

ANNEXURE – 7.55

(1) SUSTAINABLE LIVESTOCK DEVELOPMENT THROUGH BUFFALO AND COW MIXED FARMING

Total project cost	= Rs 22.5 crore
Subsidy	= Rs 9 crore
Bank Loan	= Rs 13.5 crore

This project proposes to provide 900 units of 2 she buffaloes and 3 cows

Objectives

- Induct 900 units of 2 buffaloes and 3 cows
- Add 1800 buffalos and 2700 cows to the state's population
- Increase milk production
- Address food security
- Widen gene pool of the state

Area of Implementation

Selected panchayats of Trivandrum, Ernakulam, Alappuzha, Palakkad and Thrissur

Beneficiaries

900 farmers who are engaged in cow/buffalo rearing.

Farmers possessing 10 cents of land own or on lease for fodder cultivation.

Subsidy

Subsidy 40% [1 lakh per unit/farmer]

Mode of Implementation

Selection of the panchayat of the district by the District officer

Selection committee consisting of Convenor Local Veterinary Surgeon, Chairmen President of the LSGI, Standing Committee Chairman, two representatives of LSGI and one elite farmer will select the beneficiaries from the applicants.

Selection of Bank for Assistance to the beneficiary by the local Senior Veterinary/Veterinary Surgeon and the District Animal Husbandry Officer will ensure the sanctioning of loans by the bank.

The farmer will renovate his cattle shed to accommodate new animals and will start fodder cultivation.

District level purchase committee for the purchase of cows and buffalos for the entire District level committee will consist of Deputy Director, 2 Senior/Veterinary Surgeons, 2 Livestock Inspectors, farmer representatives and Bank Representative.

The representatives deputed by the Purchase committee will effect the purchase from outside state.

Economics

Sl. No.	Particulars	Total in Rs
1	Cost of 2 Buffaloes + 3 cows [cow@30000 & buffalo @50000]	190000
2	Transportation	10000
3	Cost for shed maintenance	25000
4	Insurance	10000 (Under existing scheme)
5	Cattle feed	15000
Total		250000
Subsidy per unit		100000
Bank loan per unit		150000
Total units		900
Total subsidy for 900 units		9,00,00,000
Total bank loan required for 900 units		13,50,00,000
Total project cost		22,50,00,000

Subsidy = Rs 9 crore
Bank Loan = Rs 13.5 crore
Total project cost = Rs 22.5 crore

(2) STRENGTHENING OF DEMONSTRATION UNITS OF IDEAL FARMERS

Total project cost	= Rs 15 crore
Subsidy	= Rs 5 crore
Bank loan	= Rs 10 crore

Objectives

1. To strengthen 500 dairy farms of ideal farmers in the state.
2. To convert the ideal farms into demonstration units to motivate farmers and new entrepreneurs to adopt better cattle management practices.
3. To augment milk production in the state
4. To promote hygienic practices in clean milk production

Beneficiaries

500 ideal dairy farmers possessing more than 10 animals

Subsidy

Subsidy @ 33.33% (1 lakh rupees)

Mode of implementation

1. The selection of beneficiaries will be done by the selection committee by observing the selection norms.
2. Selected beneficiary will be given orientation training on dairy farming.
3. Arrangement of bank loans with financial institutions
4. Release of subsidy to the concerned financial institutions.
5. Stagewise completion of the activities and release of funds.
6. Monitoring and evaluation of activities.

Project Components

Renovation of basic infrastructure (cattle shed and feed store)

Mechanization of various farm activities

Fodder cultivation

Clean milk production

Health Care

Waste disposal

Rain water harvesting

ECONOMICS (Unit cost for 10 animals unit)

No.	Components	Amount(Rs)
Renovation of basic infrastructure		
1	Renovation of cattle shed and construction of feed store @Rs 100/sqft (65sqft x 10animals x Rs.100) + Rs.5000(store)	70,000
2	Rubber mat@Rs.2000/animal (Rs.2000 x 10)	20,000
3	Automatic drinker@Rs.500/animal(Rs.500 x10)	5,000
4	Hand shower with .5 hp motor (Rs.4000/10animals)	4,000
5	Wheel Barrow -1no:	3,500
6	Dung scraper -1no:	500
7	Fan-5nos (Rs.2000 x 5)	10,000
Fodder cultivation		
8	Seed, labour, fertilizer	20,000
9	Chaff Cutter	5,000
10	Sprinkler	10,000
11	Pump	10,000
12	Well construction	20,000
13	Water Tank	5,000
Clean Milk Production		
14	Milking Machine	52,000
15	Milk Cans	4,000
16	Packing Machine	1,500
17	Mastitis Kit	500
18	Teat spray	1,000
19	Accessories for labours	1,800
Health Care		
20	First Aid with display board	2,000
21	Boot dip	1,200
Waste disposal		
22	Biogas Plant	18,000
23	Slurry pump	20,000
24	Vermi-compost	5,000
Rain water harvesting		
25	Ferro cement tank	10,000
Total		3,00,000

Subsidy for one unit = Rs 1 lakh
Bank loan for one unit = Rs 2 lakh
Total for one unit = Rs 3 lakh

Subsidy for 500 units = Rs 5 crore
Bank loan for 500 units = Rs 10 crore
Total for 500 units = Rs 15 crore

ANNEXURE – 7.56

Project Report for starting “Poultry Production Unit” under Special Package for Distress and Suicide Prone Districts of Palakkad, Wayanad and Kasargod (Vidharba Model Package)

Introduction

Poultry egg and meat are important source of high quality protein, minerals and vitamins to balance the human diet. Specially developed breeds for egg type are now available with ability for quick growth and high feed conversion efficiency to produce more eggs. Layer farming under semi intensive system will provide subsidy income to poor farmers especially women in distress prone district of Palakkad, Wayanad and Kasargod under Vidharba package Scheme of Govt. of India

Objectives

1. To reduce the incidence of suicide, by providing a sustainable subsidiary income to farmers
2. To generate rural employment for women in distress prone families .
3. To help the rural poor to improve their standard of living
4. To strengthen semi intensive poultry keeping – comparatively cheapest system to produce birds and to produce eggs

Beneficiaries

20,000 beneficiaries of economically weaker sections in all Grama Panchayaths of Palakkad, Wayanad and Kasargod Districts.

