The following action points have already been communicated to LDMs in tune with RBI Cir. RPCD.GSSP.CO.No.81/09.01.03/ 2012-13 dated 27.6.2013.

1. LDMs in the State have been advised to constitute District Coordination Committee as per Para 13.02 of RBI Central Office Circular cited supra to regularly monitor the flow of credit to SHGs at the District level.
2. They are also advised to review the progress under SHG Bank linkage in the BLBC Meeting and to include SHGs / Federations of SHGs as members of BLBC.
3. Banks have been requested to instruct their Branches to submit progress report to the LDMs every month for onward submission to SLBC. Banks are also requested to submit State-wise consolidated report on the progress made under NRLM to RBI / NABARD at monthly intervals.
4. They have also been requested to take steps for data flow from CBS to NABARD and to enter into MOU for regular data sharing with State Rural Livelihood Mission (SRLM) through CBS platform.
5. SLBC taking up with SRLM to provide support as per Para 15 of RBI Central Office Circular dated 27.6.2013.
6. SLBC had constituted a Sub-committee on SHG Bank linkage and the same is proposed to be reconstituted as per RBI guidelines as below:

The Chairman of the Sub-committee will be Principal Secretary, RDPR Dept., GoK and Members being (1) Mission Director, KSRLPS. GoK (2) Secretary (B&R), Finance Dept., GoK (3) Director, Dept. of Agriculture, GoK (4) Director, Dept. of Women & Child Dev, GoK (5) Director, Dept. of Cooperation, GoK (6) Joint Director, SEP, RDPR (7) GM : RPCD : RBI (8) GM : MCD : NABARD & (9) Member Banks from (a) Syndicate Bank (b) State Bank of India (c) State Bank of Mysore (d) State Bank of Hyderabad (e) Corporation Bank (f) Vijaya Bank (g) Indian Overseas Bank (h) Union Bank of India (i) Chairmen of 4 RRBs (j) State Cooperative Apex Bank Ltd

The Convenor will be Canara Bank.

SLBC has already requested KSRLM to initiate the following measures:

1. Develop strategic partnership with major Banks at various levels.
2. Assist the SHGs through imparting financial literacy, extending counselling services on savings, etc.
3. Positioning Customer Relationship Managers (Bank Mitra)
4. Leverage IT Mobile Technologies and Institutions of poor and youth as business facilitators and Business Correspondents.
5. Community based recovery mechanism – Formation of one exclusive Sub-committee at the village level which will provide support to Banks in ensuring proper utilization of loan amount, recovery etc.

**III. Lending to Tenant/ Lessee Farmers.**

The RBI has informed that tenant/ lessee farmers are facing hardships in availing finance from Banks. The Bankers are reluctant to finance to tenant/ lessee farmers.

In Karnataka, Tenancy is abolished as per Karnataka Land Reforms Act. Hence Banks were requested to encourage Joint Liability Groups (JLGs) to overcome the hurdles.

**IV. Complying with 3 language formula by Public Sector Banks:**

All the Banks were requested to adhere to the instructions contained in par 4.3 of RBI Master Circular on Customer Service DBOD No. Leg. BC. 21/ 09.07.006/2012-13 dated 2.7.2012.

**(Action : Banks)**

**V. Security aspects of ATMs:**

The Police Commissioner, Bangalore City has issued notice to all the Banks that each ATM should mandatorily have a security guard, grouting and CCTV coverage owing to series of theft attempts and also lifting of few ATMs. A unilateral action was taken by Police Dept for pulling down the ATM shutter and putting a notice outside as “Cash Out”. This will have a serious implication on the reputation and goodwill of the Bank concerned. It defeats the very purpose of ATM as alternate delivery channel. The Police Dept is insisting Bankers to make arrangement for 24 x 7 security, Burglary Alarm System, CCTV Camera etc. which involve huge cost implication. In this connection, SBM had convened a meeting of major 7 Banks on 28.6.2013. They have requested SLBC to convene Bankers’ meeting by soliciting convenient date and time from the Police Commissioner, Bangalore to take a considered view on security arrangements and cost factor. SLBC would convene the meeting of Banks soon after getting convenient date from Police Commissioner, Bangalore.

