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| STATE LEVEL BANKERS’ COMMITTEE KARNATAKA  **SUPPLEMENTARY AGENDA NOTES**  **OF 126th MEETING**  **DATE : WEDNESDAY, the 19th MARCH 2014**    **TIME : 11.00 A.M.**  **VENUE : CONFERENCE HALL,**  III FLOOR, VIDHANA SOUDHA  **BANGALORE – 560 001**    **CONVENOR**  [Syndicate Bank](http://www.syndicatebank.in/) |

**STATE LEVEL BANKERS’ COMMITTEE KARNATAKA**

**126th MEETING OF SLBC- SUPPLEMENTARY AGENDA INDEX**

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| **Agenda** | **Particulars** |
| 1.1 | Bankers’ Meeting on Security aspects of ATMs held on 18.01.2014 |
| 1.2 | Special Package for Pomegranate & Grape Growers |
| 2.0 | Follow-up action on the decisions taken during the previous SLBC meeting |
|  | 2.1: Aadhaar-linked LPG Subsidy scheme |
|  | 2.2: Direct Benefit Transfer Scheme (DBT) in Tumkur, Mysore & Dharwad districts |
|  | 2.3: Implementation of Bhoomi-Bank Integration |
|  | 2.4: Providing Banking Outlets in all villages with population above 2000 |
|  | 2.5: Providing Banking outlets to villages with population of 1600 to 2000 |
|  | 2.6: Roadmap for Providing Banking Services in villages with population below 2000 |
| 3.0 | Electronic Benefit Transfer (EBT) Scheme |
| 4.0 | Financial Literacy Centres (FLC) |
| 5.0 | Interest subsidy scheme on crop loans to farmers upto Rs100000/- through PSBs/ RRB |
| 6.0 | Revival, Reform & Restructuring package for Handloom Sector |
| 7.0 | Scheme for improving productivity and farm income of Arecanut based farming system in Karnataka |
| 8.0 | Setting up of Karnataka Farmers Resource Centre [KFRC] at Bagalkot |
| 9.0 | Report of the high level committee to review lead bank scheme-implementation of the recommendations |
| 10.0 | Review of Banking Statistics as of December 2013 |
| 11.0 | Implementation of Annual Credit Pan (2013-2014) |
| 11.1 | Drought affected Taluks 2013-14 |
| 12.0 | CENTRAL AND STATE SPONSORED SCHEMES |
|  | 12.1: Prime Minister Employment Generation Programme [PMEGP] |
|  | 12.2 : National Rural Livelihood Mission (NRLM) [2013-14] |
|  | 12.3: Swarnajayanti Shahari Rozgar Yojana (SJSRY) – 2013-14 |
|  | 12.4: Schemes of Dr. B. R. Ambedkar Development Corporation |
|  | 12.5: Scheme of Karnataka S.T. Development Corporation |
|  | 12.6: Scheme of Karnataka Minorities Development Corporation |
|  | 12.7: Scheme of D.Devaraj Urs Backward Classes Dev. Corpn Ltd. |
| 13.0 | SPECIAL FOCUS PROGRAMMES |
|  | 13.1: Credit flow to Minority Communities |
|  | 13.2 : Credit flow to Women |
|  | 13.3 : Kisan Credit Card |
| 14.0 | Self Help Groups/Joint Liability Groups |
| 15.0 | Lending through MFIs |
| 16.0 | Stree Shakti Programme |
| 17.0 | Udyogini scheme of Karnataka State Women’s Development Corporation [KSWDC] |
| 18.0 | IMPLEMENTATION OF SPECIAL SCHEMES |
|  | A] Agri-Clinics / Agri-Business |
|  | B] Rural Godowns |
|  | C] Implementation of National Horticulture Board [NHB] Subsidy Scheme. |
|  | D] Implementation of Differential Rate of Interest (DRI) schemes. |
| 19.0 | RECOVERY |
|  | 19.1 : Recovery of Bank dues under Government Sponsored Schemes |
|  | 19.2 : Non-performing Assets Position |
|  | 19.3 : Recovery under SARFAESI / DRT / LokAdalat |
|  | 19.4 : Recovery under KPMR & KACOMP Acts |
|  | Lead Bank Scheme- Strengthening & Monitoring Information System (LBS-MIS) |
| Addl. Agenda | 1 : Investment of surplus funds of PSEs in Banks  2: Problems of Karnataka Sponge Iron Manufacturers Association, Bellary.  3 : Scheme for Extending Financial Assistance to Sugar Undertakings, 2014 (SEFASU)  4 : Devising a loan product for funding agriculture commodities through e-pledge  mechanism – Rashtriya e-Market Services Pvt. Ltd. (REMS) |
|  | Any other matters with the permission of Chair |

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| --- | --- | --- | --- | --- | --- |
| **STATE LEVEL BANKERS COMMITTEE :KARNATAKA** | | | | | |
| **BANKING STATISTICS FOR SLBC MEETING ( ` In Crores)** | | | | | |
| **Particulars** | **Dec-11** | **Dec-12** | **Dec-13** | **Variation** | **Growth  Y-O-Y** |
| Deposits | 375778 | 427003 | 492319 | 65316 | 15.30 |
| Advances | 279662 | 320195 | 372112 | 51917 | 16.21 |
| Credit-Deposit Ratio | 74.42 | 74.99 | 75.58 | 0.60 |  |
| Total PSA | 112750 | 128558 | 149397 | 20839 | 16.21 |
| %ge to Total Advances | 40.32 | 40.15 | 40.15 | 0.00 |  |
| Advances to MSME\* | 50519 | 56413 | 53511 | -2902 | -5.14 |
| %ge to Total Advances | 18.06 | 17.62 | 14.38 | -3.24 |  |
| Advances to MSE | 32557 | 37036.00 | 43732 | 6696 | 18.08 |
| Agricultural Advances | 50762 | 60671 | 71150 | 10479 | 17.27 |
| %age of Agricultural Advances to Total Adv. | 18.15 | 18.95 | 19.12 | 0.17 |  |
| Weaker Section Advances | 29290 | 39745 | 51310 | 11565 | 29.10 |
| %age of WS Advances to Total Advances | 10.47 | 12.41 | 13.79 | 1.38 |  |
| Advances to SCs/STs | 8199 | 9455 | 9611 | 156 | 1.65 |
| %age of SC/ST Adv to Total Advances | 2.93 | 2.95 | 2.58 | -0.37 |  |
| Advances to Women | 21276 | 25210 | 25342 | 132 | 0.52 |
| %ge to Total Advances | 7.61 | 7.87 | 6.81 | -1.06 |  |
| Advances to Minorities | 12215 | 14325 | 15668 | 1343 | 9.38 |
| %ge to PRI SEC ADV | 10.83 | 11.14 | 10.49 | -0.66 |  |
| Advances under DRI | 47.01 | 52.49 | 66.82 | 14.33 | 27.30 |
| % to total Adv | 0.02 | 0.02 | 0.02 |  |  |
| **BRANCH NETWORK** | | | |  |  |
| [i] Rural | 2919 | 2969 | 3376 | 407 |  |
| [ii] Semi-Urban | 1558 | 1932 | 2123 | 191 |  |
| [iii] Urban | 1571 | 1746 | 1780 | 34 |  |
| [iv] Metro/PT | 1499 | 1641 | 1707 | 66 |  |
| Total Branches[No] | 7547 | 8288 | 8986 | 698 |  |
| \*The reduction in MSME sector is due to reallocation to Mid-Corporate Sector by SBI since April 2013. | | | | | |

STATE LEVEL BANKERS’ COMMITTEE : KARNATAKA

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

**SUPPLEMENTARY AGENDA NOTES FOR 126TH MEETING OF SLBC**

**& BANKING STATISTICS PERTAINING TO DEC 2013**

**AGENDA 1.1: Bankers’ Meeting on Security aspects of ATMs held on 18.01.2014**

Another meeting on security aspects of ATMs was held on 18.01.2014 in the Conference Hall of the City Police Commissioner’s Office, Bangalore. The City Police Commissioner reviewed meticulously Bank wise position on (a) posting of 24X7 security guards (b) installation of CCTV Camera (both inside & outside) and (c) installation of Burglar Alarm System (Hooter). During the course of review, some of the banks had requested for additional time from the point of view of logistics for full compliance. The minutes of the meeting were circulated to all the Banks vide SLBC letter No. 50 dated 22.1.2014 and requested to submit full-fledged compliance report to the Office of the City Police Commissioner.