Selection

Selection of beneficiaries is based on prescribed criteria by the selection committee consisting of Panchayath President, Veterinary Surgeon, and a representative of KSPDC. Local Veterinary Surgeon will be the convener of the committee.

Seniority list of beneficiaries will be published at the notice board of Veterinary Institution & Panchayath office.

Implementation

Implementing agency of this scheme is Kerala State Poultry Development Corporation. The scheme will be implemented by the local Veterinary Surgeons with the help of Panchayath and KSPDC. One day training in “Poultry keeping” will be imparted to the selected beneficiaries. The period of the scheme will be 3 years

Selected beneficiaries have to construct a semi permanent night shelter at a measurement of 50Sq.ft with locally available materials at their expense and a fenced enclosure with a minimum area of 150Sq.ft for keeping the birds during daytime.

Loans will be made available from banks of respective service areas.

Pullet chicks aged 45 days will be supplied by the KSPDC from its integration farms along with poultry feed and medicines. Supply of chicks, feed etc for the second phase will be arranged after one and a half years

Technical guidance and veterinary aids will be provided by the local Veterinary Surgeon.

Technical Feasibility

The project is technically feasible. Inputs such as pullets, feed and medicines will be supplied by KSPDC. Services of local Veterinary Surgeons of Animal Husbandry Department and experts of KSPDC are available. There is good demand for poultry egg, meat and organic manure in the local markets Economic feasibility and financial viability, project cost, project operation and project fund requirements are estimated.

Project Details

PHASE - I

1. Cost of night shelter 50sq.ft (50sq.ft X Rs.70)	Rs.3, 500/-
2. Cost of 50 pullet Chicks aged 45days @Rs 60/- per bird	Rs 3,000/-
3. Cost of 145 kg Poultry Feed @ Rs 18/- per Kg	Rs 2,610/-
4. Veterinary aids	Rs 150/-
5. Training Expenses	Rs 100/-
6. Implementation charges	Rs 100/-
Total	Rs.9, 460/-

PHASE -II

1. Cost of 50 birds @ Rs 60/- per bird	Rs 3,000/-
2. Cost of 145 kg Poultry feed @ Rs 18/- per Kg	Rs 2,610/-
3. Veterinary aids	Rs 150/-
4. Implementation charges	Rs 100/-
Total	Rs 5,860/-
Grand Total (Phase I & II)	Rs.15, 320/-

Income/ Unit

1. Sale of 18000 eggs @Rs3/-per egg(180eggs/bird/year)	Rs 54,000/-
2. Sale of Spent Birds @ Rs 50 /- per Kg for 200Kg (100 X 2Kg X Rs 50/-)	Rs 10,000/-
3. Sale of Manure	Rs 1,000/-
Total Income	Rs 65,000/-
Recurring Expenditure	Rs 11,820/-
Gross Profit	(Rs.65, 000-11,820) = Rs 53,180/-

The loan with interest can be easily re-paid out of the gross profit of Rs.53, 180/-
The farmer can continue the activity with the surplus in gross profit.

Economic Details in Rupees

Project	Shelter	bird	Feed	Veterinary Aid	Training	Implementation Expense	Total (Rs.)
PHASE I	3,500	3,000	2,610	150	100	100	9,460/-
PHASE II	-	3,000	2,610	150	Nil	100	5,860/-
TOTAL	3,500	6,000	5,220	300	100	200	15,320/-

Beneficiary contribution**Rs.3, 500/-****Central Assistance****Rs.5, 200/-****Bank loan****Rs.6, 620/-****Total Expenditure****Rs.15, 320/-**

Total Bank Loan Requirement is Rs.6620/-, which will be repaid in 30 equal monthly installments from seventh month onwards Central assistance of Rs 5200/- will be disbursed to the concerned bank on commencement of the scheme, which will be adjusted in beneficiaries account during second phase of the scheme

Monitoring

The scheme will be monitored quarterly by the committee consisting of **District Animal Husbandry Officer**, representative of **KSPDC** and **Lead Bank Manager**. **District Animal Husbandry officer will be the convener of the committee.**

Conclusion

The proposed Layer farm is financially viable as it generates sufficient income to re-pay the entire loan as well as to meet the recurring expenditure in the coming years to continue the activity profitably.

ANNEXURE – 7.57

Coffee Debt Relief Package - 2010

The package has following parameters

1. Small Growers

(i) Pre 2002 loans – Special Coffee Term Loans (SCTL)

Waiver of 50% of the total liability subject to a maximum benefit of Rs. 5 lakhs per farmer to be borne by Government of India. An additional 25% shall be waived by the banks and balance shall be rescheduled.

(ii) Crop Loans

20% waiver of liability with 10% each being borne by Government of India and banks respectively, subject to a maximum benefit of Rs. 1 lakhs per farmer.

(iii) Post 2002 Term Loans

Waiver of 10% of the total liability subject to a maximum benefit of Rs. 1 lakh to be borne by the Government of India.

2. The medium and large farmers shall also be eligible under the scheme for rescheduling of the loans.

3. The package shall be subject to the following conditions :

(i) The package shall apply to all outstanding amounts as on 30th June 2009.