**(Action : Police Dept. / SLBC)**

**VI. Sub-Committee meeting on MSME & Housing Loans:**

The Sub-Committee meetings on MSME and Housing Loans were held on 5.6.2013 and 18.6.2013 respectively. The minutes were circulated for information/ needful action.

**ADDITIONAL AGENDA OF NABARD :**

**I. Extension of Central Sector Credit Linked Subsidy Schemes for the year 2013-14**

**- Administrative approval of Govt. of India**

**A) Administrative approval of Govt. of India for extension of Central Sector Credit Linked Subsidy Schemes** for the year 2013-14 has been received in respect of (i) Gramin Bhandaran Yojana (Rural Godown Scheme) (ii) Scheme for Development / Strengthening of Agricultural Marketing Infrastructure, Grading and Standardisation (AMIGS) (iii) Agriclinics and Agribusiness Centers (ACABC) Scheme (iv) Commercial Production of Organic Inputs under National Project on Organic Farming (v) Solar Lighting Scheme under JNNSM

SLBC was requested to advise all Banks to give wide publicity for the above schemes and ensure that the subsidy claims are forwarded to NABARD without any delay.

**B) Continuation of Dairy Entrepreneurship Development Scheme (DEDS) during 2013-14**

Dairy Entrepreneurship Development Scheme (DEDS) shall be continued during the financial year 2013-14 based on State-wise allocations. Karnataka has been allocated subsidy amount of ` 16.00 crore for DEDS for the current financial year subject to certain allocations for specific activities. Waiver of Margin money contribution for loans below ` 1.00 lakh as per RBI guidelines has not been considered for DEDS. Acceptance of applications under DEDS by Banks for the year 2013-14 which was initially indicated as one month from 1st June 2013 to 30th June 2013 was extended to 15th July 2013. Loan applications received by banks up to 26 June 2012, if not processed/considered already, can be considered during 2013-14.

**(Action : Banks)**

**C. Continuation of Pig Development Scheme during the year 2013-14**

Govt. of India has given its administrative approval for implementation of the above Scheme for the financial year 2013-14 as per existing financial pattern with budget provision of ` 12 crore. However, in view of already pending applications with NABARD to the tune of ` 21.80 crore, which is in excess of budget for the year, in terms of GoI instructions, acceptance of new applications under Pig Development Scheme has been withheld.

**D. Continuation of Integrated Development of Small Ruminants and Rabbits Scheme (IDSRR) during the year 2013-14**

The continuation of the IDSRR Scheme during the year 2013-14 has been approved by GoI with an allocation of ` 15 crore. However, there are pending applications amounting to ` 27.76 crore at NABARD level and the matter is being taken up with the GoI for increasing the allocation under the scheme. Pending this, NABARD is not in a position to give any financial allocation under the scheme for the year 2013-14.

**E. Continuation of Poultry Venture Capital Subsidy (PVCS) Scheme during the year 2013-14**

PVCS Scheme is to be continued during the year 2013-14 with an allocation of ` 30 crore. However, there are pending applications amounting to ` 29.60 crore at NABARD. Therefore, it is not in a position to give any financial allocation under the scheme for the year 2013-14. NABARD is taking up the matter with GoI for increasing the allocation under the Scheme.

**F. Subsidy claims – releases**

All releases relating to subsidy claims received from various branches in respect of all the above Schemes are being made by NABARD into the current account of the identified nodal branch in Bangalore. But, there is long delay in passing on the amounts to the concerned branches by the Nodal branch. The concerned Banks were requested to ensure that the amounts are immediately passed on to the concerned branches as per the details provided by NABARD and ensure that there is no additional interest burden on the beneficiary.

**II. Financial Inclusion**

**Demonstration of Banking Technology:**

RRBs can be extended financial support of ` 10 lakh for demonstrating banking technology under FIF. Under the scheme, mobile van fitted with ATM and POS machines will visit villages in the area of operations of the RRBs and work primarily as a literacy tool by demonstrating use of ATMs / POS machines. The Bank will also provide financial literacy material about the KCC debit cards, ATM services and POS terminals to be provided in vernacular languages in the Mobile Van. The components eligible for support under the scheme will be for Mobile Van, ATM GPRS, Router, UPS, POS etc. and financial education material in vernacular language.