**AGENDA 1.2: Special Package for Pomegranate & Grape Growers**

After the receipt of recommendations of Core Committee, the GoK has constituted Inter Departmental Committee under the Chairmanship of Additional Chief Secretary and Dev. Commissioner to evolve suitable package. The Committee met on 22.01.2014, 10.02.2014, 24.02.2014 and 03.03.2014 and deliberated threadbare on the proposed package.

Earlier, SLBC had collected information on loans outstanding as of Sept 2013 from the Banks for the entire State. Subsequently, the Dept of Horticulture was advised to ascertain the affected districts and determine the crisis period. Accordingly, the Dept of Horticulture has informed that,

(a) the following Districts are affected under Pomegranate Crop **(Crisis period 1.4.2004 to 31.3.2009)** :

1. Koppal (2) Raichur (3) Bagalkot (4) Bijapur (5) Belgaum (6) Bellary (7) Gulbarga

(8) Yadgir (9) Bidar (10) Gadag (11) Davanagere (12) Chitradurga (13) Tumkur

(14) Chickballapur

(b) the following districts are affected under Grape **(Crisis period April 2004 to Dec. 2012)**:

(1) Bangalore (Rural) (2) Bangalore (Urban) (3) Bijapur (4) Bagalkot (5) Belgaum

(6) Bellary (7) Koppal (8) Gadag (9) Bidar (10) Gulbarga (11) Yadgir

The above list indicate that Bijapur, Bagalkot, Belgaum, Bellary, Gadag, Bidar, Gulbarga, Yadgir & Koppal are coming under both the crops.

The Dept. of Horticulture has supplied district wise details of affected farmers to the respective LDMs for onward circulation to the member banks to find out whether the affected farmers have availed loans from the banks.

**The consolidated data (provisional) gathered from concerned LDMs (Crop wise / Term wise) are furnished below:**

**(Amt Rs in Lakh)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Sl. No.** |  | **Original Principal Amount** | | **Simple Interest @ 9% & 10.50% since beginning** | | **Overdue / Penal & Compounded Interest charged** | |
| **No. of A/cs** | **Amount** | **No. of A/cs** | **Amount** | **No. of A/cs** | **Amount** |
| 1 | Grape Loans under Crop- Simple Interest @9% | 8024 | 25021.92 | 8024 | 19227.60 | 11835 | 4119.64 |
| 2 | Grape Loans under Term- Simple Interest @10.50% | 8033 | 26996.71 | 8006 | 20460.08 | 7452 | 5765.54 |
| 3 | Pomegranate Loans Crop- Simple Interest @ 9% | 3079 | 4553.81 | 3079 | 2094.52 | 2868 | 616.87 |
| 4 | Pomegranate Loans Term- Simple Interest @ 10.50% | 4307 | 12187.02 | 4236 | 6995.98 | 3835 | 6581.19 |
| **5** | **Total** | **23443** | **68759.46** | **23345** | **48778.18** | **25990** | **17083.24** |

As advised by the Chairperson to explore the possibility of improving the sacrifice from Bankers’ side (apart from penal / overdue interest), SLBC had convened the second Core Committee meeting on 17.2.2014 and after threadbare deliberations, the Committee informed that Banks cannot levy below Base Rate as per the extant guidelines (majority of the Banks are having 10.25% as base rate at present).

The Chairman suggested the Dept. of Horticulture to put up a comprehensive note to take up the issue with Govt of India and RBI for issuing necessary guidelines to Banks in the State for this special package.

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

**PREVIOUS SLBC MEETING**

**2.1 Aadhaar-linked LPG Subsidy scheme:** Theimplementationof the schemecommencedfrom 1.6.2013 in Tumkur and Mysore Districts in the I phase. In the III phase, DBTL has been launched in Dharwad & Udupi districts since 1.10.2013, Uttara Kannada and Gadag districts have been included in the IV phase since 1.11.2013. In the V phase, DBTL has started in Haveri, Bangalore, Koppal, Bidar, Davangere, Bijapur districts from 1.12.2013. The guidelines and action points received from RBI / DFS, MoF, GoI were circulated to the concerned Banks / LDMs from time to time.

The District-wise progress as on 04.03.2014 is as under:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Pha-se | Sl. No | District | No. of Distri-butors | No. of LPG consumers | LPG Aadhaar seeding | % of LPG Aadhaar seeding | Bank Aadhaar seeding | % of Bank Aadhaar seeding |
| 1 | 1 | Mysore | 38 | 555761 | 518927 | 93.37 | 488374 | 87.87 |
| 1 | 2 | Tumkur | 29 | 287178 | 262773 | 91.50 | 245720 | 85.56 |
| 3 | 3 | Dharwad | 34 | 297740 | 169488 | 56.92 | 119560 | 40.16 |
| 3 | 4 | Udupi | 17 | 179602 | 70820 | 39.43 | 56830 | 31.64 |
| 4 | 5 | Gadag | 13 | 87527 | 52027 | 59.44 | 41701 | 47.64 |
| 4 | 6 | Karwar | 24 | 194932 | 92502 | 47.45 | 77350 | 39.68 |
| 5 | 7 | Bangalore | 128 | 2860970 | 760533 | 26.58 | 498089 | 17.41 |
| 5 | 8 | Bidar | 12 | 93593 | 33005 | 35.26 | 20716 | 22.13 |
| 5 | 9 | Bijapur | 24 | 163650 | 75769 | 46.30 | 51194 | 31.28 |
| 5 | 10 | Davangere | 22 | 302679 | 125567 | 41.49 | 88427 | 29.21 |
| 5 | 11 | Haveri | 12 | 125095 | 49337 | 39.44 | 37682 | 30.12 |
| 5 | 12 | Koppal | 11 | 64094 | 28798 | 44.93 | 19107 | 29.81 |
| 6 | 13 | Bagalkot | 19 | 136383 | 46205 | 33.88 | 29191 | 21.40 |
| 6 | 14 | Bangalore-Rural | 9 | 167437 | 35638 | 21.28 | 21235 | 12.68 |
| 6 | 15 | Belgaum | 57 | 526877 | 161583 | 30.67 | 110203 | 20.92 |
| 6 | 16 | Bellary | 22 | 254087 | 67814 | 26.69 | 43002 | 16.92 |
| 6 | 17 | Chamarajnagar | 18 | 115881 | 40082 | 34.59 | 25756 | 22.23 |
| 6 | 18 | Chikballapur | 12 | 135921 | 33466 | 24.62 | 17612 | 12.96 |
| 6 | 19 | Chikmagalur | 12 | 171983 | 42116 | 24.49 | 30962 | 18.00 |
| 6 | 20 | D Kannada | 31 | 341437 | 78256 | 22.92 | 56718 | 16.61 |
| 6 | 21 | Gulbarga | 20 | 155734 | 62618 | 40.21 | 44385 | 28.50 |
| 6 | 22 | Kodagu | 11 | 116772 | 21666 | 18.55 | 16366 | 14.02 |
| 6 | 23 | Kolar | 15 | 185948 | 53334 | 28.68 | 28131 | 15.13 |
| 6 | 24 | Mandya | 13 | 221643 | 53485 | 24.13 | 37183 | 16.78 |
| 6 | 25 | Ramanagara | 7 | 115292 | 30594 | 26.54 | 19399 | 16.83 |

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

Govt. of India had introduced Direct Benefit Transfer into the Bank account of the beneficiaries under various welfare schemes w.e.f 1.1.2013 & in the state, Tumkur, Mysore and Dharwad districts have been selected for DBT in the first phase.

The list of 26 schemes of Central Sector / Centrally Sponsored Schemes presently identified for Direct Cash Transfer had been circulated to all Banks.

**Details of Accounts opened/Aadhar Number seeded in the three Districts as on 28.02.2014 are furnished below** -

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Sl. No. | District | No.of schemes | No. of Beneficiaries | Data recd. | A/cs opened | Debit Cards issued | Aadhaar seeded | Mapping with NPCI |
| 1. | Mysore | 14 | 33303 | 33303 | 33303 | 20813 | 33303 | 33303 |
| 2. | Tumkur | 14 | 31021 | 31021 | 31021 | 3165 | 26579 | 26579 |
| 3. | Dharwad | 15 | 26926 | 24900 | 24900 | 9592 | 17067 | 17067 |
|  | Total | XXXX | 91250 | 89224 | 89224 | 33570 | 76949 | 76949 |

All the participating banks are requested to take steps for seeding Aadhaar into Bank accounts for all eligible beneficiaries in Tumkur & Dharwad districts.