(ii) Pre 2002 loans include all Special Coffee Term Loans (SCTL) created in 2002 after restructuring and consolidating all the earlier loans of the coffee growers, accounts of that period categorised as NPAs, or Accounts under Collection (AUCL) or referred to DRT.

(iii) In case of all NPAs, AUCL and DRT accounts, the waiver shall be applied only on the amounts outstanding at the time of change of status, while any penalties and interest loaded by the banks after the change of status to be absorbed by the banks.

(iv) In case of crop loans, for purpose of determining the amount of waiver, the liability of the grower shall be subjected to the limit of Rs. 62500 per hectare

4. The package shall also exclude the following loans :
 - (i) All loans taken for purchase of estates or any other land loans taken for retiring the interest of the partners in the estate, car loans and housing loans of more than Rs. 10 lakhs.
 - (ii) Loans taken by the coffee planters for unrelated purposes like Rubber plantations, Coconut plantations, Paddy cultivation, Ginger cultivation, and Business loans etc. but classified by the banks as coffee loans.
5. The mode of implementation of the package shall be as follows :
 - (i) Government would release the Government share of the liability to the Coffee Board.
 - (ii) The banks will first give benefit of the waiver to the accounts of the growers and claim the same from the Coffee Board.
 - (iii) Coffee Board would scrutinise the claims of the banks and reimburse the amounts.
6. There shall be constituted a Monitoring Committee, under the Chairmanship of Additional Secretary (Plantations), Department of Commerce, consisting of following members :
 - (i) Joint Secretary, Department of Financial Services
 - (ii) Chairman, Coffee Board
 - (iii) Convenor, State Lever Bankers Committee (Karnataka)
- 6.1. The Committee shall monitor the implementation of the scheme and also resolve the doubts or remove the difficulties arising out of the implementation of the scheme.
7. The issues with the concurrence of Internal Finance Division, Department of Commerce vide Dy.No.2383/FD/10 dated 14.06.2010.

Coffee Board,
Bangalore

Ref. No. C.Cell/CDRP/2010-11/51

Date: 26th July, 2010

To

The Convener,
SLBC, General Manager,
Circle Office,
Canara Bank,
TRIVANDRUM 695 001.

Dear Sir,

- Sub: Implementation of Coffee Debt Relief Package – 2010 – Claim of Government share of Coffee Debt Relief liability – forwardal of prescribed formats - regarding.
- Ref: 1. Order. No. 4 / 3 / 2008-Plant (B) dated 14th June 2010 of Ministry of Commerce and Industry, Department of Commerce, Govt. of India, New Delhi.
2. This Office Letter No. CCell/CDRP-2010/2010-11/40 dated 12th July 2010.

Kind attention is invited to the references cited above.

Government of India has communicated sanction for implementation of Coffee Debt Relief Package - 2010 for the debt ridden small coffee growers with a total implication of Rs. 241.33 crores vide order cited in ref.1 above.

The copy of the package has already been sent to you vide this office letter cited in ref.2 above with a request to initiate all necessary actions that facilitate an expeditious implementation of the package including taking the package before State Level Bankers Committee (SLBC).

In continuation of the above and in order to claim the reimbursement of Government share of Coffee Debt Relief Liability under various categories of loans from the Board, the prescribed formats as detailed under are forwarding herewith for further needful at your end.

1. Undertaking / Declaration (To be submitted by the beneficiary)
2. Proforma – I To claim Govt. share of coffee debt relief liability for Pre-2002 loans (SCTL)
3. Proforma – II To claim Govt. share of coffee debt relief liability for Crop Loans.
4. Proforma – III To claim Govt. share of coffee debt relief liability for Post 2002 Term Loan

Further to the above, the Utilization Certificate for the amounts released must be furnished by the Banks at the earliest.

Once again we request your co-operation and all-out efforts for speedy implementation of the Coffee Debt relief package – 2010.

Yours faithfully,

Encl: As above.

DIRECTOR OF FINANCE

UNDERTAKING / DECLARATION
(To be submitted by the Beneficiary)

I, ----- son / daughter / wife of ----- residing at -----
village ----- post ----- taluk ----- district in the state of ----- solemnly
declare that;

- a) I am a small coffee grower owning an area of --- Ha under coffee,
b) I have availed the Term loans / Crop loans from the Banks / financial institutions as
detailed below:

Sl. No.	Name & address of the Bank	Type of loan	A/C No.	Benefited area in Ha	Outstanding liability as on 30.06.2009 in Rs.
Pre-2002 Term Loans (SCTL)					
1.					
2					
Post 2002 Term Loans					
1					
2					
Crop Loans					
1					
2					

- c) I have not availed any loans from any other banks / financial institutions for the said
area other than the loans as indicated above nor I have claimed for similar benefits in
this regard.
d) I prefer the benefits under the Coffee Debt Relief Package from - - - - Bank in
accordance with the stipulated norms and conditions.
e) Further undertake that any benefit obtained under the CDRP is liable to be reversed if
any of the claims / details are found incorrect at a later date.
f) My Permanent Account Number (PAN) is ----- / Voter's ID No. is -----
--- / Driving Licence No. is -----

Place:

Date :

Signature of the Grower
(with name and address in capital letters)

Note: Size of holding of small coffee grower is up to 10 Ha only

PROFORMA - I

PROFORMA TO CLAIM GOVERNMENT SHARE OF COFFEE DEBT RELIEF LIABILITY FOR PRE-2002 TERM LOANS (SCTL)

Name of the Bank:

Branch:
IFSC Code:

District: State:

SL. No.	Name of the Grower	PAN or other unique ID*	Loan A/c No.	Size of holding in Ha (< 10 Ha)	Outstanding liability as on 30.06.2009 in Rs.			Govt. share of Coffee Debt Relief Liability @ 50% of loan in Rs. (Not exceeding Rs. 5 lakhs)
					Principal	Interest	Total	

* Like Driving License No. / Voter's ID No.

