

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

ఆంధ్రబ్యాంక్ ఆంధ్రా బేంక్ ANDHRA BANK

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5-9-11, సైఫాబాద్, హైదరాబాద్ - 500 004
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5-9-11 సైఫాబాద్, హైదరాబాద్ - 500 004
Convenor : Andhra Bank, Head Office, "Dr. Pattabhi Bhavan",
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Lr. No: 666/30/19/1594

Dated: 08.03.2014

The Controlling Authorities of all Banks and all Lead District Managers

Dear Sir,

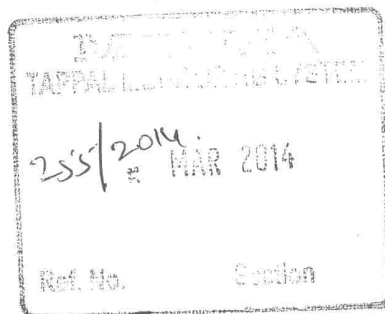
Reg: MEPMA – Common problems faced in implementation of SHG Bank linkage and Other Govt. sponsored schemes like USEP & UWSP.

MEPMA has conducted a one day state level bankers' workshop on 07.03.2014 at Haritha Plaza, Paryataka Bhavan, Begumpet, Hyderabad to discuss various field level problems in implementation of SHG Bank linkage and other Govt. sponsored schemes with bankers along with Presidents of Town Level Federation in Municipalities.

During the deliberations, it is observed that bankers are not attending the town level banks' meeting which is convened on monthly basis to discuss the issues on recovery & end use of funds lent by the banks. The work shop observed that it is one of the important forums where banks can ventilate their problems faced in SHG lending before MEPMA officials, Town level Federation Presidents and other Group members for possible resolutions.

Further the following common problems were presented in the meeting by TLF members & consultants on SHG bank linkage in urban areas & Govt. sponsored programmes like USEP & UWSP during sanctioning.

- 1) Women members require proper attention/respect whenever they approach the bank for their financial needs.
- 2) Some of the banks are not allowing SHGs to withdraw their own savings/corpus which is meant for internal lending.
- 3) Some banks are insisting a portion of the loan amount as deposits especially from 3rd dose on wards.
- 4) Some banks mostly SBI branches are insisting for compulsory insurance policies.
- 5) Most of the banks are debiting processing charges/service charges/incidental charges/inspection charges/folio charges to the SHG accounts.
- 6) Some of the Regional Rural Banks are insisting for opening of RD accounts by the SHG members.



Contd...2

- We request all the controllers to examine the above issues & issue suitable instructions to their branches for effective implementation of SHG bank linkage programme.

(C. DORASWAMY)



Proceedings of the 7th meeting of Steering Committee of SLBC of AP -2013-14

Date: 20.03.2014 - Time: 03.30 pm

Venue: Board Room, 5th Floor, Andhra Bank, Head Office, HYDERABAD – 500 004

State Level Bankers' Committee of Andhra Pradesh
Convener  Andhra Bank

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- Representative of Agriculture Department informed that no auditor's certificate is required separately for the claims made under MIS data from Khariff 2012 onwards. However, he requested all banks to submit the details of SC/ST category in the MIS data as usual.
- Banks have requested Dept. of Agriculture to pay the interest for the delayed reimbursement of claims under the VLR scheme as agreed upon, for which OSD (IF), GoAP requested banks to prefer supplementary claims for the delayed period.
- Continuation of the scheme for Khariff 2013: Commissioner of Agriculture vide letter No. credit/215/2013 dated 20.03.2014 informed as under regarding continuation of VLR/Pavala vaddi scheme to crop loans for Khariff 2013 and the same was communicated to all controllers and LDMs vide SLBC letter No.666/30/317/1649 dated 21.03.2014.

"All claims under all categories will be cleared by the Department of agriculture very shortly. Further it is informed that the VLR is a continuous process as it extends to Khariff 2013 also. The proposals for Khariff 2013 were submitted to the Government in this regard and the Government orders are in process. The same will be informed to the SLBC and Bankers, as soon as the orders are received from the Government very shortly. In the mean while all the banks are hereby requested to send the claims for Khariff 2013 also."

- Consultant (IT), Department of Agriculture has given a presentation on the revised procedure to be adopted from 01.04.2014 onwards for submission of reimbursement of claims under VLR scheme which facilitates the banks to view the status of their claims. For details, banks can visit www.vlragri.ap.gov.in/8080/vlr in this regard.

(Action: All banks, Dept. of Agril. GoAP)

AGENDA -2

A) Revisiting of SHG loan documents to be obtained from the Groups

Convener informed that in view of the shifting of SHG finance from term loan to Cash credit system, it is obvious that the documentation has to be revisited accordingly to suit the new system. He suggested that NABARD which has framed the cash credit guidelines and also designed the SHG documents for term loan system is requested to revisit the documentation for uniform adoption of all banks in the state/country.

AGM, NABARD informed that the banks are requested to bring the specific changes, if any, required in the matter to examine the issue. Further a small group may be constituted to examine the issue in detail.