**MAPPING OF GRAM PANCHAYATS FOR COVERAGE THROUGH BRANCH/ BCA/ CSC- SUB SERVICE AREA APPROACH**

The list of Gram Panchayat and Sub Service Areas identified (district-wise) and BCAs appointed are furnished in the enclosed Annexure-D.

There are 6945 SSAs identified by LDMs out of 5630 GPs. Out of this, there are 2287 SSAs covered by existing bank branches, 2441 SSAs covered by existing functional BCAs, 2217 SSAs are proposed to be covered.

As per DFS:MoF: GoI guidelines, LDMs are advised to enter SSA details into the web-portal created by DFS immediately.

Banks are requested to appoint / engage BCAs, wherever required.

The DFS has been reviewing the progress through video conference on regular basis.

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

The Banks have carried out 1,19,955 online transactions under Bhoomi Project as on 17.2.2014. **During 2012-13, 38,964 and during 2013-14, 80,991 transactions were carried out.**

**2.4: 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-2943 (including BCAs in 1530 USBs), B & M Branches-426 and Mobile Vans-26**,** aggregating to 3395 **as on Dec 2013.**

In tune with the directions of the RBI, the Banks in Karnataka are required to ensure that 15% of these villages covered with Brick & Mortar Branches.Presently, Brick & Mortar Branches have been opened constituting around 12.55%, which is to be stepped up to 15% to comply with the RBI direction.

Banks have been requested to extend the banking services like in-built OD facility, pure savings products in the form of RD, credit in the form of KCC/GCC, remittances and providing Micro-Insurance to the targeted people of the State for a meaningful & holistic financial inclusion.

The bank wise number of villages covered & progress made are furnished in **Annexure ‘A’**

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

**2001 census.**

In accordance with DFS: MoF: GoI letter F. No. 3/5/2012-FI (C 52937) dated 18.5.2012, 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 Jan. 2014, 1229 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 are requested to cover remaining villages immediately and report to SLBC.

Bank-wise number of villages allocated has been furnished in the **Annexure ‘B’.**

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

In terms of guidelines of RBI Cir. RPCD. CO. LBS. No. 86/02.01.001/ 2011-12 dated 19.6.2012, 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.

**Action Taken:**

In terms of RBI guidelines, Banks have been allocated the villages having population less than 2000 based on Gram Panchayat model in their respective districts. There are 23126 villages identified with < 2000 population. During the current year, a total of **11969 villages** are covered upto **January 2014 as against the target of 13684** villages upto March 2014. Further, Banks have committed to cover 16291 villages by March 2014. A roadmap has been prepared and submitted to RBI. 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, **180** villages are covered by B & M branches upto Jan. 2014.

The details are furnished in Annexure C1 (Progress made upto Jan 2014).

Bankers’ meeting was convened on 14.2.2014 to review the progress and the participating Banks have committed to accomplish the task before the stipulated time. It was transpired during the meeting that “a village is considered to be covered when it has a bank branch or fixed location BC outlet or a BC is visiting the village on pre announced days. **A village is not treated as covered when Branch or BC outlets are available in some other villages from where people are availing services.** It may be noted that the objective behind covering the entire country whether at the Gram Panchayat or Village level is the same, i.e., to provide banking services to every eligible individual in the country.” The minutes of the meeting was circulated to Banks.

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

**One District- Many Banks Model:**

In terms of the MOU signed with the Govt of Karnataka Banks are implementing EBT Scheme on a pilot basis in Bellary, Chitradurga, Gulbarga and Yadgir districts under “One District-Many Banks” Model by adopting Service Area Approach Under Lead Bank Scheme. It is implemented under the aegis of SyndicateBank, Canara Bank and SBI, the lead banks in these districts. The SSP payments are made electronically through Smart cards in Bellary and Chitradurga District.

**One District – One Bank Model:**

In other three districts, namely – Chamarajanagar [SBM], Mandya [Vijaya Bank] and Dharwad [Axis Bank], EWBT is being implemented under One District-One Bank Model.

The summary of the progress under EBT is furnished below:

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **STATUS on 7 PILOT DISTRICTS EBT PROGRESS - as on 28.02.2014** | | | | | | | | | | |
|  |  | **NREGA** | | | | **SSP** | | | | |
| **S.No.** | **DISTRICT** | **Data Received** | **Enrllmt Compltd** | **A/Cs Opened** | **Cards Issued** | **Data Recd** | **Enrollmt Compltd** | **A/Cs Opened** | **Cards Issued** | |
| **1** | **Bellary** | **829018** | **293655** | **275418** | **269279** | **132243** | **87162** | **63562** | **57627** | |
| **2** | **Chitradurga** | **822745** | **73334** | **72284** | **70827** | **98969** | **75380** | **70306** | **68955** | |
| **3** | **Gulbarga** | **19728** | **7386** | **5263** | **5257** | **56555** | **30656** | **17770** | **17733** | |
| **4** | **Yadgir** | **86767** | **12032** | **11030** | **10903** | **23535** | **10151** | **6246** | **6229** | |
| **One Dist *Many  Bank* Model** | | **1758258** | **386407** | **363995** | **356266** | **311302** | **203349** | **157884** | **150564** | |
| **5** | **Chamrajnagara** | **402703** | **106392** | **105427** | **105422** | **113134** | **82144** | **82052** | **71772** | |
| **6** | **Dharwad** | **322947** | **106552** | **106552** | **106552** | **122497** | **84546** | **83153** | **83153** | |
| **7** | **Mandya** | **391607** | **182189** | **181124** | **179920** | **189904** | **129162** | **129162** | **127565** | |
| **One Dist *One Bank* Model** | | **1117257** | **395133** | **393103** | **391894** | **425535** | **295852** | **294367** | **282490** | |
| **Grand Total** |  | **2875515** | **781540** | **757098** | **748160** | **736837** | **499201** | **452251** | **433054** | |
|  |  |  |  | **(Data Source :Technology Service Providers)** | | | | | | |

SLBC had advised concerned 7 LDMs to ensure 100% accomplishment. Further, advised them to conduct District Level meetings to impress upon the urgency & immense significance attached for completion of EBT scheme effectively before the stipulated cut-off date and submit Action Plan / Roadmap for achieving the same.

Based on the feedback received from few banks/ LDMs, the following issues were brought to the notice of Finance Dept, GoK for doing the needful.

1. Incorrect generation of notices. Beneficiaries already enrolled earlier or having cards have again attended enrolment.
2. Accurate details of beneficiaries who are yet to enroll are not available with Village Accountants / Assistants. The details of beneficiaries furnished in the list were not available in the location.
3. In some cases, notices were issued on the enrolment day resulting in poor awareness of the enrolment programme.
4. Non-availability of Village Accountants / Assistants at the enrolment location for proper coordination.
5. Death & Migrated beneficiaries’ records continued to be shown as pending.
6. Village Accountants / Assistants are not evincing interest in organizing camps.
7. Though the TSP is uploading all the data pertaining to that Taluk before drawing the enrolment schedule, the response is not encouraging.
8. Abrupt cancellation of scheduled camps by Taluk Administration in some cases.
9. Duplication in beneficiaries’ data while downloading from portal. Need for reconciliation taking into account deceased and permanently migrated beneficiaries.

Bank-wise performance is furnished in **‘Annexure E’**.

AGENDA 4.0 : FINANCIAL LITERACY CENTRES (FLCs):

RBI had communicated the guidelines on opening of Financial Literacy Centres (FLCs). 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 prescribed format.

In terms of decision taken at the State Level Monitoring Committee on FLCs, Banks are requested to open FLCs at taluka level as per the allocation made at DCC. LDMs are advised to follow up the matter in the DCC/DLRC, revisit allocation already made wherever required and pursue with the Banks/ Trust to open the FLCs at taluka level.

**Further to the list of FLCs opened furnished in Annexure F of agenda note, following FLCs were opened making the tally to 105.**

Jnan Jyothi Financial Literacy Trust:

Karwar (UK), Ramdurga (Belgaum), Sullia (DK), Puttur (DK), Kollegal (Mysore), K R Nagar (Mysore).

Canara Financial Advisory Trust:

T Narasipura (Mysore), Sindhanur (Raichur), N R Pura (Chickmagalur), Hosanagar (Shimoga), Hospet (Bellary) and Chittapur (Gulbarga).