Co-operative banks and RRBs have to play an active role in establishment of Financial Literacy Centres (FLCs) on account of their ground level reach. The Banks will be supported by NABARD under FIF for setting up of these FLCs. The location of these FLCs will be decided by the concerned banks keeping in view various factors like number of accounts, extent of financial exclusion, number of agri accounts, etc. The number of such FLCs be restricted to one per district in the case of RRBs and one per block for cooperative banks.

There is a need for propagating the availability of NEFT facility in RRBs and the Banks' staff need to be sensitised. RRBs will be supported by NABARD under FIF for sensitisation of its staff and also for creating awareness about Cash-NEFT.

**(Action : RRBs / Co-op. Banks)**

**III. Agri-Jewel Loans:**

In Karnataka, agri - jewel loans are not very wide-spread but DDMs of a few districts like Mandya, Dakshina Kannada etc., have raised an alarm in this matter as these are becoming increasingly popular in those districts. These DDMs have indicated that Banks are issuing crop loans on the basis of jewels pledged instead of scale of finance and they are obtaining a mere declaration with regard to agricultural land ownership by the farmer without undertaking RTC verification or field verification. Since crop loan interest is subvented by GoI and GoK, misuse of jewel loans for purposes other than agriculture cannot be ruled out if not properly scrutinized and verified by the bank at the time of grant of loan. This may have serious ramifications once the volume of Agri Jewel Loans becomes high in Karnataka like its neighbouring states. This issue needs to be addressed at the policy level and Banks need to be warned in advance about the serious implications.

**(Action : Banks)**

**IV. Mismatch in LBR and SLBC data :**

It is observed that the credit flow data for the State as per SLBC and the one arrived at by compiling LBRs are divergent from one another. The achievement as per LBR data is only 80% of the actual credit flow reported by SLBC. It is understood that SLBC figures are compiled from the data received from controlling offices of banks and are therefore more accurate whereas the LBR submission is only around 70-75% in the State, resulting in this mismatch. Since SLBC provides only broad sector data for analysis, it is very important to have 100% submission of LBR returns which could provide sector-wise achievements enabling deeper analysis required for monitoring flow of credit to various sectors. Uttara Kannada and Bagalkot data for March 2013 have not been received from LDMs though four months have elapsed since the end of the quarter. Bagalkot data has not been received from September 2012 quarter onwards.

SLBC was requested to issue necessary instructions to LDMs to ensure 100% submission of LBRs by all the branches and compilation of LBR 2 within 45 days of the end of the quarter. Specific instructions are to be issued to LDMs of Bagalkot and Uttara Kannada. Branch Managers are to give due importance to both timeliness and accuracy of LBR-2 so that data from all sources match with one another and are useful for analysis and onward transmission to GoI from time to time.

**(Action : LDMs)**

The meeting concluded with Vote of Thanks by Sri H. Vasanth Nayak, Convenor-SLBC.

Agency-wise list of participants is enclosed.