Note: The size of holding of small coffee grower is up to 10 Ha only

C E R T I F I C A T E

Certified that the claims made in respect of - - - - - growers and as detailed above for reimbursement of 50% of Government share of debt relief liability for Pre-2002 Term Loans (SCTL) is as per the eligibility norms and conditions, exclusions as defined under the Coffee Debt Relief Package – 2010. The due benefit has been extended to respective account.

It is also certified that the extent of holding of each grower is based on the documents submitted by the grower to the Bank while availing the loans.

Place:

Date :

Signature of Bank Manager

with seal.

PROFORMA - II

PROFORMA TO CLAIM GOVERNMENT SHARE OF COFFEE DEBT RELIEF LIABILITY FOR CROP LOANS

Name of the Bank:

Branch:
IFSC Code:

District: State:

Sl. No	Name of the Grower	PAN or other unique ID*	Loan A/c No	Size of holding in Ha	Outstanding dues as on 30.06.2009 in Rs.			Govt. share of Coffee Debt Relief Liability @10% of loan in Rs. (Not exceeding Rs. 50,000/-)
					Principal	Interest	Total	

* Like Driving License No. / Voter's ID No.

Note: The size of holding of small coffee grower is up to 10 Ha only

C E R T I F I C A T E

Certified that the claims made in respect of - - - - - growers and as detailed above for reimbursement of 10% of Government share of debt relief liability for Crop Loans is as per the eligibility norms and conditions, exclusions under the Coffee Debt Relief Package – 2010. Calculated at Rs.62, 500/- per Ha (as per clause 3(IV) of CDRP 2010). The due benefit has been extended to respective account.

It is also certified that the extent of holding of each grower is based on the documents submitted by the grower to the Bank while availing the loans.

Place:

Date :

Signature of Bank Manager

with seal

PROFORMA - III

PROFORMA TO CLAIM GOVERNMENT SHARE OF COFFEE DEBT RELIEF LIABILITY FOR POST-2002 TERM LOANS

Name of the Bank:

Branch:
IFSC Code:

District: State:

Sl. No	Name of the Grower	PAN or other unique ID*	Loan A/c No	Size of holding in Ha	Outstanding liability as on 30.06.2009 in Rs.			Govt. share of Coffee Debt Relief Liability @ 10% of loan in Rs. (Not exceeding Rs. 1 lakh)
					Principal	Interest	Total	

* Like Driving License No. / Voter's ID No.

C E R T I F I C A T E

Certified that the claims made in respect of - - - - - growers and as detailed above for reimbursement of 10% of Government share of debt relief liability for Post-2002 Term Loans is as per the eligibility norms and conditions, exclusions under the Coffee Debt Relief Package – 2010.

It is also certified that the extent of holding of each grower is based on the documents submitted by the grower to the Bank while availing the loans.

Place:

Date :

Signature of Bank Manager

with seal

ANNEXURE – 7.58

Norms for Energy Marts

1 Objectives

The Energy Mart shall be an enterprise of unemployed skilled youth at the Block, Municipality or Corporation level marketing Renewable Energy and Demand Side Management products and services (NRE in short). A list of the NRE products and services likely to be covered are annexed. The Energy Marts shall be a joint initiative of local governments and the Agency for Non- Conventional Energy and Rural Technology (ANERT) and the Total Energy Security Mission (TESM). Efforts would be made to channelise products and services required by local governments and the local community through these marts. Subsidy schemes of MNRE, TESSM and Local governments would be also channelised.

2 Norms for Enterprises

I. Type

- Individual or Group Enterprise
- Group Enterprise shall have a maximum of five persons
- Existing enterprises like petrol pumps, electric shops, outlets handling building materials except cement stockiest shall be considered, subject to their experience in retailing products to end consumers and construction intermediaries and provided that the NRE products and services shall be prominently showcased in and identifiable measures in marketing and promoting such products are undertaken.
- Norms for Akshaya Urja Shops of the Ministry of New and Renewable Energy shall be adhered to for all the above categories.
- Women entrepreneurs and entrepreneurs from socially and economically backward categories would be preferred all other factors being equal.

II. Qualification and Skills

- Minimum Education qualifications shall be pre-degree or equivalent.

III. Registration of probable Entrepreneurs

- It shall be incumbent on the Block Panchayats to identify suitable entrepreneurs from whom final selection shall be made. For this the Block panchayats shall give wide publicity of the opportunity and open a special registration counter under the direct supervision of the Block Panchayat Secretary. All the registered applicants shall be called for a briefing session and the role and responsibility of the Entrepreneur shall be explained in detail. A short list of five times the number of enterprises proposed in the Block (five to start with) shall be forwarded by the Block Panchayats. The number of enterprises shall be as follows.

- o 2009-10:38 enterprises on first come first serve basis in Blocks, Municipalities and Corporations.
- o 2010-11: 76 enterprises in Blocks, Municipalities and Corporations
- o 2011-12 : in all remaining locations one in each one of the Blocks, Municipalities and Corporations

IV. Selection of Entrepreneurs

- Entrepreneur selection shall be done by a committee constituted by the Government headed by the District Plan Committee Chairperson and involving the representatives of the lead bank, General Manager, District Industries Centre, Assistant Development Commissioner and the District Planning Officer. Detailed norms for selection of entrepreneurs shall be submitted separately. While selecting the entrepreneur for a particular local government the concerned Block Panchayat president, Municipal Chairperson and Mayor of the Corporation shall be co-opted as an invited member of the selection Committee.

V. Capacity building

- It will be mandatory for the selected entrepreneurs to undergo a three day capacity building workshop will be separately organised by ANERT-TESM. The Capacity building shall cover general orientation on NRE products and services as well as aspects of business development.