Pragathi Krishna Gramin Bank- Yadgir

RBI had brought out Financial Literacy Guide, Financial Diary and Financial Literacy Posters in Kannada version. SLBC has carried out the tender process and printing order was given to M/S Sai Data Forms, Mumbai as it emerged as L1 vendor. The Financial Literacy materials will be supplied to all commercial banks and RRBs (except Cooperatives) shortly by the Printer. NABARD has sanctioned Rs 11,70,500/- for the above purpose under FIF.

NABARD has sanctioned a 26 episode radio programme titled “Marali Baa Mannige” (come back to soil) to be broadcast from 7 PM to 7.30 PM on every Saturday commencing from 12.1.2014 across all the 13 Radio Stations covering the entire State.

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

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

The Interest subsidy **claims in respect of 816802 farmers** to the tune **of ` 40.60 crore** have been settled by Dept of Agriculture till date. The claims to the extent of Rs 63.42 lakh involving 28039 farmers are pending with the Dept. All Banks are requested to lodge claims under the scheme to SLBC for doing the needful.

SLBC vide letter No. 88 dated 7.2.2014 has requested Agriculture Department to provide additional fund of Rs 20 crore in order to meet the claims since the banks will be submitting immediately after the closure of the current fiscal.

**AGENDA 6.0 : REVIVAL, REFORM & RESTRUCTURING PACKAGE FOR**

**HANDLOOM SECTOR**

NABARD had informed that Recapitalization assistance to the extent of **`** 4.35 crore is released so far to one Apex Weaver Society and 104 PWCS in the State under the scheme. Since the Societies were revived through recapitalization, banks are required to provide working capital limit to AWCS and PWCS for procurement and production of handloom products as well as extend loan to the individual weavers. All the Banks are requested to submit information on ground level disbursement data on a monthly basis.

NABARD informed that the Ministry of Textiles, GoI vide their Cir. Dated 27.9.2013 has issued modified operational guidelines of the above mentioned package. SLBC has communicated the **modified operational guidelines** to all the Banks. As the modified RRR package was to be implemented by 28.2.2014, all the Banks were requested to submit the claims for waiver to the NABARD, Karnataka Regional Office, Bangalore immediately.

**Weavers Credit Card under the Comprehensive Financial Package:**

The target for issue of 10000 cards during 2013-14 has been fixed for the State. As at the end of Dec 2013, only 1804 (Rs 4.54 Cr) cards have been issued by various banks as per the information gathered. Many Banks have not reported December progress. The Banks are once again requested to submit the progress report and take effective steps to issue weavers' credit cards and achieve the target by the year end. In this connection NABARD has advised banks to furnish data on a monthly basis (before 10th of the succeeding month).

**AGENDA 7.0: SCHEME FOR IMPROVING PRODUCTIVITY AND FARM INCOME**

**OF ARECANUT BASED FARMING SYSTEM IN KARNATAKA**

Ministry of Finance, Department of Financial Services, Government of India had vide their letter No.F.10/ 03/ 2010-AC dated 13th January 2012 informed the scheme for improving the productivity and Farm Income of Arecanut based farming system in the State and requested NABARD to implement the scheme in coordination with SLBC convenor Bank.

As per the information gathered, notices were issued in duplicate to 51694 loanees and 51605 term loans were rescheduled involving **`** 182.73 crore. The amount of penal interest waived was **`** 6.10 crore. As many as 4685 crop loan account with an aggregate amount of **`** 31.89 crore was converted into term loans. 980 fresh loans were issued involving an amount of Rs 9.60 Cr.

SLBC has requested banks to furnish the latest progress report in the prescribed format.

**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 KFRC has conducted 32 training programmes from 1.10.2013 to 19.12.2013 benefiting 1358 participants. The activities include Agri-Clinics/ Agri- Business, Food Processing, Dairy Farming, Poultry Farming etc., including exposure visit of farmers.

SLBC had requested GoK vide DO letter dated 11.11.2013 addressed to the Chief Secretary to arrange for issuing necessary instruction to the Principal Secretary, RDPR Dept to join KFRC as trustee in place of the Principal Secretary, DIC since the objective and activities of KFRC are more relevant to agriculture and rural development.

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

**BANK SCHEME - IMPLEMENTATION OF THE**

**RECOMMENDATIONS**

RBI had advised SLBC to implement the recommendations of the High Level Committee on Lead Bank Scheme. In compliance, 1) SLBC, Karnataka has launched its website. SLBC has hosted in their website the salient features of various Govt. sponsored schemes, both central and state which are in operation in Karnataka.

2) SLBC has advised Lead banks/Commercial Banks and LDMs to take appropriate steps for implementing the recommendations pertaining to them.

3) Formation of Sub-Committees: SLBC has constituted 12 Sub-Committees for effective implementation & close monitoring of Lead Bank scheme.

4) The following Sub-Committee Meetings were held so far (a) Govt. Sponsored Schemes (b) MSME (c) SHG-Bank Linkage (d) Education Loan (e) Annual Credit Plan (f) Steering Committee meeting on R-SETIs (g) Flow of Credit to SC/ST/WS/ Minorities (h) Housing Loan (i) Financial Inclusion (j) Flow of Credit to Agriculture.

The convenors of Sub Committees are requested to submit the approved minutes, if not submitted.

**AGENDA 10.0 : REVIEW OF BANKING STATISTICS AS OF DEC2013**

The Bank-wise position as of Dec 2013 is furnished in **Annexure IA** in respect of Branch Net Work, Deposits and **Annexure** **IB** for Advances and CD ratio.

**Branch Network:**

As at the end of Dec 2013, the total numbers of bank branches in the State were **8986,** out of which, Commercial Banks-**6549**, RRBs-**1496**, KASCARD-**201,** DCC Bank-**670,** Karnataka Industrial Coop Bank-**38** and KSFC- **32** Branches.

**ATM :** There are **10252** ATMs in the State, out of which, **1146** are in rural, **1817** are in S. Urban, **2509** are in Urban and **4780** are in Metro areas.

##### Deposits:

The aggregate deposits of Banks was **` 492319 crore** as at the end of Dec 2013, when compared to the level of **` 427003** **crore** as on Dec 2012, registering an increase of **` 65316 Crore** showing a growth rate of **15.30%.**

**Advances:**

The total outstanding Advances of Banks was **` 372112 Crore** as at the end of Dec 2013ascompared to the level of **` 320195 Crore** as at Dec 2012, registering an increase of **` 51917 Crore** showing a growth rate of **16.21%**.

**Credit-Deposit Ratio:**

The Credit Deposit Ratio as of Dec 2013 was **75.58%** vis-à-vis **74.99%** as of Dec 2012 showing a marginal increase**.** The CD ratio was the highest at 102**%** in Rural areas as compared to 76**%** in Semi-Urban, **69%** in Urban and **74%** in Metro areas.

Further analysis indicates that some banks with good presence are having CD ratio below the bench mark level of 60%. [BOB-49%, Karnataka Bank-44%]. Banks which are having CD Ratio below 60% need to take necessary steps to increase flow of credit to productive sectors of the economy.

All Banks are requested to improve their C D Ratio by accelerating lending to various sectors, having potential for growth in the State and contribute towards economic development.

**Priority Sector Advances:**

The outstanding level of total priority sector advances of Banks stood at **` 149397 Crore** as of Dec 2013 as against **` 128558 Crore** as at Dec 2012 showing an increase of **` 20839 Crore** recording a **growth of 16.21%.** The percentage of priority sector advances of Banks works out to **40.15%** surpassing the Benchmark level of 40% as stipulated by RBI.

The total **agricultural advances** as at Dec 2013 were to the tune of **` 71150 Crore** constituting **19.12%** of the total advances of Banks against mandatory level of 18%. Out of which direct advances to agriculture stood at **` 58171 Crore forming 15.63%** of total advances as against the bench mark level of **13.5**%.

The outstanding Advances to Weaker Sections by Banks was **` 51310 Crore** constituting **13.79%** of the total Advances with an increase of **` 11565** crore over the corresponding previous year level. The outstanding advances to Small & Marginal farmers was to the tune of **` 34903 Crore** covering about **45.05 lakh** accounts, constituting **49.06%** of the total Agriculture credit and **60.00%** of direct agriculture credit. The outstanding advances to SCs/STs were **` 9611 Crore** constituting **2.58%** of the total advances.

The position of Priority Sector and Weaker Section Advances as at Dec 2013 is presented in **Annexure II A and B** respectively.