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|  | **S.L.B.C. - KARNATAKA** | | |
|  | **LIST OF PARTICIPANTS** | | |
|  | **124th SLBC MEETING HELD ON 27.07.2013** | | |
|  | **Name Shriyuths -** | **Designation** | **Organization** |
| 1 | Siddaramaiah | Hon'ble Chief Minister | Govt of Karnataka |
|  |  |  |  |
| 2 | Sudhir Kumar Jain | Chairman-SLBC & CMD | Syndicate Bank |
| 3 | S.V. Ranganath | Chief Secretary | Govt of Karnataka |
| 4 | Kaushik Mukherjee | Addl. Chief Secretary | Govt of Karnataka |
| 5 | Smt. Uma Shankar | Regional Director | Reserve Bank of India |
| 6 | R.K. Dubey | Chairman & Managing Director | Canara Bank |
| 7 | H.S. Upendra Kamath | Chairman & Managing Director | Vijaya Bank |
| 8 | Sharad Sharma | Managing Director | State Bank of Mysore |
| 9 | Ravi Chatterjee | Executive Director | Syndicate Bank |
| 10 | G.R. Chintala | Chief General Manager | NABARD |
| 11 | H. Vasanth Nayak | Convenor-SLBC & GM | Syndicate Bank |
|  |  |  |  |
|  | **STATE GOVERNMENT DEPARTMENTS** | | |
| 12 | L.V. Nagarajan | Addl. Chief Secretary | Finance Department |
| 13 | Rajneesh Goel | Principal Secretary | Dept of Higher Education |
| 14 | B.H. Anil Kumar | Principal Secretary | Backward & Minority Welfare Dept. |
| 15 | E.V. Ramana Reddy | Principal Secretary | Department of Housing |
| 16 | T.M. Vijay Bhaskar | Principal Secretary | Rural Development and Panchayat Raj |
| 17 | G V krishna Rau | Principal Secretary | Co-operation Dept. |
| 18 | Bharatlal Meena | Principal Secretary | Agriculture Dept. |
| 19 | D.N. Narasimha Raju | Principal Secretary | Chief Minister's Office |
| 20 | Smt Roop Rashi | Secretary (Fiscal Reforms) | Finance Department |
| 21 | T.K. Anil Kumar | Secretary | Urban Dev. Dept. |
| 22 | K. Amaranarayana | Secretary | Industries & Commerce Dept. |
| 23 | D.A. Venkatesh | Commissioner | Textiles Dept. |
| 24 | Md. Salahuddin | Commissioner | Animal Husbandry & Vet. Sciences Dept. |
| 25 | Smt P Hemalatha | Mission Director | National Rural Livelihood Mission |
| 26 | Ahmed Mokhtadan | Addl. Secretary | Animal Husbandry & Fisheries |
| 27 | K.R. Bhandary | Joint Secretary & Spl. Officer-Banking | Finance Department |
| 28 | G Ramanathan | Advisor (FI) | Finance Department |
| 29 | Smt M M Bindu | Project Director | Dept of Women & Child Development |
| 30 | Sheikh Banu | Addl. Registrar of Co-op. Soceity | Co-operation Dept. |
| 31 | K K Sharma | Asst Director General | UIDAI |
| 32 | D.S. Ravindra | Chief Executive Officer | Centre for e-Governance |
| 33 | Dr. (Smt) Arundhathi Chandrasekhar | Director, DSSP | Revenue Dept. |
| 34 | Dr. R. Ramachandra | Dy. Director | Animal Husbandry & Vet. Sciences Dept. |
| 35 | Dhal Singh | Dy. Director | National Horticulture Board |
| 36 | Dr. Prakash Reddy | Dy. Director | Animal Husbandry & Vet. Sciences Dept. |
| 37 | Smt S. Kathyayani Devi | Dy. Director, DSSP | Revenue Dept. |
| 38 | D. Ramaiah | Asst Director | Directorate of Economics |
| 39 | N. Chadrasekhar | Jt. Director (Tech Cell) | Industries & Commerce Dept. |
| 40 | B. Janakiram | Jt. Director | Planning Dept. |
| 41 | Narayana Raju G | Addl. Director (Vishwa) | Industries & Commerce Dept. |
| 42 | Dr. (Smt) Manjula M | Director | Dept. of Municipal Administration |
| 43 | Manjunathswamy J.K. | Inspector of Coop. Societies | Dept. of Cooperatives |
| 44 | Pranab Mohanty | Addl. Commissioner of Police (Crime) | Dept. of Home |
| 45 | Siddalingaiah | Jt. Secretary | Dept. of Labour |
| 46 | K. Ravindranath | JRCS (Sericulture) | Sericulture Dept. |
| 47 | Prakash Y K | Under Secretary | Home Dept. |