VI. Planning of activities

- The identified enterprise would need an institutional arrangement with one or more Kudumbasree labour bank units who will be identified by the District Mission Co-ordinator, Kudumbasree in consultation with the Block Panchayat president, Municipal Chairperson and Mayor. The members of the labour bank positioned in units of five based on a demand assessment, referred to as Green Energy Corps (GEC) shall have basic masonry skills, which shall be upgraded to handle installation and repair of improved chulhas, and biogas plants to start with.

VII. Technology Support

- Technology support shall be provided by ANERT-TESM at two levels, the Kudumbasree units identified as above shall be provided with detailed training of 10 days in their area of operation. At the second level, technical personnel with experience and aptitude in the repair and maintenance of renewable energy installations shall be given specialised training by ANERT-TESM.
- Making available products on a regular basis, keeping lead times very low shall be a very important back end support provided. This shall be done through the Electronic Market place programme of ANERT-TESM.
- Design and customisation support shall be provided through a need base back end consultancy service offered by ANERT initially on a complementary basis and later on a paid basis.

VIII. Marketing Support

- Popularisation of the scheme and extensive coverage shall be the responsibility of the Block panchayat concerned. For this the machinery available with the block Panchayat including the Integrated Child Development Scheme Anganawadi network and National Savings Certificate Agents etc would be imaginatively leveraged. Block Panchayat Presidents shall identify the above personnel roughly equaling the number of Panchayats in their jurisdiction and the Identified Marketing Agents (IMA) shall be given a marketing orientation by ANERT-TESM. The IMA shall be entitled to a marketing incentive of 5-10% of the value of orders canvassed depending on the type of products.
- Schemes shall be worked out under TESM, jointly with the Ministry of New and Renewable Energy and independently through banks, targeting consumer groups through a bouquet of loan-linked schemes for commissioning NRE devices.
- Continuous orientation of the marketing team shall be organised through electronic means.

3 Investment Pattern

A space of minimum 400 Sq.ft in a commercial area provided with a standard branded display facio and showcase, computer, telephone, broadband internet connection and a trained person to handle the front office would be required. The operational expenses would be around Rs.20000-40000 per month. The working capital requirement would be approximately Rs 150000-Rs 200000 assuming a turnover of minimum of Rs 50000-Rs 75000 per month.

4 Scope of Activity

The enterprise shall undertake the following activities:

- I. Installation of chulhas through GEC.
- II. Installation of biogas plants through GEC.
- III. Commissioning of NRE products.
- IV. Undertaking NRE services.
- V. Sale of the off the shelf products.
- VI. Repair and maintenance of existing installations.

5 Loan

A soft loan of Rs 2,00,000 to Rs 5,00,000 would be required for the enterprise. A seed money of around Rs 250000 would be provided under the scheme as support for preparing Detailed Project Report, Vendor linkages, Electronic Market Place, Training, Institutional linkages, Marketing incentive, technology Support and Insurance Cover. The vendor's contribution could be Rs 100000 to Rs 200000.

6 Insurance Cover

Insurance cover would be provided for the entire stock of products against fire, theft and performance guarantee etc.

7 Security Norms

Collateral value of five times the value of the loan, would be required for mobilising the loan.

NRE Products and Services to be handled by Akshaya Urja Suraksha Mart

- 1 Solar photovoltaic installations including home lighting systems, solar lantern, solar power pack, solar street lights etc.
- 2 Solar thermal systems including solar cooker, solar drier, steam cooker, solar water heater etc
- 3 Biomass systems like community chulha, fixed chulha, portable chulha, biogas plants both fixed and portable, gasifier etc.
- 4 Biofuel based systems and waste conversion systems
- 5 Small wind aero generators and hybrid systems
- 6 Efficient lighting systems including lighting controls, LED, CFL, Induction lamps etc.
- 7 Energy efficiency gadgets like hotbox, electronic ballasts, On –Off controls etc.
- 8 Repair and maintenance of devices and systems
- 9 Installation of all the devices and systems listed above.

Viability Statement of Energy Mart

An analysis of commercial viability by breakeven point

The following assumptions are made;

1. Basic stock to be maintained for one month's sale (approximately 50% of items as shown in annexure)
Tentative valuables – 3, 45,000/-
2. Fixed Expenses
Assumed that entire fixed capital will be utilized for setting up shop , display and other related aspects – Rs. 2,50,000/-
3. An overall profit of 15% on cost is assumed
Material cost – Rs. 3,45,000/-
Add 15 % anticipated profit - Rs. 51,750/-
Sales value per month Rs. 3,96,750/-
4. Operational cost (approximate) inclusive of salaries / electricity/ insurance and interest for borrowed capital (Rs. 2,00,000/- @ 10%) – Rs. 30,000/-
5. Break even is calculated as

BEP = fixed cost/Sales – Variable cost

BEP is worked out as follows:

Fixed cost – Rs. 2.5 Lakhs

Annual sales (Rs.3,96,750/- x 12) - Rs. 47.61 Lakhs

Variable cost = Materials cost (for one year) + operational cost

= (3.45 x 12) 41.40 + 0.30 = 41.70

BEP = fixed cost/Sales – Variable cost

= 2.50/47.61-41.70 = 250/5.91 = 42 %

ie. In order to achieve a NO LOSS NO PROFIT point 42 % of yearly sales to be achieved

$$47.61 \times 42 / 100 = \text{Rs. } 19,99,620/-$$

Per month sales $19.99/12 = \text{Rs. } 1.66$ lakhs

Each unit may have to achieve a sale of 1.66 lakhs per month or must be able to sell off 50% of stock to attain a no loss no profit point.