**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 Dec 2013 stood at **` 30912** crore covering **440826** accounts. During quarter ended Dec 2013, the Banks have disbursed **` 3650** crore involving **61184** accounts.

Public Sector Banks have formulated Reverse Mortgage Loan Scheme for the benefit of the Senior Citizens. The Banks assisted **901** persons with a loan amount of **` 71** crore as at Dec 2013. Bank-wise position of Housing Loans and Reverse Mortgage loans is given in **Annexure II C.**

Under Golden Jubilee Rural Housing Scheme (GJRHS), Banks have sanctioned 3693 loans with credit limit of **`** 157.85 crore as at Dec 2013. The outstanding level was **`** 932.79 Crore spread over 26425 a/cs. Under other categories, 177 loans with loan amount of **` 0**.95 crore have been sanctioned and the outstanding amount was **`** 13.68 crore (2578 a/cs).

One day workshop on Housing Finance Schemes was conducted for all LDMs on 17.1.2014 with a special focus on Rajiv Rinn Yojana (RRY): (modified version of erstwhile ISHUP scheme). The DMA was requested to furnish district wise targets under RRY so as to communicate the same to LDMs for bank/ branch wise allocation.

**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 Dec-2013, the outstanding level of education loans stood at **` 4642** crore covering **223357** accounts. Banks have disbursed loans to **52864** students amounting to **` 713** crore up to the end of Dec-2013. Consolidated position under Education loan is given in **Annexure II D**.

As directed by DFS: MoF: GoI, in their letter F. No.1(1)2011-CP dated 21.5.2013, 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) vide SLBC letter No. 521 dated 23.5.2013. All Banks are requested to take steps to achieve the targets.

**In tune with DFS: MoF: GoI instructions, SLBC has been collecting monthly progress report from member banks for close monitoring.**

**Credit Flow to Micro, Small & Medium Enterprises [MSME] – Dec-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 **` 19281 Crore.** The advances to Small Enterprises were at the order of **` 24451 Crore.** The advances toMedium Enterprises stood at **` 9779 Crore** as at Dec-2013. The percentage of advances to Micro & Small Enterprises [**` 43732 Crore**] was at the order of **81.73%** out of the total advances to MSME Sector [**` 53511** **Crore**].

The sector-wise particulars are as follows:

**` in crores**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **SLNo** | **SECTOR** | **MANUFACTURING SECTOR** | | **SERVICE SECTOR** | | **TOTAL** | |
|  |  | **A/CS** | **Amt** | **A/CS** | **Amt** | **A/CS** | **Amt** |
| 1 | **MICRO ENTERPRISES** | **86084** | **6418** | **727671** | **12862** | **813755** | **19281** |
| 2 | **SMALL ENTERPRISES** | **27759** | **12414** | **87764** | **12038** | **115523** | **24451** |
| 3 | **MED ENTERPRISES** | **2282** | **6586** | **6748** | **3193** | **9030** | **9779** |
|  | **TOTAL** | **116125** | **25418** | **822183** | **28093** | **938308** | **53511** |

Bank-wise particulars of advances to MSME Sector are furnished in **Annexure III.**

The Reserve Bank of India is regularly conducting the meeting of the Empowered Committee on MSME and Meeting of State Level Inter Institutional Committee (SLIIC) for Karnataka, every quarter to review the implementation of the recommendations of the working group on rehabilitation of sick MSMEs, flow of credit to MSE sector, collateral free loans to MSEs, flow of credit to MSME clusters and conducting awareness programmes and entrepreneurial camps-CGTMSE etc. RBI is calling for the information on the above issues. Banks are requested to submit the compliance report to them every quarter before 15th of succeeding month from end of the quarter.

As per the instruction of Central Office, RBI, RO, Bangalore has constituted a High Level Committee under the ambit of Empowered Committee on MSME to give focused attention on the progress made by Banks in the region on restructuring/ rehabilitation of sick units in the MSE sector. The HLC consists the following as its members:

|  |  |  |  |
| --- | --- | --- | --- |
| S.No. | Organisation | Designation | HLC Position |
| 1 | Reserve Bank of India | Regional Director | Chairman |
| 2 | Directorate of Industries & Commerce, GoK | Commissioner for Industrial Development & Director of Industries & Commerce | Member |
| 3 | SLBC | Convenor, General Manager | Member |
| 4 | State Bank of India | General Manager | Member |
| 5 | Canara Bank | General Manager | Member |
| 6 | Syndicate Bank | General Manager | Member |
| 7 | Corporation Bank | General Manager | Member |
| 8 | State Bank of Mysore | General Manager | Member |

Functions of the HLC:

1. HLC will effectively monitor the timely rehabilitation and restructuring of sick micro and small enterprises.
2. Ascertain from the bankers whether they have any restructuring mechanism in place for micro and small units akin to Corporate Debt Restructuring (CDR) mechanism for large units.
3. Monitor the rehabilitation of Sick Micro and Small Enterprises (MSEs) as envisaged in RBI CO cir. RPCD. CO. MSME & NFS. BC. No. 40/ 06.02.31/ 2012-13 dated November 01, 2012.
4. Monitor the functioning of MSE Rehabilitation Cell (MRC) in their jurisdiction by banks as mentioned in CO Circular RPCD MSME & NFS. BC. No. 74 / 06.02.31/ 2012-13 dated May 09, 2013.
5. In the above Circular, banks were advised to monitor the progress in rehabilitation of sick MSE Units on a quarterly basis in the prescribed format and to place the same on their website. The data hosted by banks may be used while reviewing the progress in this regard.

The first meeting was held on February 6, 2014.

RBI is planning to conduct 2 / 3 Town Hall meeting in a year in coordination with District Industries Centres in order to discuss the problems faced by the entrepreneurs. They have advised the banks to participate in such meetings in order to have regular interface with the public and MSE entrepreneurs.

The Dept of Industries and Commerce, GoK has informed that they have a committee for rehabilitation of sick units at State Govt level and the details of sick units may be referred to

the committee for review. The copies relevant Govt orders and circulars were circulated to all the banks and Industrial Associations for needful action by SLBC.

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

Under guarantee scheme of CGTMSE, Banks have covered **22530** units with an approved amount of **` 1153 crore** during the year upto Dec 2013 and cumulative progress was **108674** units amounting to **` 5435** crore [Source: Credit Guarantee Fund Trust for Micro & Small Enterprises].

**AGENDA 11. 0 : IMPLEMENTATION OF ANNUAL CREDIT PLAN (2013-14)**

The progress in disbursement under Annual Credit Plan for the quarter ended Dec-2013 with bank wise position is presented in **Annexure IV**. Consolidated Agency-wise targets and achievements are as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Sector** | **Annual Target** | **Disbursements (` in Crore)** | | | | | **% age achmt.** |
| **Comm. Banks** | **RRBs** | **Co-op. Banks** | **KSFC** | **Total** |
| Primary | 44545 | 21223 | 4304 | 5082 | 0 | 30609 | 68.71 |
| Secondary | 13173 | 10276 | 425 | 5 | 362 | 11068 | 84.02 |
| Tertiary | 15644 | 8283 | 1472 | 0 | 102 | 9857 | 63.01 |
| **Total PSA** | **73362** | **39782** | **6201** | **5087** | **464** | **51534** | **70.25** |
| Crop Loan | 27112 | 13909 | 3565 | 4903 | 0 | 22377 | 82.54 |

**State Credit Seminar-2014-15.**

NABARD, RO, Bangalore had convened the State Credit Semnar-2014-15 at Vidhana Soudha, Bangalore on 27th December 2013. The credit potential under priority sector and critical infrastructure / interventions requires for improving the credit flow in the State were discussed and deliberated during the seminar. The minutes were circulated to all the stake holders by NABARD for needful action. It has projected Rs 85724.58 Crore under Priority Sector Credit (26% growth over previous year) for the year 2014-15. The share of Agriculture Credit is Rs 57236.23 crore forming 66.77% of total PSA target.

**AGENDA 11.1: Drought affected Taluks 2013-14**

**The Govt. of Karnataka vide Order No. RD.234 TNR 2013 (3), Bangalore dt 16.11.2013** has notified 64 Taluks spread over 22 Districts as drought affected. Further, GoK vide order No. RD 234 TNR 2013 (3), Bangalore dt 21.12.2013 has again notified additional 34 Taluks spread over 19 districts as drought affected.

**The additional drought affected Taluks as per second notification are furnished in the Annexure IV A**.

SLBC vide letter No. 976 dated 19.11.2013 requested Banks to inform the concerned Branches to initiate required relief measures in terms of extant RBI guidelines.