| 48 | Smt Veena B | Accounts Superintendent | Finance Department (Fiscal Reforms) |
| 49 | Dr. (Smt) Sunitha M | Dy. Controller | GoK |
| 50 | Deepak A |  | UIDAI Bangalore |
| 51 | Dr. B.K. Dharmarajan | Addl. Director of Agriculture | Dept. of Agriculture |
| 52 | Gangadhara V. Makkikery | Jt. Director (Marine) | Dept. of Fisheries |
| 53 | Nishanth S.S. | Asst Director | Horticulture Dept. |
| 54 | J.P. Rajendran Pillai | Sr. Asst. Director of CLO | MSME Dept. |
| 55 | Smt Tusharamani, M.V. | Asst. Director | Dept. of Municipal Administration |
| 56 | B.P. Arun Kumar | FDA | Commissioner for Transport |
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|  | **RESERVE BANK OF INDIA** | | |
| 57 | G H Rao | Asst. General Manager | RBI |
| 58 | K.S. Chakrawarthy | Asst. General Manager | RBI |
| 59 | B.N. Narasimha Murthy Rao | Asst. Manager | RBI |
|  |  |  |  |
|  | **APEX INSTITUTIONS** | | |
| 60 | L.L. Raval | Dy. General Manager | NABARD |
| 61 | Smt Rashmi Darad | Asst. General Manager | NABARD |
| 62 | Hemkumar Gopalakrishna | Regional Resident Representative | NHB |
| 63 | N A Shanbhag | Advisor | NHB |
| 64 | K Sathianandan | General Manager | SIDBI |
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|  | **CONVENOR - SYNDICATE BANK** | | |
| 65 | K. Preetham Lal | General Manager | Syndicate Bank - PSCD |
| 66 | A D Nagappa | Asst General Manager | Syndicate Bank - SLBC |
| 67 | Vaithyalingam | Asst General Manager | Syndicate Bank - PSCD  (on deputation from RBI) |
| 68 | M P Jagadeesh Murthy | Chief Manager | Syndicate Bank - SLBC |
| 69 | B.R. Gowrish | Chief Manager | Syndicate Bank - FID |
| 70 | M.S. Ravishankar | Chief Manager | Syndicate Bank - FID |
| 71 | Uday Kumar Holla | Sr Manager | Syndicate Bank - SLBC |
| 72 | Pullaiah Dayapule | Sr Manager IT | Syndicate Bank - SLBC |
| 73 | Kirthi D Gandhi | Manager IT | Syndicate Bank - FID |
| 74 | Smt Vidya Madhusudhan | PS to General Manager | Syndicate Bank - FID |
|  | **NATIONALISED BANKS** | | |
| 75 | S. Ramesh | General Manager | Canara Bank |
| 76 | H. Narayan Shetty | General Manager | Vijaya Bank |
| 77 | Ravindra Bhandary | General Manager | Canara Bank |
| 78 | Dr. M. Reddaiah | Dy. General Manager | Canara Bank |
| 79 | A.K. Vinod | Dy. General Manager | Corporation Bank |
| 80 | Agyey Kumar Azad | Dy. General Manager (ZM) | Bank of India |
| 81 | J. Ganesh Kumar | Dy. General Manager | Bank of Baroda |
| 82 | K. Satyanarayanan | Dy. General Manager (SRM) | Central Bank of India |
| 83 | C.H. Mallikarjuna Rao | Dy. General Manager | Oriental Bank of Commerce |
| 84 | S. Suresh | Dy. General Manager (ZM) | Indian Bank |
| 85 | C. Sathish Ballal | Dy. General Manager | Vijaya Bank |
| 86 | K. Anil | Chief Regional Manager | Indian Overseas Bank |
| 87 | Basavaraj A. Patil | Asst. General Manager | Union Bank of India |
| 88 | M. Tirumala Rao | Asst. General Manager | Andhra Bank |
| 89 | R. Chandrasekhar | Asst. General Manager | IDBI Bank |
| 90 | P. Balakrishna | Dy. Regional Manager | Central Bank of India |
| 91 | S.K. Sharma | Chief Manager | UCO Bank |
| 92 | S.R. Radhakrishna | Chief Manager | Dena Bank |
| 93 | D. Kannan | Chief Manager | Punjab & Sind Bank |
| 94 | V.C. Rao | Chief Manager | Allahabad Bank |
| 95 | M.V.S.N. Raju | Chief Manager | Union Bank of India |
| 96 | S.R. Hegde | Chief Manager | Corporation Bank |
| 97 | L. Surya Narayan | Sr. Manager | Indian Overseas Bank |
| 98 | V.M. Shenoy | Sr. Manager | Bank of Maharashtra |
| 99 | Thothya Naik | Sr. Manager | Indian Bank |
| 100 | Alaxander D' Souza | Sr. Manager | Punjab National Bank |
| 101 | Swami Rao | Manager | UCO Bank |
