

IMMEDIATE
Speed Post/Special Messenger

No.I.12011/09/2009-SGSY(C)
Government of India
Ministry of Rural Development
Department of Rural Development

Krishi Bhavan, New Delhi
Dated 10.06.2009

To

All the Members of Central Level
Coordination Committee (CLCC)
Of SGSY.

Subject: Minutes of the 13th Meeting of the Central Level Coordination Committee (CLCC) of SGSY held on June 4, 2009 at New Delhi.

A copy of the Minutes of the 13th meeting of the Central Level Coordination Committee (CLCC) of Swaranjayanti Gram Swarozgar Yojana (SGSY) held on June 4, 2009 under the Chairmanship of Secretary (RD) at Lecture Hall, ICAR, National Agriculture Science Centre Complex, Pusa, Dev Prakash Shastri Marg, New Delhi-110012 is enclosed for information and necessary action. The above Minutes are available on this Ministry's website; <http://www.rural.nic.in>

2. Action Taken Report in this regard may kindly be furnished to this Ministry at the earliest.

Yours faithfully,

Sd/-
((Sudhir Shyam))
Deputy Secretary to the Government of India
(SGSY-Credit)
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Encl: as above

Minutes of 13th Meeting of Central Level Coordination Committee (CLCC) of Swarnjayanti Gram Swarozgar Yojana (SGSY) held on 4th June, 2009, at New Delhi

13th Meeting of Central Level Coordination Committee (CLCC) of SGSY was held on 4th June, 2009 under the Chairmanship of Dr. Rita Sharma, Secretary (RD) at New Delhi. The list of participants is at Annexure – I.

Secretary (RD) welcomed the participants to the CLCC and stated that a number of interactive sessions have already been held with the stakeholders in poverty alleviation and as such there are no new directions from the Government of India at this stage. She thereafter invited JS (SGSY) to proceed with the main agenda.

2. Joint Secretary (SGSY) welcomed the participants and discussed the overall progress of the States in implementation of SGSY scheme. JS(SGSY) stated that in the year 2008-09 physical progress was noteworthy as the states, particularly Rajasthan, had excelled in all parameters, such as number of SHGs formed, numbers passing Grade I and II and credit disbursed. He stated that some states such as J&K, Assam, Jharkhand, Tripura, Bihar, West Bengal and N.E states have performed poorly on credit front and invited both the bankers and the state representatives to comment on it. He flagged the issues that act as constraint to the credit flow to beneficiaries under SGSY scheme and also discussed some key recommendations of R. Radhakrishna Committee on credit related issues under SGSY. He informed that the Rangarajan Committee had accepted the demand for corpus fund for technical/financial inclusion and banks could utilize this fund for reaching out to ultra poor. Coming to RSETIs he stated that RSETIs were a small part of our efforts to upscale capacity building and training of stakeholders. In an ideal environment with one

RSETI established in each district, 5-6 lakhs youths could be trained each year against the requirement of training 50 lakh youths. He asked the participants for suggestions as to how this huge gap could be coped with. Besides he welcomed suggestions on marketing, convergence and restructuring of SGSY.

Thereafter the Action Taken Report (ATR) on the minutes of last CLCC held on 8.8.2008 was taken up for discussion.

Item No.2 opening of branch at Chugal block, Bihar: It was reported that license for Chugal block of Buxar district was obtained by PNB and the branch would start functioning by September, 2009.

Item No.3 Unbanked blocks: It was reported that maximum number of unbanked blocks were in NE region, followed by Bihar. ED RBI stated that the RRBs are planning expansion plans and there is an effort to revamp Primary Agricultural Credit Society (PACS) who are stand alone and viable option to banks. Sufficient training is being given to functionaries. BC/BFs model is being reviewed and some of the RBI guidelines are also being revisited. Secretary (RD) pointed out that in Nagaland Village Development Council are functioning as financial intermediaries and the feedback on their performance is positive. A decision was taken to replicate this model but its progress is not known. ED RBI stated that 25 VDCs were invested in the first phase. Thereafter information was sought on the performance of 568 VDCs relating to rotation of funds. This information was not received from the banks. In Mizoram NABARD/SBI supported VDBs failed to take off. SBI eventually withdrew. They were invited to participate once again.