(Action: NABARD & SLBC)

B) Other Issues

Smt. Anita Ramachandran, IAS, Mission Director, MEPMA expressed thanks to all the banks for their support in achieving the targeted disbursement of Rs.2100 crores to urban SHGs during the year 2013-14.

She expressed her concern over the issues raised by Presidents of Town Level Federations of SHGs during one day workshop held in Hyderabad on withholding of thrift, not allowing undrawn balances in CC limits, insisting deposits /purchase of insurance policies out of the loans sanctioned , attestation of loan documents by bank branches, payment of small denomination notes etc., more particularly on not treating properly/not paying much attention towards women borrowers when they approach the branch for various banking needs. She requested all banks to issue suitable instructions to all their branches in this regard as the above problems are also being pointed out by Smt. Sunitha Lakshma Reddy, the then Hon'ble Minister for Women Empowerment in various forums.

Mission Director, MEPMA informed that they are also implementing the VLR scheme and requested all banks to collect only Principal by fixing the EMIs for Principal amount and the interest will be paid by MEPMA. She informed that so far they are implementing the back end system for reimbursement of interest under VLR and wants to implement front end system from June 2014 onwards.

OSD, Finance (IF) Department, GoAP informed that these problems have been repeatedly discussed in almost all meetings and requested all banks especially RRBs to give suitable instructions to their branches in this regard.

Resolutions:

- a) After elaborate discussions on the issues, the forum resolved to request the controllers of all banks to issue suitable instructions to their branches on
 - ✓ To extend courteous service and pay attention/respect when the women beneficiaries approached the branch for their banking needs
 - ✓ To allow the members to withdraw the undrawn portion of Cash Credit limit of SHGs on par with other Cash Credit limits as per the guidelines
 - ✓ To implement NRLM guidelines for all SHGs in Category-I 150 districts, out of which 8 districts are in AP and also in Category-II districts as per RBI guidelines.
 - ✓ To implement the Pavala vaddi/VLR schemes of GoAP to all SHGs up to credit limit of Rs.5 lakhs
 - ✓ To review the cash credit limits once in a year as per the extant guidelines and DP may be fixed as per the eligibility every year.
 - ✓ To direct the Branch Managers that defaults by few members of SHGs and / or their family members to the financing bank should not ordinarily come in the way of banks financing SHGs provided the SHG has not defaulted to it. However bank loan may not be utilized by the SHG for financing a defaulter member to the bank.
 - ✓ To maintain seniority of the group formed at the previous branch when the group shifted from one bank branch to other bank branch for arriving eligibility to extend the credit.
 - ✓ Not to insist SHG members to place the term deposits/purchase of LIC policies out of the loan sanctioned to them.
 - ✓ To pay higher denominations as far as possible when the group requested for withdrawal of the loan amount or savings.
 - ✓ Not to with hold the savings/ group corpus/loan amount credited in to SB accounts of the groups.

- ✓ Not to delay the sanctions/renewals of 2nd /3rd doses even though after prompt repayment of earlier doses and not implementing CC guidelines.
- ✓ Not to insist on collateral security for extending SHG finance/finance under SJSRY and follow collateral security norms as per the extant guidelines.
- b) Controllers are requested to explore the possibility of waiving processing charges/folio charges/inspection charges/service charges/incidental charges etc to Self Help Groups since finance extended to them is categorized as 'weaker sections' under priority sector advances as per RBI classification.
- c) Lead District Managers are advised to place an agenda item on SHG finance in every JMLBC meetings in order to sensitize the branch managers on the issues discussed above.
- d) SERP is requested to issue instructions to IKP/DRDA at district level to make a short presentation in JMLBC meetings to sensitize the branch managers on various issues with special focus on shifting SHG finance from the existing term loan mode to cash credit mode till the system stabilizes. Similar initiative may be taken by MEPMA during Town level meetings to sensitize on cash credit system and VLR scheme for urban SHGs.

(Action: SERP, MEPMA, all Banks & LDMs)

Agenda 3

Cash Remittances to Branches & to Currency Chests in view of Election code of conduct – Precautions to be taken

Convener informed that SLBC has been receiving many references about confiscating of banks' cash by the Police authorities during cash remittances made by the branches and Currency Chests in view of the Election code of conduct declared in the state.

This issue was taken up with Finance (IF) Department, GoAP and they have in turn requested Home Department (Police) to give instructions to their field staff not to create problems to the Bank staff as the cash remittance is a part of their regular banking transactions.

Convener informed that for the last few days SLBC has not received any such references from any bank. He requested all banks to follow the necessary IBA guidelines for remitting the cash from one branch to another and to currency chests scrupulously.

Branches may be guided as follows to avoid unnecessary cash remittance problems:

- The Staff who is participating in cash remittances should invariably carry their identity cards with them while remitting the cash.
- Branch Manager/Head should issue a cash remittance schedule/letter authorizing the cash remittance with denominations under proper name and seal.
- Necessary precautions to be taken while carrying the cash and by the authorized mode of transport.
- Security precautions like Security guards etc., as per guidelines to be followed strictly.
- Branch Head has to ensure that the cash remittance should be informed to the Police officials in advance to avoid unnecessary problems.