| 102 | S. Karunakaran | Manager | Allahabad Bank |
| 103 | C. Vamshi Mohan | Manager | Oriental Bank of Commerce |
| 104 | Girish Kumar B.N. | Manager - RDD | Dena Bank |
| 105 | Dr Rafi Ahmed | Manager (Agri) | Corporation Bank |
| 106 | Smt M. Murugeswari | Dy. Manager | Andhra Bank |
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|  | **STATE BANK GROUP** | | |
| 107 | Kalyan Mukherjee | Chief General Manager (RB) | State Bank of Mysore |
| 108 | K M Trivedi | General Manager | State Bank of India |
| 109 | Ganesh Pai | General Manager | State Bank of Hyderabad |
| 110 | M K Dutta | Dy. General Manager | State Bank of India |
| 111 | Jasvinder Pal Singh | Dy. General Manager (Agri) | State Bank of Mysore |
| 112 | G. Venkatanarayanan | Dy. General Manager (FI) | State Bank of Mysore |
| 113 | V.M. Hagargi | Asst. Gen. Manager-ABU | State Bank of India |
| 114 | P.P.G.M.S. Reddy | Asst. Gen. Manager-FI | State Bank of India |
| 115 | Suresh K Bellubbi | Chief Manager (Lead Bank) | State Bank of Mysore |
| 116 | Rajesh N.K. | Manager | State Bank of Mysore |
| 117 | Keerthi Arad | Probationary Officer | State Bank of Patiala |
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|  | **PRIVATE BANKS** | | |
| 118 | N. Upendra Prabhu | General Manager | Karnataka Bank Ltd |
| 119 | S Francis | Asst. General Manager | Catholic Syrian Bank Ltd. |
| 120 | A. Sreeramulu | Asst. General Manager (RH) | Dhanalakshmi Bank |
| 121 | Srikumar Nair | Sr. Vice President | HDFC Bank |
| 122 | R Ananda | Asst Vice President | Ing Vysya Bank Ltd |
| 123 | Sanjeev Aggarwal | Associate Executive | J & K Bank Ltd. |
| 124 | Manku Bhattacharjee | Chief Manager | ICICI Bank |
| 125 | P. Balasubramanaian | Chief Manager | Tamilnad Mercantile Bank Ltd. |
| 126 | N. Srinivas Reddy | Sr. Manager | Axis Bank |
| 127 | Hariharan S. | Sr. Manager | Federal Bank Ltd. |
| 128 | P. Shiva Shanker | Sr. Manager | Karur Vysya Bank Ltd. |
| 129 | S. Rajakumar | Sr. Manager | South Indian Bank |
| 130 | H.S. Reddy | Area Manager (A&RB) | ING Vysya Bank Ltd |
| 131 | A.S.V. Krishna | Manager | Karur Vysya Bank Ltd. |
| 132 | Shivananda Padiyar, U | Asst. Manager | Laxmi Vilas Bank Ltd. |
| 133 | R. Jagadish | Dy. Manager | Axis Bank |
| 134 | K.S. Muthukumar | Agri. Officer | Tamilnad Mercantile Bank Ltd. |
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|  | **CO OPERATIVE BANKS/ OTHER BANKS/INSTITUTIONS** | | |
| 135 | Smt Vandita Sharma | Managing Director | K.S.F.C. |
| 136 | V. Aswatharam | Executive Director | K.S.F.C. |
| 137 | C.N. Devaraj | Secretary | Apex Bank Ltd. |
| 138 | M. Venkatesh Gowda | Managing Director | KSCARD Ltd. |
| 139 | M. Honne Gowda | Chief General Manager | Apex Bank Ltd. |
| 140 | R L Chavan | General Manager | KSCARD Ltd HO Blore |
| 141 | K. Subramanya | Dy. General Manager | KSCARD Ltd. |
| 142 | K.V. Kumar | Accounts Officer | North Karnataka Regional PMG, Dharwad |
| 143 | R.S. Manjunath | Sr. Accounts Officer | PMG (SK), Dept. of Posts |
| 144 | K J Morab | Chief Executive Officer | AKMI |
| 145 | H.S. Chandrakanth | FDC | KRKS Bank |
| 146 | M Linganna | State Project Coordinator | National Academy of RUDSETI, MoRD |
| 147 | B R Hiremath | Executive Director | KFRC Bagalkot |
| 148 | S P Jagali | Director | KFRC Bagalkot |
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|  | **REGIONAL RURAL BANKS** | | |
| 149 | M G Bhat | Chairman | Pragati Grameena Bank |
| 150 | C Samba Siva Reddy | Chairman | Karnataka Vikas Grameena Bank |
| 151 | D. Somasekhara Sastry | Chairperson | Kaveri Grameena Bank |
| 152 | Chellappa Rangachari | Chairman | Krishna Grameena Bank |