It must also be noted that a sale of 2.45 lakhs per month would ensure a profit of Rs. 36,000/- to Rs. 40,000/- which would be adequate enough to pay off interest and loan and meet operational expenses.

The profit in reality would be still higher as the margins of certain items are capable of giving a higher profit margin.

The stock of materials needs a reworking considering the probable off take. This may need demand estimation.

Annexure

Sl. No.	List of Items	Numbers	Numbers
1	Solar Lantern (LED based – 5 W)	10	10
2	Study Light	100	30
3	Solar Street Lights – 9W with panel and battery	1	1
4	Solar Street Lights – 18W with panel and battery	1	1
5	Solar Home Lighting System – Handling 1W, 2W and 3W lamps together	10	10
6	Solar Water Heater – 100 Litres	10	1 ETC and 1 FPC
7	Solar Water Heater – 100 Litres	5	1 ETC and 1 FPC
8	LED main lamps	100	50
9	CFL high power factor – 18 W	50	100
10	Improved chulha - Portable		
11	Ordinary finish	50	
12	Medium finish	50	
13	Luxury finish	10	
14	Hot Box	100	

Note:-The contribution of ANERT from the scheme of 2.50 lakhs for display facio and for meeting the direct marketing expenses not included in the break even calculation.

ANNEXURE – 7.59

a) Min. of MSME, GoI launched National Manufacturing Competitiveness Programme (NMCP)

To enhance the productivity and competitiveness of Indian manufacturing MSME sector, Government of India has launched National Manufacturing Competitiveness Programme (NMCP) under which 10 schemes have been finalized out of which 9 schemes are operational and available for the MSME sector while one scheme (Promotion of ICT manufacturing sector) is under final stage of approval.

Further, to have an inclusive growth of MSME sector, a task force was constituted on MSMEs, which has submitted its report. In the report, one of the recommendations is “The initiative taken under National Manufacturing Competitiveness Programme (NMCP) by the Ministry of MSME for technology upgradation and competitiveness such as application of Lean Manufacturing, Implementation of Quality Management system and Quality Technology tools, Design intervention for MSME sector, Scheme for Marketing Assistance etc. be further strengthened and the required flexibility in operationalising such initiatives should be encouraged. The adoption of ICT (Information and communication Technology) for MSMEs be encourage on higher priority to enable SMEs to compete in global market”.

Therefore, to meet the above objectives and recommendations for having an inclusive growth of MSME sector, MSME-DIs have to share their responsibility and play an important role in the implementation of the NMCP schemes. The brief detail of the scheme and the role of MSME-DI are as follows:

(1) Lean Manufacturing Competitiveness Scheme:

The scheme is being implemented on pilot basis to cover 100 mini clusters. Each Mini Cluster will form an SPV by a Group of about 10 MSME units, to which a Lean Consultant will be appointed. National Productivity Council has been entrusted the responsibility of National Monitoring and Implementation Unit (NMIU).

The MSME-DIs may assist National Productivity Council (NPC), in organizing the awareness programmes in identified clusters, formation of SPV and selection of consultants.

(2) Design Clinic Scheme to bring Design Expertise to MSME Sector.

The scheme consists of generating design awareness through Seminars, Workshop and Need Assessment Survey. Thereafter, Design projects will be undertaken by professional designers to assist MSME units in developing new products. The National Institute of Design (NID) has been nominated as nodal agency for the scheme.

The MSME-DI my assist NID, Ahmedabad, in organizing seminars, workshop in identified clusters including selection of designers/Design consultants.

(3) Setting up of Mini Tool Room under PPP Mode:

Under this scheme, mini tool rooms can be set up with a budget ceiling of Rs. 9 crore as viability gap funding (VGF) by Government of India under PPP mode. There is a proposal to set up about 15 such Mini Tool Rooms in various parts of the country.

The MSME-DIs may assist existing Tool Rooms to identify the needs of the industries in respective area for setting up of Mini Tool Rooms. In addition, the MSME-DIs may also involve in sensitization work which will be carried out by Transaction Advisor appointed for this purpose. The MSME-DI officials will also be involved in the construction and operation of Mini Tool Rooms as members of Governing Council / Project Board.

(4) Marketing Assistance and Technology Upgradation:

This is a new Scheme, recently launched to assist MSMEs to upgrade their marketing capabilities. The scheme has various components including proposals to set up Marketing Hubs in the premises of MSME-DIs.

The MSME-DIs may provide support to identified agencies in organizing awareness programmes on Technology upgradation on packaging, skills upgradation / development for modern marketing techniques, corporate governance practices, participation in the State/District Level Local exhibitions including reimbursement to ISO-18000/22000/27000 certification.

(5) Enabling manufacturing sector to be competitive through Quality Management Standard and Quality Technology Tools.

The Scheme has various components to encourage manufacturing MSME units in adopting Quality Management Standards and Quality Technology Tools.

The MSME-DIs may organize awareness programmes in the MSME manufacturing clusters and identify the QMS/QTT tools, which can be implemented in the individual units.

(6) Technology and Quality Up gradation support to MSMEs.

The scheme has focused on generating awareness in the field of energy conservation as regards to manufacturing MSME sector. The scheme includes identification of energy intensive MSME clusters and performing energy audits.

The MSME-DIs may assist the agencies like BEE, TERI etc. in organizing the awareness programme on energy efficient technology, CDM, preparation of DPR and product certification etc.

The detailed guidelines of the above schemes are available on the official website of the DC(MSME) (www.dcmsme.gov.in)

b) Min. of MSME, GoI launched Scheme for Marketing Assistance & Technology Upgradation in MSMEs under the National Manufacturing Competitiveness Programme (NMCP)

Major activities under the Scheme:

The objectives of the scheme will be achieved by performing the following major activities for MSMEs through Government of India financial assistance in the manner laid down in these guidelines.