With regard to improving the banking infrastructure in NE region, participant from NABARD stated that RBI has come up with a new initiative for NE region whereby RBI would provide capital expenditure for establishing bank and 50% of revenue expenditure would also be met for

the first 5 years. JS (SGSY) requested that an outer time limit be laid down for covering of all blocks. It was decided that instructions would go to all banks from RBI about this initiative. Summing up, Secretary(RD) stated that a multi-pronged strategy would be required for Bihar and NE. More RRBs need to be established and PACS need to be revamped in these areas. Mizoram may like to pilot VDCs and NABARD may approach the Government of India for Financial Inclusion Fund. A joint team of NABARD, RBI and MoRD may be sent to Nagaland to see the functioning of VDCs. Laying down time frame for covering all blocks is a must. She also highlighted the fact that the banks were charging 2% service charge for operating NREGA beneficiaries' account and requested NABARD/RBI to examine the possibility of utilizing the financial inclusion fund for this purpose.

(Action: Ministry of Rural Development, RBI and NABARD)

Item No.4, Information on poor performing banks: The issue of transparency about poor performing branches was also raised. It was decided that list of poor performing branches would be prepared jointly by bank and the State Government and convener SLBC should send it to the MoRD for uploading it on Ministry's website. The well performing branches should also be recognized.

(All State Governments and concerned Public Sector Banks).

Item No.6: Review of performance of BFs/BCs : On being invited to express his views on BCs/BFs, Shri Vijay Mahajan expressed the view that main bottleneck in upscaling these models is their viability. As per RBI guidelines, BCs/BFs cannot be established within 30 kms of an existing branch and this acts as a deterrent. The technology platform is not standardized and most of the fee is taken away by service providers of technology. Due to these reasons, a BC in Delhi was also being closed

down. ED RBI stated that a high level committee is looking at these issues and invited suggestions from the participants.

Item No.7 Review of pendency of loan application

Item No.8 Issues related to NREGA wage payment:

The above items were not discussed as no action was pending.

Thereafter ATN in respect of Special Meeting of CLCC held on 5.12.2008 were taken up. Following is the gist of discussion held and decision taken:-

Item No.1: Finalization of format of funds

Item No.2: Training of new Directors of RSETIs

No discussion took place in respect of these items as no action was pending.

Item No.3: DDG NIRD reported that two meetings have been held between NIRD, BIRD and RUDSETI and resource material is being compiled.

4, 5 & 6 : These items did not come up for discussion as actions have already been taken.

3. The minutes of the 12th CLCC meeting held on 8th August, 2008 and the minutes of the special CLCC meeting held on 5th December, 2008 were confirmed.

Views of State Governments

Andhra Pradesh: It was reported that there are no issues of credit and SHGs are nurtured continuously. In Andhra the SHGs are federated up to Mandal level and seed capital fund is given to the VOs. Some best practices have emerged out of the federation model of A.P which they would be happy to share with NE states. If NABARD could fund the VOs directly, it would help their viability. NABARD indicated that they do not have any objection to the model provided it does not add to the cost of

final beneficiary. It was decided that NIRD would examine the issue and give its recommendations.

It was suggested that RSETIs should concentrate on micro-enterprise training at district level and basic training should be conducted at the village level by the successful SHG members themselves. The issue of banks compelling SHGs to take insurance products was taken up. RBI stated that banks need to diversify for its sustainability but they should generate awareness and not force products on SHGs. The representative of lead bank stated that insurance is not thrust on any SHG and clear instructions have been issued to the bankers. They are running 8 training institutes in Andhra.

(Action: NIRD)

Karnataka: Raised the issue of difficulty in obtaining second installment of loan. The first installment is paid out of Government subsidy and second one is rarely paid. Unless credit improves, the repayment would also suffer. They raised the issue of utilizing more than 10% on training. It was clarified that training component was 10% only on state level, within the state, it may vary from district to district. They also raised the issue of supporting more than 1 RSETI in a district, particularly in cases where they have been functioning for a long time. It was clarified that in the first phase only one RSETI in each district would be supported.

Gujarat: SHG Credit linkage is an area of concern. Lead Bank Sub-Committee is looking at lack of credit for micro-enterprise. The current credit is mostly microfinance i.e. for consumption purposes. It may be worthwhile to identify a lead SHG bank in each district and all SHGs will open account only with that bank. There is an exclusive SHG bank of Indian Bank in Khedia district.

Government of India had formulated a scheme for extending financial assistance at concessional rate of interest @ 4% to selected low

income groups for productive endeavours by public sector banks. This scheme is known differential rate of interest (DRI). Those Banks who have shortfall under this scheme can deposit the shortfall amount to create DRI fund on the lines of RIDF fund and SHGs can be made eligible for seeking loan from this fund. As regards RUDSETI, they should be at village level. Most of the funds are utilized for stay, food and transport of the trainees. If trainers go to villages, this could be avoided. Other stakeholders like FICCI, livelihood agencies should be involved in training and capacity building.