The concerned LDMs were advised to convene Special District/Taluk level Meeting to impress upon the relief measures and also review the progress in DCC / DLRC Meetings as one of the agenda items.

As per the information gathered, Banks have converted 14684 crop loans (Rs 177.21 Cr) in to term loans, rephased 7304 (Rs 100.77 Cr), issued 2298 (Rs 14.57 Cr) fresh crop loans and 697 (Rs 7.64 Cr) fresh term loans.

**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 **21.02.2014** is as follows: (**`** in Lakh)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Agency | Revised Target 2013-14 | | | Sanction of projects | | Release of subsidy amount by nodal banks-2013-14 | |
|  | Projects (No.) | Subsidy (Margin Money) | Employment (No.) | Projects sent to Banks (No) | Projects sanctioned by Banks | No. of Claims | Margin Money involved |
| KVIC | 1264 | 1588.62 | 10112 | 1639 | 451 | 312 | 1356.90 |
| KVIB | 1264 | 1588.62 | 10112 | 2312 | 641 | 497 | 1188.67 |
| DIC | 1687 | 2118.17 | 13496 | 4580 | 1368 | 553 | 1290.95 |
| **Total** | **4215** | **5295.41** | **33720** | **8531** | **2460** | **1362** | **3836.52** |

Progress under PMEGP is enclosed as **Annexure V**.

Earlier, the Joint Director, DIC at District level was empowered to issue Recovery Certificates in case of NPA / Overdue Loans under PMRY Scheme in terms of extant provisions of KPMR Act. SLBC had received representations from financing Banks / LDMs to take up the issue with Dept. of Industries & Commerce, GoK to authorize the Joint Directors at District level to issue Recovery Certificates under KPMR Act to the irregular loans extended under PMEGP also on par with erstwhile PMRY scheme.

It is very much heartening to note that the Dept of Industries & Commerce, GoK vide their order No. CI 199 CSC 2013 dated 13.12.2013 have authorized the Joint Directors to issue Recovery Certificates under Karnataka Public Money (Recovery of Dues) Act, 1979, under Section 3 (1) (i) as it is declared as Socially Desirable Scheme.

**Permission for adjustment of Margin Money under PMEGP after completion of lock-in period**

SLBC had received representations from LDMs / Banks that KVIB is insisting for nearly 10 documents from the Branches like Nodal Agency Recommendation letter, Loan sanction letter, Release of Term Loan, Working Capital, Term Deposit Receipt, Caste Certificate, Beneficiaries down payment details, Bills / Invoices for purchase of Machineries / Equipments, 3 years Progress Report of the Unit, etc. to accord permission for adjustment of Margin Money after completion of lock-in-period, which is cumbersome.

SLBC vide letter No. 1013 dated 4.12.2013 informed KVIC that Branches will be conducting regular follow-up visits of the Units on quarterly / half-yearly basis. The third party engaged by KVIC is also conducting verification / evaluation of units. In view of the foregoing, KVIC was requested to permit the Branch Managers to adjust the Margin Money kept in Subsidy Reserve Fund to the loan accounts after completion of lock-in period, subject to confirmation of functioning of Unit by Branch Head. In reply, KVIC has informed that the verification is as per the guidelines of Ministry of MSME, GoI.

KVIC is once again requested to revisit the guidelines and recommend the same to GoI to explore the possibility of modification to simplify the procedure for adjustment of margin money immediately after the completion of lock-in-period.

**12.2: NATIONAL RURAL LIVELIHOOD MISSION (NRLM):**

The Govt. of India has approved restructuring of SGSY as National Rural Livelihood Mission (NRLM) and accordingly Karnataka has remodeled the Scheme under the banner **‘Sanjeevini’.**

RBI: CO: Mumbai vide their Cir. RPCD. GSSD.CO. BC. No. 57/09.01.03/2013-14 dated 19.11.2013 has informed the details of guidelines for operationalisation of Interest Subvention Scheme for SHG for Public Sector Banks. Banks are requested to follow the guidelines scrupulously.

SLBC has been supporting Karnataka State Rural Livelihood Promotion Society (KSRLPS) in organizing orientation training programme to the Executives/ LDMs/ R-SETI Directors as part of capacity building programme under NRLM.

The proceedings of the GoK dated 11.11.2013 on SHG-Bank Credit Linkage in 26 districts (category II) have already been circulated to the banks in respect of eligibility of all NRLM compliant women SHGs for interest subvention scheme.

SLBC vide letter No. 111 dated 19.2.2014 has requested PSBs and RRBs to furnish the details of non participating branches in SHG finance to NABARD under a copy marked to KSRLPS.

**12.3 : SWARNAJAYANTI SHAHARI ROZGAR YOJANA (SJSRY) – 2013-14**

The progress up to Dec 2013 is furnished below – [Amt. **`** in lacs]

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name of the Component** | Annual Target  2013-14 | | Achievement | | |
| Physical | Financial (Subsidy) | Number | Loan Amount | Subsidy |
| **USEP – Loan & Subsidy** | 5788 | 2894 | 3557 | 3605.44 | 1287.66 |
| **UWSP – Loan & Subsidy** | 4100  (295 Groups) | 885 | 1598  (79 Groups) | 434.70 | 241.50 |

The Dept. letter dated 28.01.2014 is enclosed as **Annexure V-A**.

**12.4: SCHEMES OF Dr. B. R. AMBEDKAR DEVELOPMENT CORPORATION LTD**

Progress as at Dec 2013 is as under: [Amt. **`** in lacs]

|  |  |  |
| --- | --- | --- |
| **Parameters** | **Self Employment Programme**  **( S E P )** | **Industry-Service-Business**  **( I S B )** |
| Annual Target | 8402 | 2500 |
| Achievement | 6428 | 1508 |
| Bank Loan | 2940.15 | 4503.00 |
| Subsidy | 1931.77 | 1501.00 |
| Total Assistance | **4871.92** | 6004.00 |

District wise details as at Dec 2013 are furnished in **Annexure – VI A**

**12.5: SCHEME OF KARNATAKA S.T. DEVELOPMENT CORPORATION**

The Corporation is implementing 2 schemes, viz, Self-Employment Scheme and ISB Scheme for the benefit of persons belonging to Scheduled Tribes.

The progress for Jan 2014 is as follows. Amt ` in lacs

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Name of the scheme** | **Target for 2013-14** | | **Progress as at 31.1.2014** | | | **Total** |
| Physical | Subsidy | Physical | Subsidy | Bank loan |
| Self Employment | 6870 | 2405.00 | 2210 | 512.61 | 717.22 | 1229.83 |
| ISB Scheme | 600 | 600.00 | 212 | 196.62 | 691.35 | 887.97 |
| **TOTAL** | **7470** | **3005.00** | **2422** | **709.23** | **1408.57** | **2117.80** |

The Progress is furnished in **Annexure –VII A & B.**

**12.6 : SCHEME OF KARNATAKA MINORITIES DEVELOPMENT CORPORATION**

The Corporation is implementing the Swavalambanascheme. Progress as at Dec 2013 is as under:

[Amt. **`** in lacs]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **TARGET** | | **ACHIEVEMENT** | | |
| Physical | Financial | Physical | Financial | |
| Subsidy & MM | Bank Loan |
| 4000 | 600 | 944 | 194.07 | 603.61 |

The District-wise target is furnished in the **Annexure VIII**

**12.7: SCHEME OF D.DEVARAJ URS BACKWARD CLASSES DEV. CORPN. LTD.**

D Devaraj Urs Backward Classes Development Corporation Ltd. is implementing **CHAITANYA** Subsidy cum Soft Loan Scheme. The progress as of Dec 2013 is furnished below:

[Amt. ` in lacs]

|  |  |  |  |
| --- | --- | --- | --- |
| **Target for the year 2013-2014** | | **Achievement** | |
| Physical Target | Subsidy Target | Physical | Financial |
| 6000 | 600.00 | 1848 | 419.87 |

District wise particulars are given in **Annexure-IX A .**

**AGENDA 13.0 : SPECIAL FOCUS PROGRAMMES**

**13.1 CREDIT FLOW TO MINORITY COMMUNITIES**

The Banks have extended loans to **209990** beneficiaries amounting to **` 2796 Crore** upto Dec 2013. The outstanding level of advances to Minority Communities as at the end of Dec 2013 was **` 15668 crore spread over 921009 accounts,** constituting **10.49%** of PSA. Bank wise details of credit disbursement upto Dec 2013 & outstanding balance as at Dec 2013 are furnished in **Annexure – X.**

**FLOW OF CREDIT TO MINORITY COMMUNITIES IN IDENTIFIED DISTRICTS**

The outstanding level of credit to minority communities in the identified districts as at Dec 2013 is as follows –

**[` in Crore]**

|  |  |  |  |
| --- | --- | --- | --- |
| **Name of the District** | **Bidar** | **Gulbarga** | **Dakshina Kannada** |
| **Name of Lead Bank** | **SBI** | **SBI** | **SyndicateBank** |
| Priority Sector Advances | 2325 | 4285 | 8245 |
| Lending to Minority Community | 352 | 645 | 2062 |
| % of Minority Community Lending to PSA | 15.14 | 15.05 | 25 |
| Stipulated % of Minority Community Lending to PSA | 15 | 15 | 15 |

The flow of credit to minority communities in all the three districts has increased and surpassed the stipulated target of 15% of priority sector advances in the respective districts.