Activity – 1:- Technology Upgradation in Packaging

SSC supported by the office of the DC (MSME) will identify and approve MSME clusters/ units for participation in the activities mentioned below on the basis of the proposals received from the MSME DIs, Industry Associations, NGOs, state government and Technical Institutions. The sub activities are as under:

Fund sharing pattern

Sl. No.	Sub-Activities	Max. Cost provision	Physical target		
			2009-10	2010-11	2011-12
(a)	Awareness programmes on new packaging concepts & Technologies	Rs. 0.50 lakh per programme (GoI: unit:: 80:20)	nil	50 Nos.	50 Nos.
(b)	Cluster based studies on packaging status & needs for upgradation	Rs. 10 lakh per study (GoI: unit:: 80:20)	nil	10 Nos.	10 Nos.
(c)	Unit based interventions for specific packaging requirements in 20 clusters. (approx. 20 units per cluster)	Rs. 9.0 lakh for a group of 10 units. (GoI: unit:: 80:20)	nil	10 Nos.	10 Nos.

Activity - 2: Skill Upgradation/Development for Modern Marketing Techniques:

Objectives: The focus of this component will be on imparting training for upgrading the skills of cluster/product group members on modern marketing techniques such as use of internet, e-mail, on-line marketing techniques, use of website for marketing, need for branding etc. This includes designing and conducting specific need based skill development programmes for the employees of potential MSME clusters / product groups in adoption of modern marketing techniques.

Proposed activities and implementation methodology: SSC supported by the office of the DC (MSME) will identify and approve MSME clusters/ product groups for conducting the above activity on the basis of the proposals received from the MSME DIs, Industries Associations, NGOs and Technical Institutions. The training programmes will be designed

and organized by the specialized institutes/industry associations by utilizing the services of the competent faculties from the organizations like IITs, IIMs, Management Institutes, already working in this field and having relevant experience.

Fund sharing pattern

Activities	Max. Cost provision	Physical target	
		2010-11	2011-12
Designing and conducting specific need based skill development programmes for clusters for adopting modern marketing techniques.	Rs. 6.0 lakh per cluster. (GoI: unit:: 80:20)	10 Nos.	10 Nos.

Activity - 3: Competition Studies:

Objectives: To identify sectors in which the products are threatened by International competition due to marketing /branding strategies. The studies of product groups will aim at analysing the reasons for threat from outside products affecting local productions and ways and methods to counter these challenges.

Under this component, detailed studies will be conducted by competent agencies, in the perspective of World Trade Organisation (WTO), Free Trade Agreements (FTAs) etc. on threatened products bringing out reasons for invasion by foreign products affecting local productions and will suggest necessary marketing measures leading to better acceptability of local products into global market.

SSC supported by the office of the DC (MSME) will identify and approve MSME clusters / sectors for conducting the above studies on the basis of the proposals received from the MSME DIs, Industries Associations, NGOs and Technical Institutions. The services of the competent organisations such as IIMs, CII, FICCI, Management / technical institutes already working in the similar field would also be utilized for this activity. The agencies for conducting the study will be selected by calling open Expression of Interest (EOI) duly observing guidelines issued by Department of Expenditure.

Fund sharing pattern

Activities	Max. Cost provision	Physical target	
		2010-11	2011-12
Detailed studies on threatened product groups/ clusters bringing out reasons for invasion by outside products affecting local productions and ways & methods to counter these.	Rs. 8.0 lakh per study. (GoI: unit:: 80:20)	4 Nos.	4 Nos.

Activity - 4: Special Components for North-Eastern Region (NER)

Activity - 5: New Markets through State/ District level local exhibitions/ Trade Fairs:

Objectives: To provide marketing platform to manufacturing MSMEs through their participation in State / District level exhibitions being organized by State/District Authorities/Associations.

SSC supported by the office of the DC (MSME) will identify and approve manufacturing MSME clusters/ units for participating in State/District level local exhibitions/Trade Fairs on the basis of the responses received through the MSME DIs, Industries Associations, and NGOs.

Fund sharing pattern

Activities	Max. Cost provision	Physical target	
		2010-11	2011-12
To provide marketing platform to MSMEs through participation in State and District level exhibition being organized by State/District Authorities/Associations.	Rs. 3.0 lakh per Exhibition. (GoI:unit:: 80:20)	30 Nos.	36Nos.

Activity - 6: Corporate Governance Practices:

Objectives: The primary objective of this activity will be:

- To encourage MSMEs to adopt good Corporate Governance Practices for improving their competitiveness, reducing operational risk factors, overcoming barriers to trade, successfully meeting the challenges of globalization, accessing lower cost of finance.
- To create awareness among MSMEs for adoption of good corporate governance practices strengthening of accounts and audit procedures, transformation of company's structure, resource management, training, statutory corporate governance rating etc.
- To introduce a system of corporate governance to ensure the transparency, integrity and accountability of the management.

Proposed activities and implementation methodology:

Office of the DC (MSME) will identify MSME units for participating in this activity on the basis of request received through the MSME DIs, Industries Associations and NGOs.

Fund sharing pattern

Activities	Max. Cost provision	Physical target	
		2010-11	2011-12
To encourage MSMEs to adopt good corporate governance practices	Rs. 0.9 lakh per unit (GoI: unit:: 50:50)	200 Nos.	200Nos.

Activity - 7: Marketing Hubs

Objective: To provide facilities for manufacturing MSMEs for B2B meeting among MSMEs, wholesale and retail marketing of MSME products, exploring the export opportunities for the MSME products and to attract new customers and enhance the marketing reach of the MSMEs.