DENA bank stated that most of the RSETIs are functioning from hired premises. State Government has allotted land for only three RSETIs. There is a need for village level computerization program and IT enabled total financial inclusion. ED RBI stated that village level computer centers can be permitted as BCs if they are viable and sustainable on their own.

The issue of DRI for IAY houses was raised. It was stated that if DRI for 30 – 40 lakh IAY beneficiaries is taken into consideration, there is a ready market for Rs.8000 crore as loan.

Haryana : 5 training institutes are functioning in different district headquarters from rented premises. SLBC are held regularly. The Skill Development project of Dr. Reddy's lab is covering 4 districts. However, suitable instructions need to be issued for liaison with state government. JS (SGSY) sought information on how basic and micro-enterprise training is being conducted. PNB the lead bank stated that they would be opening three RSETIs this year and another 7 next year. BC/BF model is running in 34 pilots and it is too early to comment whether they are viable or not, although it is a fact that the fee fixed for them is too low.

Uttaranchal: The state has spent 7-10% on training and capacity building. Banks are not releasing 2nd installment to the SHGs, only subsidy is being

released. The matter has been raised in SLBC. All RSETIs are set up government land.

West Bengal: it was reported that cash credit of 4 times the corpus was not being given by the banks. Bankers need to be sensitized on SGSY. The state government meets the bankers regularly to emphasize on them the needs of SGSY. West Bengal has three tier capacity building structure, SHG resource person at GP level, district resource persons and banker resource persons at district level. Agricultural training is tied with ICAR. West Bengal is also following cluster approach for livelihood and 1/3rd GPs are already covered under it.

Since the issue of credit was raised repeatedly, it was suggested by JS(SGSY) that a system of monitoring needs to be developed. Out of the credit numbers, how much is first time credit and how much is second time needs to be reported. NABARD also stated that their study revealed lot of subsidy related deviations. They would be issuing circular on this soon. NABARD also suggested an informal system of contact with SHGs after giving loan. Not only has the credit amount gone down, the recovery has also gone down because of inadequate credit.

(Action: NABARD).

U.P: 22 RSETI proposals have been sent. Land is being identified. Besides RSETIs, 45 NGOs are involved in training and capacity building. Credit disbursement targets of some banks have not been met. Poor performing 26 branches have been identified. In 13 branches no application of SHG was entertained, which was brought to the notice of RBI.

(Action: RBI)

Rajasthan: Rajasthan stated that the credit target as laid down was considered as minimum by the state whereas the banks considered it their maximum. 26 RSETIs are set up in Rajasthan. It was the opinion of

Rajasthan Government that RSETIs should concentrate on self employment training. Central bank raised the issue of closure of Kota RSETI which was functioning from rented premises. The State Government agreed to look into the question of allotment of land for them urgently.

(Action: Government of Rajasthan)

Orissa: 14 mother NGOs have been identified who will train grassroot NGOs. Special projects by Dr. Reddy's foundation and ILFS are in progress. All SHG products are marketed through ORMAS, and big national and MNC chain. UCO bank reported setting up of 2 RSETIs. It was reported that State Bank of India was not very active in setting up of RSETIs in the region.

(Action: SBI and Government of Orissa).

Jharkhand: The question of setting up of RSETI by lead bank vs. non lead bank was again raised and it was clarified by JS (SGSY) that as per guidelines there is no bar on non lead banks to set up RSETI in a district. The matter needs to be resolved by SLBC.

Bihar: There are still 24 unbanked blocks in Bihar. It was requested that the concessions as given to NE states should also be extended to Bihar. There are 433 branches with zero lending under SGSY. The matter has been brought to the attention of RBI. Use of SMART card for NREGA work has been started. The state government was requested to allot land to Hazipur RSETI quickly.

(Action: RBI and Government of Bihar)

Arunachal Pradesh: The SGSY has failed in Arunachal Pradesh with no visible impact after 9 years of running. It is proposed to implement SGSY in a mission mode under the chairmanship of Chief Secretary. Before undertaking training, market survey for key activity will be taken up.

(Government of Arunachal Pradesh)

Punjab: Release of second dose of credit still a problem. SLBC meetings do not have adequate time to discuss problems of SGSY. It was decided that state government would ask the convener to give a special slot for discussion of SGSY activities during SLBC. 14 districts have been identified for setting up RSETIs. 6 proposals have been sent to NIRD.