**13.2 : CREDIT FLOW TO WOMEN**

Banks have disbursed **` 5922** Crore to **568051** Women Beneficiaries upto Dec 2013. The outstanding level of Advances to Women Beneficiaries was **` 25342 Crore** as of Dec 2013 constituting **6.81%** oftotalof advances vis-a -vis stipulated target of 5%.

The Bank wise details are furnished in **Annexure – XI.**

**13.3 : KISAN CREDIT CARD**

The Banks have issued **869928 KCCs** upto Dec 2013 with credit limit of **` 10461**

**Crore.**  Agency-wise number of Cards issued is as under:

**(` in crores)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Agency** | **Target for 2012-13** | **During the Year** | | **Outstanding Balance** | |
| **No.of cards Issued** | **Limit sanctioned** | **No. of cards** | **Amount** |
| Comm.Banks | 522440 | 383258 | 7057 | 1136029 | 14730 |
| RRBs | 294560 | 346726 | 2842 | 784933 | 5696 |
| Cooperatives | 183000 | 139944 | 562 | 2086688 | 6832 |
| **Total** | **1000000** | **869928** | **10461** | **4007650** | **27258** |

Bank wise position is furnished in **Annexure XII.**

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

Progress under SHG Bank Linkage as at Dec 2013 –

**Outstanding position of advances to SHGs as at Dec 2013:**

|  |  |  |
| --- | --- | --- |
| **Agency** | **No. a/cs** | **Amount (Crore)** |
| Commercial Banks | 218594 | 3128 |
| RRBs | 78787 | 946 |
| Cooperatives | 66915 | 457 |
| **Total** | **364296** | **4531** |

Commercial Banks have directly credit linked 67231 SHGs with an amount of **`** 909 crore and indirectly 725groups with a limit of **`** 53 crore. RRBs could credit link 11951 groups with an amount of **`** 205 crore and Co-op. Banks have credit linked 23977 groups with a limit of **`** 349 crore upto Dec 2013. As regards credit linkage of JLGs, NABARD informed that 8630 groups have been credit linked as on 31.01.2014.

Consolidated progress by Banks under SHG bank linkage program as at Dec 2013 is given in **Annexure – XIII A TO D.**

For the year 2013-14 NABARD has set the following targets :-

1. Formation and savings linkage of 25,000 SHGs
2. Credit linkage of 1,50,000 SHGs (Target for CBs-60000, RRBs – 40000 & Cooperative – 50000 Groups)
3. Average loan size per SHG to be at **`** 2.75 lakhs
4. Credit linkage of 10,000 JLGs

SLBC has already communicated to LDMs for close monitoring the progress in DCC/ DLRC/ BLBC meetings.

**AGENDA 15.0 : LENDING THROUGH MFIs:**

Association of Karnataka Micro-Finance Institutions (AKMI) is overseeing the working of various (24) MFIs. It has informed that the loan outstanding given by various MFIs in Karnataka as on Dec 2013 was **`** 5007.66 crore covering 43,38,842 accounts. Out of which, overdue is only Rs 69.04 Crore spread over 90892 accounts. MFI wise outstanding and Overdues as on Dec 2013 is enclosed as **Annexure- XIV-D.**

**AGENDA 16.0 : STREE SHAKTI PROGRAMME**

The progress under Stree Shakti Programme as furnished by the Women & Child Development Department, Govt. of Karnataka, for Jan 2014 is as under:

|  |  |
| --- | --- |
| No. of Stree Shakti Groups formed | 140000 |
| No. of groups maintaining accounts with banks | 140000 |
| Cumulative amount saved by the Group Members | **` 1445.89** Cr |
| No. of groups credit linked | 125369 |
| Loan disbursal by banks | **`** 1463.41 Cr |

The progress report is furnished in **Annexure– XIV-A & B.**

**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 vide their letter dated 25.01.2014 has furnished the following information.

|  |  |  |  |
| --- | --- | --- | --- |
| Target | | Achievement upto Dec2013 | |
| Physical | Financial | Physical | Financial |
| 10500 | Rs 935.13 lakh | 5326 | Rs 320.98 Lakh |

District-wise details are furnished in Annexure – XIV-C.

**AGENDA 18.0: IMPLEMENTATION OF SPECIAL SCHEMES**

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

As per the information received from Banks, the outstanding under Agri-clinics/Agri-Business as of Dec 2013 was for 2425 Clinics **[` 137.47 cr]** & **606** Agri-Business units (**` 13.60 crore**). Up to Dec 2013 Banks have financed 35 Agri-Business Centres (453 Lakh) and 54 Agri Clinics (Rs 11.29 Cr). Banks are requested to monitor the implementation of the scheme at the ground level and ensure sanction of the proposals received on merits and submit subsidy claims to NABARD in respect of eligible proposals. Banks have to take advantage of Capital Subsidy available to the above schemes.

The DFS: MoF:GoI had advised all the Banks to sanction loans to trained candidates for establishing agri-ventures under the scheme as the Ministry of Agriculture, GoI has observed huge pendency of applications.

**B] Rural Godowns**

The Banks have financed 150 Rural Godowns with credit limit of **`** 34.55 crore up to Dec 2013. The outstanding amount was **`** 368.59 crore comprising 2894 accounts.

The Govt of Karnataka intends to provide interest subsidy during the first five years for the loans sanctioned after 1.4.2013. The final Govt order is awaited.

**C] Implementation of National Horticulture Board [NHB] Subsidy Scheme**

During the year 2013-14 till date, NHB has released subsidy in respect of 314 proposals under the scheme amounting to **` 2082** lakh.

**NHB has informed that they have revised operational guidelines of the scheme vide their letter No. NHB/ CC/ Revised Guidelines/ 2013-14/ 8801/ 895 dated 9/12-12-2013. The details are available on the website: www.nhb.gov.in.**

**D] Implementation of Differential Rate of Interest (DRI) schemes**

Banks have financed **36338** beneficiaries amounting to **` 6682 lakh** constituting **0.02%** of total advances of scheduled commercial banks. PSBs are requested to lend upto **` 20,000/-**  under Indira Awas Yojana (IAY). All the Banks are requested to increase credit flow under DRI scheme as per RBI guidelines, so as to reach 1% of the total credit.

**AGENDA 19.0 : RECOVERY**

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

**SCHEMES**

The summary of scheme-wise NPA position as at Dec-2013, is furnished here under: **(Amount in ` crore )**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **SECTOR** | | **Balance O/S** | **NPA Level** | **% of NPA** |
| **P M E G P** | | 174.36 | 39.37 | 22.58 |
| **SGSY** | Individuals | 105.58 | 23.87 | 22.61 |
| Groups | 204.59 | 39.20 | 19.16 |
| **SJSRY** | USEP | 139.44 | 36.72 | 26.33 |
| UWSP | 37.84 | 4.36 | 11.52 |

Nodal agencies [DIC, RDPRD/Zilla Panchayat, KVIC/ KVIB & ULB (municipalities)] are requested to extend assistance to banks for recovery of overdues in co-ordination with Banks. Bank wise details are furnished in **Annexure XV, XV-A & XV-B.**

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

There were **744110** NPA a/cs involving an amount of **` 19265 crore** as of Dec 2013, accounting for **5.18%** of total advances. The Farm sector accounts for **334809 a**/cs, with a balance of **` 4754 crore** constituting **6.68%** of advances to agriculture**.** NPA under MSE and OPSA works out to 8.67% and 2.77% respectively.