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|  | **BOARDS/CORPORATIONS/GOVT. OF INDIA** | | |
| 153 | Mohd. Saleem | Managing Director | Karnataka Minorities Dev. Corpn. |
| 154 | Dr. K.M.Mohd. Zafrulla Khan | Managing Director | Karnataka Co-op. Poultry Federation |
| 155 | M. Ramaiah | Managing Director | D Devaraj Urs Backward Class Dev. Corp. |
| 156 | Dr. R. Raju | Managing Director | Dr. B.R. Ambedkar Dev. Corpn Ltd |
| 157 | S. Sarfaraz Khan | Managing Director | Maharshi Valmiki ST Dev. Corpn Ltd |
| 158 | Muddu Mohan | Managing Director | Karnataka State Women Dev. Corpn. |
| 159 | K.R. Mohan | General Manager | Dr. B.R. Ambedkar Dev. Corpn Ltd |
| 160 | Dr. Abdul Azeez | Asst. Director | Karnataka State Women Dev. Corpn. |
| 161 | Nagaraj | Accounts Officer | Maharshi Valmiki ST Dev. Corpn Ltd |
| 162 | S.M. Jamkhandi | Dy. Secy/Director | MSME, GoI |
| 163 | M. Jagannadha Rao | State Director | KVIC |
| 164 | R. Maheswarappa | Chief Executive Officer | KVIB, Bangalore |
| 165 | N.M. Biradar | Accounts Officer | KVIB, Bangalore |
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|  | **LEAD DISTRICT MANAGERS** | | |
| 166 | Suryakant R. Ganga | Chief Manager | Syndicate Bank LBO Belgaum |
| 167 | H.Y. Abhinandan | Lead District Manager | Corporation Bank, LBO, Ramnagar |
| 168 | B.S. Maheswarappa | Lead District Manager | Corporation Bank, LBO, Chickmanagalur |
| 169 | Ramappa | Divisional Manager | Canara Bank LBO Bangalore Urban |
| 170 | Shiva Shankar, M. Rao | Divisional Manager | Canara Bank LBO Kolar |
| 171 | R.J. Sreedhara | Chief Manager | Canara Bank LBO Chickballapur |
| 172 | S. Sundaresha | Lead District Manager | Canara Bank LBO Chickballapur |
| 173 | G.S. Basavarjappa | Lead District Manager | Vijaya Bank, LBO, Mandya |
|  |  |  |  |
|  | **INSURANCE COMPANIES** | | |
| 174 | Dr. B.K. Sivaji | Regional Manager | New India Assurance co. Ltd |
| 175 | K Ananda Shetty | Asst. Manager | New India Assurance co. Ltd |
| 176 | A Krishnaraj | Administrative Officer | Agriculture Insurance Co of India |

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