(Action: Government of Punjab)

H.P: 187% achievement in Credit mobilization target has been reported. Dr, Reddy's foundation has trained 2500 youths and placed 1500 of those. One RSETI is functioning at Solan run by PNB.

Assam: Credit subsidy ratio is as low as 1:1.5. State is lagging in setting up of RSETIs. 27 RSETIs are to be established. They will run in Government premises.

(Action: Government of Assam)

Mizoram and Nagaland: RUDSETIs to be set up in 4 districts of Mizoram. The reach of Banking network is limited in Nagaland. Loan being given by bank is even less than the subsidy.

Lakshdweep: There is no proposal to set up RSETI. Beneficiaries are limited and 75% of beneficiaries have already been assisted.

Manipur: RSETIs are proposed to be established in two districts. Viability and security are two concerns.

(Action: Government of Manipur)

Sikkim: Banking facility is available only in capital. It is a hilly area and banks are far away.

Pondicherry: Only one DRDA is functioning for Pondicherry and Karaikkal . One RSETI is proposed to be established.

(Action: Government of Pondicherry)

Other issues

SBI was asked to respond to the complaint of NE states about lack of adequate number of branches in the region. It was stated that SBI is

having massive expansion plans and more branches will be set up in the times to come.

Summing up the proceedings, DG, CAPART stated that fast changes are happening in the economy. There is a need for the organized sector to go to unorganized sector to establish a supply chain. The issues regarding second dose funding for SHGs, standardization of delivery outcome were particularly flagged by him.

The meeting ended with a vote of thanks to the chair.

Annexure-I

List of Participants of 13th CLCC Meeting held on 4th June, 2009 at Lecture Hall, ICAR at NASC Complex, PUSA, Dev Prakash Shastri Marg, New Delhi.

| Sr. No. | Name & Designation | State / Organization |
|--|---|-------------------------------|
| Representatives from Government of India- MoRD | | |
| 1 | Dr. Rita Sharma, Secretary (RD) | Ministry of Rural Development |
| 2 | Dr. Amar Singh, Joint Secretary, SGSY | Ministry of Rural Development |
| 3 | Smt. Nilam Sawhney, Joint Secretary (RH) | Ministry of Rural Development |
| 4 | Shri Jagdish Singh, Director (DRDA) | Ministry of Rural Development |
| 5 | Shri Amarjit Banga, Director, (Special Project) | Ministry of Rural Development |
| 6 | Smt. V.R. Sharma, Director (Marketing) | Ministry of Rural Development |
| 7 | Smt. Nita Kejrewal, Deputy Secretary, SGSY | Ministry of Rural Development |
| 8 | Shri Sudhir Shyam, Deputy Secretary, SGSY-Credit/ Trg | Ministry of Rural Development |
| 9 | Ms. Renuka Kumar, Under Secretary-SGSY | Ministry of Rural Development |
| 10 | Shri Govind Sharma, Research Officer, SGSY-Credit | Ministry of Rural Development |
| 11 | Shri Sandeep Sharma, Asstt. Director, SGSY | Ministry of Rural Development |
| 12 | Shri S.K. Mohapatra, Section Officer, SGSY | Ministry of Rural Development |
| Representatives from Other Central Ministries-Gol | | |
| 13 | Shri T.V. Bhavadas, Director | Planning Commission |
| 14 | Shri G. Narayan, Director | MOS& PI |
| 15 | Shri Anshuman Dey, Deputy Secretary | MSME |
| 16 | Shri Santosh, Deputy Secretary | Tribal Affairs |
| 17 | Shri Chhan Jha, Director (PC) | Agriculture & Coop. |
| Representatives from State Government | | |
| 18 | Shri Vijoy Praksh, Principal Secretary, RD | Bihar |
| 19 | Shri P.C. Lawnkunga, Principal Secretary RD | Manipur |
| 20 | Shri P. Ravi Kumar, Secretary, RD | Karnataka |
| 21 | Shri J.S. Sandhu, Financial Commissioner, RD | Punjab |
| 22 | Shri D.C. Sahoo, Secretary (RD) | Puducherry |
| 23 | Dr. D.K. Srivastava, Special Secretary(RD), | Jharkhand |
| 24 | Shri D. Ghosh, Special secretary P& RD | West Bengal |