Bank wise details are furnished under **Annexure – XVI.**

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

Banks have recovered **` 792** crore against amount involved **` 2957** crore under **SARFAESI Act, ` 240 crores** against amount involved **` 1175** crore under **DRT** and **` 6.93** crore against amount involved **` 90** crore through **Lok Adalat** up to Dec 2013. In the last meeting, BOI had suggested for setting up one more DRT owing to huge pendency.

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

As of Dec 2013, **23172** cases filed by Banks under RR Act were pending before Revenue Authorities involving an amount of **` 172 Crore**. The Banks have filed **937** applications during Dec 2013 quarter involving loan amount of **` 2.90 crore.** There are **2960** cases pending for more than 3 years for recovery under RR Acts.

Bank wise details are furnished under **Annexure – XVII and XVII A**

**AGENDA : Lead Bank Scheme- Strengthening & Monitoring Information System (LBS-MIS)**

RBI vide their Cir No. RBI/ 2012-13/ 450 RPCD. CO. LBS. BC. No. 68/ 02.01.001/ 2012-13 dated March 19, 2013 has modified the statement for ACP target as LBS-MIS-I, statement for disbursement and outstanding- LBS-MIS-II, III. Similarly, statement for Financial Inclusion Plan (FIP) renamed as LBS-MIS-IV and LBS-MIS-V. These statements are to be submitted on quarterly basis commencing from June 2013.

SLBC had advised all Banks to submit the above statements as per the periodicity of submission. The consolidated statements of LBS-MIS-II, IV, V for the State as a whole, as on Dec 2013 are enclosed as **Annexures XVIII -1 to3**.

RBI has informed that as Canara Bank is the Lead Bank of Bangalore Urban District, the responsibility of Lead Bank for Bangalore Metropolitan Area also would rest with Canara Bank. They may make necessary arrangements for implementation of Lead Bank Scheme in Bangalore Metropolitan Area.

**Additional Agenda 1: Investment of surplus funds of PSEs in Banks**

It is given to understand that Department of Public Sector Enterprises had issued a Circular bearing the No.DPE.30.ARU.2010 dated 19.6.2012 detailing the guidelines on investment of surplus funds by PSEs in Commercial Banks / RRBs. The Circular envisages that PSEs need to park their surplus funds in scheduled Commercial Banks / RRBs who fulfill the following financial indicators.

1. Net worth of Rs. 500 crore (For RRBs Rs. 100 crore)
2. Profitability track record for the last 3 years
3. Capital Adequacy Ratio of minimum 10%
4. Net NPA level less than 2%
5. Participation in the developmental programme of Govt.

PKGB informed that Urban Development Dept., GoK has advised Urban Local Bodies and their District Offices to keep the surplus funds only in Nationalised Banks.

SLBC vide letter No. 92 dated 8.2.2014 request the Dept to amend / revise NPA stipulation to 8% instead of the present 2% so as to facilitate PSEs to park their surplus funds in the Banks including RRBs who actually participate in all developmental programmes partnering with State administration. Further, SLBC vide letter No.117 dated 21.2.2014 has forwarded the joint memorandum submitted by Chairmen of all the three RRBs to the Chief Secretary, GoK requesting for early favourable decision.

**Additional Agenda 2: Problems of Karnataka Sponge Iron Manufacturers Association, Bellary.**

The Karnataka Sponge Iron Manufacturers Association, Bellary has represented to the Commissioner of Industrial Development & Director of Industries and Commerce, Bangalore that they are facing severe problems since 2006. Because of non availability of sufficient iron ore, most of the sponge iron industries have stopped their production activities. These sponge iron industries have availed huge loans from various commercial banks & financial institutions and the accounts have become NPA. The Association has requested through the Director of Industries and Commerce to recommend to RBI/ Regulatory bodies for rescheduling of loans, extending moratorium period, lowering the rate of interest and extending additional finance for these industries.

**Additional Agenda 3: Scheme for Extending Financial Assistance to Sugar Undertakings, 2014 (SEFASU)**

The Secretary, DFS, MoF, GoI had convened a meeting of CEOs of select PSBs on 7.2.2014 to deliberate on the Operational Guidelines issued by them. The minutes of the meeting were circulated vide SLBC letter No. 102 dated 14.2.2014. The scheme has been formulated by Govt. of India for clearance of cane price arrears of previous sugar seasons and timely settlement of cane price of current sugar season to the Fair & Remunerative Price (FRP) fixed by the Central Government to the sugarcane farmers. The loan is repayable in 5 years with 2 years moratorium. The scheme also provides for interest subvention. The Individual Banks have already submitted the required information to GoI. The concerned Banks were advised to process all the applications well before 28.2.2014 and inform the status to DFS: MoF: GoI.

**Additional Agenda 4: Devising a loan product for funding agriculture commodities through e-pledge mechanism – Rashtriya e-Market Services Pvt. Ltd. (REMS)**

As suggested by ACS & DC, GoK, major Bankers’ meeting was convened on 17.2.2014 to explore the possibility of devising a loan product for extending finance to Agri Commodities through e-Pledge mechanism. The details of deliberations are as under:

**Pledge Loans to farmers for agriculture produce**

Warehousing (Development and Regulation) Act, 2007 was enacted by Govt. of India for development and regulation of warehouses besides establishing a Negotiable Warehouse Receipt (NWR) system to promote lending by Banks to benefit the farmers and improve the liquidity in rural areas.

The GoK intends to promote e-Pledge mechanism through establishing “Rashtriya e-Market Services Pvt. Ltd.” (REMS), a Special Purpose Vehicle.

The primary objective of the e-Pledge scheme is to enable farmers to avail loans from Banks against the commodities deposited as collateral at approved warehouses. This facility will increase the holding power of the farmers and prevent distress selling during post-harvest glut.

**Eligibility**

* The credit facility under the scheme shall be made available against the produce from their own farm. Preferences to be given to borrowers who have availed crop loans for better price realization.
* The farmer needs to be registered under e-pledge mechanism (REMS).
* As far as possible, warehouse to be located within the service area of the Branch for easy follow-up.
* Existing clients shall have satisfactory track record of past dealings.

**Quantum of Loan**

* The quantum of pledge loan is based on land holdings, crop produced in a year and market value of the produce.
* As per extant RBI guidelines upto Rs. 50 lacs loan can be considered under Direct Agriculture.

**Margin**

* 25% of the Value of agriculture produce to be pledged. In case of volatile market situation, the margin may be increased to safe guard the Bank’s interest.

**Repayment Period**

* Repayment period shall normally be upto 6 months. On a case to case basis, additional period of 6 months may be considered based on market price and quality of the produce.

**Rate of Interest**

* Regular rates applicable to agriculture loans shall be charged. Interest Subvention extended by GoI for the eligible SF/MF upto Rs. 3 lakhs shall be claimed as per extant guidelines.

**Insurance**

* Insure against fire, theft and natural calamities with Bank’s clause.

**Security**

* The security norms as applicable to agriculture loans shall be followed in addition to pledge of documents of title to goods.
* Individual Banks to enter into MoU with REMS as a part of tie-up arrangement.

**Mode of Utilisation of Loan proceeds**

* In case of default, the Bank can instruct REMS to sell the stocks through the Unified Market Platform (UMP) and transfer proceeds to the Bank.
* To close liability under crop loan / SKCC.
* To pay interest and instalment of agri term loans availed by the same farmer who is availing Pledge loan.
* Balance to be paid to the farmer with the consent of Bank

**Suggestions:**

* Warehouse rating is to be carried out and the list of warehouses / cold storages approved with their ratings to be made available in the website for enabling the Bankers to browse / view and decide about lending.
* A system of black listing the warehouses, if involved in frauds, may be introduced.
* Digital signature is to be provided for a Nodal Officer nominated by each Bank and such digital signature is to be registered with REMS. The Nodal Officer in turn shall provide digital signatures to Branch Managers or Officers interacting / operating in e-pledge. This is required from the security angle.
* REMS to develop the web portal for creating lien of the Banker on the goods pledged. The e-Warehouse Receipt shall be available for the purpose of financing. This will do away with bogus Warehouse receipts & facilitate lien marking.

**\*\* As regards Traders’ Finance under e-Pledge Mechanism, the Committee opined that as it is coming under Essential Commodities Act and an element of Speculation / Hoarding is involved, individual Banks need to devise their own policy depending upon their risk appetite and present exposure to trading.**

**The house may deliberate on the issue.**

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