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|-----------------------------------|--|--------------------------|
| 25 | Shri Vinod R. Rao, Addl. Commissioner, RD | Gujarat |
| 26 | Shri S. Dinesh, Addl. Commissioner, RD | Kerala |
| 27 | Shri Vishal Rai, Addl. Commissioner, RD | Uttar Pradesh |
| 28 | Shri Bhuban Ch. Bora, Joint Secretary | Assam |
| 29 | Smt. N.G. Sonowal, Jt. Director, P &RD | Assam |
| 30 | Shri B. N. Das, Executive Director, ORMAS | Orissa |
| 31 | Ms. N.B. Doye, Dy. Director | Arunachal Pradesh |
| 32 | Shri P.R. Poudyal, Proj Director | Sikkim |
| 33 | Shri E. Haque, Deputy Secretary | Jharkhand |
| 34 | Shri A. Sahay, Regional Manager, Jharcraft | Jharkhand |
| 35 | Shri Sudhir Kr. Singh, PO | Jharkhand |
| 36 | Shri Zile Singh Sheokand, Consultant, RD | Haryana |
| 37 | Shri Rajendra Singh, RD Deptt. | Madhya Pradesh |
| 38 | Shri C. Puro, RD Deptt. | --- |
| 39 | Shri David Lalthantluanga | Mizoram |
| 40 | Shri O.P. Kant, Joint Secretary, RD, | Himachal Pradesh |
| 41 | Shri M.C. Muthci Koya, Director, RD | Lakshdweep |
| 42 | Shri Pankaj , RD & DS, RDD | Rajasthan |
| 43 | Shri S. N. Sharma, Sr. Addl. Director Industries | Rajasthan |
| 44 | Shri S.C. Sharma, OSD, RD | Uttarakhand |
| 45 | Shri R.C. Todadev, ARC | Tripura |
| Representatives from Banks | | |
| 46 | Shri K. G. Karmakar, Managing Director | NABARD, Mumbai |
| 47 | Shri V.K. Sharma, Executive Director, RBI | RBI Mumbai |
| 48 | Shri V. Jeevan Prakash Sheety, Chief Manager | Vijaya Bank |
| 49 | Shri Girish sethi, AM | Vijaya Bank |
| 50 | Shri G. S. Rawat, DGM | State Bank India, Mumbai |
| 51 | Shri R.P. Monakeshwal, Chief Manager | State Bank India, Mumbai |
| 52 | Shri K. Rajendran | Bank of India, New Delhi |
| 53 | Shri A.K. Tangri, GM | OBC, New Delhi |
| 54 | Shri Anandi Lal, GM | Dena Bank |
| 55 | Shri Balbir Chand, DGM | Canara Bank |
| 56 | Mohd. Abdul Wahid, AGM | United Bank of India |
| 57 | G.Banerjee, GM | PNB |
| 58 | Shri H.R. Dave, GM | NABARD |
| 59 | Shri J.K. Garg | Corporation Bank |
| 60 | Shri T. K. Dytta, AGM | Bank of Maharashtra |
| 61 | Shri S. N. Mishra, GM | IOB, Chennai |
| 62 | Shri K. Srihari, AGM | Andhra Bank, ND |
| 63 | Shri B.S. Satyarthi, Sr. Manager | Syndicate Bank |
| 64 | Shri Malay Mukderjee | Indian Bank, ND |
| 65 | Shri Ravi Kumar, GM | Punjab & Sindh Bank |
| 66 | Shri A.J. Patel, DGM | UCO Bank |
| 67 | Shri K. Nandkumar, AGM | Allahabad Bank |
| 68 | Shri G.C. Sharma | Bank of Baroda |
| 69 | Shri Lalu Ram Ghosaliya, AGM | OBC, ND |
| 70 | Shri S.L. Dhikhole, DGM, | Union Bank, Mumbai |
| 71 | Shri A.P. Dwivedi, DGM | CBI, ND |
| 72 | Shri R.R. Singh, Chief Officer | CBI |
| 73 | Shri Shivanna. S. | Punjab & Sindh Bank, ND |

| Representatives from CAPART, NIRD, BIRD & RUDSETI | | |
|--|--|-------------------------------|
| 74 | Shri Mohd. Haleem Khan, Duiirector General | CAPART, New Delhi |
| 75 | Shri K.N. Kumar, DDG | NIRD, Hyderabad |
| 76 | Shri K. N. Janardhana, Executive Director | RUDSETI, Ujire |
| 77 | Shri Dr. J.S.Kalra, AGM | BIRD, Lucknow |
| | NGOs | |
| 78 | Shri Vijay Mahajan | BASIX, Hyderabad |
| 79 | Shri A. Gurnathan, DHAN | Dhan Foundations, Madurai, TN |