Proposed activities and implementation methodology:

In the initial phase of the project, it is proposed to setup 8 nos. marketing hubs in the premises of MSME- DIs, in the designated cities of the country which have substantial presence of prospective MSME clusters. These marketing hubs will preferably be selected out of the 12 cities i.e. Chennai, Bangalore, Mumbai, Indore, Jaipur, Agra, Guwahati, Ahmedabad, Delhi, Ludhiana, Thrissur and Kolkata. For operating these marketing hubs, the services of the available staff of the concerned MSME-DIs would be utilized.

The covered area proposed is about 500 to 600 sq. ft. per hub. The proposed expenditure details will be as under:

- For up-gradation/renovation/modification in the existing facilities/space (furnishing, fixtures, modern amenities, air conditioning, false ceiling, floor tiles etc.) to convert it into Marketing hub. - Rs. 30 lakh per hub (Only GOI contribution, no private contribution).
- For Furniture, Computers, Internet and Communication equipments. Rs. 5 lakh per hub. (Only GOI contribution, no private contribution).
- Recurring operating expenditure. Rs. 15 lakh per hub for two years. (GoI contribution 80% and private units 20 %). The recurring charges will be towards the cost incurred on arranging expo-events/exhibition for the purpose of B2B and B2C interaction. The private contribution will be received through participation fee as registration charges.

For the activity stated at (a) above the renovation/ refurbishment work in the institutes building will be done through CPWD against the allotment of funds made by this office upto a maximum of Rs.30 lakh.

Activity - 8: Reimbursement to ISO 18000/22000/27000 Certification

Objectives: To enhance the export and marketing potential, it is proposed for one time reimbursement of the expenditure to those units which acquire ISO Certification on Food & Safety, Health and IT parameters.

Proposed activities and implementation methodology: Office of the DC (MSME) will encourage MSME units for participating in this activity on reimbursement to ISO 18000/22000/27000 Certification.

The GOI assistance will be by way of one time reimbursement of expenditure to such MSME manufacturing units which acquire ISO 18000/22000/27000 Certification to the extent of 75% of the expenditure subject to a maximum of Rs 1.00 lakh in each case. About 300 units are expected to derive benefits under this component.

The reimbursement of charges will be towards; consultant fee, certification fee, training of MSME employees in ISO adoption if required, etc. The amount of subsidy/financial support if already received from the state govt./financial institution shall be adjusted against the admissible reimbursement under this scheme.

The detailed guidelines of the above schemes are available on the official website of the DC(MSME) (www.dcmsme.gov.in)

ANNEXURE 7.60

***A PROPOSAL FOR ESTABLISHING
'TWO COW- MINI DAIRY' UNITS
UNDER THE PROJECT
'MILK SHED DEVELOPMENT PROGRAMME'***

MSDP

2010-11

Department of Dairy Development

Government of Kerala

Introduction

Dairying has played a prominent role in strengthening Kerala's rural economy. It has been recognized as an instrument to bring about socio-economic transformations. A symbiotic relationship exists between agriculture and dairy farming. The agricultural by-products provide feed and fodder for the cattle whereas cattle provide manure and thereby helps in increasing the land fertility, draught power for various agricultural operations, nutritional security and ready cash to farming families from sale of surplus milk.

Among livestock based vocations, dairying occupies a pivotal position. Dairying has enormous potential to bring about rapid economic growth in the rural community. It is an important source of subsidiary income to small and marginal farmers and agricultural labourers. It brings frequent and regular cash receipt and thus providing for current expenses and for systematic savings. Dairying furnishes a steady year round use of labour; helps conserve the farm productivity by returning manure to land and thus encourage the growth of crops. It is a flexible enterprise that can be started as a small unit or it can be combined with other type of farming. Today dairying has developed as an industry, an important tool for development.

Dairy production in Kerala has immensely benefited from the genetic up gradation programmes undertaken by the state during the period 1972 to 2000 resulting in cattle population with above 80% cross breeds. There has been a decline in production of milk during 2001 to 2005 which may be attributed to reduction in the number of milch animals in addition to various other factors. The declining trend in production is primarily on account of nutritional stress characterized by shortage of fodder and dry roughage, high cost of health care and economic impact of infectious diseases like FMD and unscientific management. Statistics shows that the supply gap of milk will go on increasing in the coming years, where by cheap quality milk and milk products are likely to make roads in to Kerala from neighboring states and even abroad. If this is allowed to happen the viability of Kerala's dairy enterprise is likely to be undermined and dairy farmers may be forced to quit the sector. Observing these threats, government has taken steps to overcome the situation by implementing cattle induction schemes like Pasugramam, MSDP etc. It has created an upward trend in milk production since last few years. But our demand is much high than the domestic production. Hence it is necessary to find immediate solutions to meet the domestic demand as well as to check the decline in milk production.

The project *Milk Shed Development Programme* (MSDP) is aimed at bringing more farmers / entrepreneurs, SHGs into the dairy sector and to maintain the productivity of crossbred cows and create awareness among farmers in adopting scientific management practices in dairy farming. In order to achieve the above goal, assistance for starting Dairy farm units with 2 animals, 5 animals, & Heifer rearing units are included in this Programme.

Mini-Dairy Unit (Two-cow unit)

Objectives

- To provide a sustainable source of subsidiary income to farmer folks of Kerala.
- To encourage farmers to take up dairying as a business activity.
- To increase the number of productive animals in our cattle wealth.
- To provide self employment opportunities as well as livelihood for the rural youths.

Working of the Project

This project envisages establishing mini dairy farm units comprising of 2 milch cows. The project will be implemented in selected blocks in the state, where the programme was not implemented earlier. Implementation of the project has to be undertaken by the concerned District officers of the department to ensure the effective implementation of the project. Sufficient propaganda will be made through various media. Applications in the prescribed format will be collected, scrutinized and recommended for selection by the Dairy Extension Officer of the concerned blocks. Priority will be given to SC / ST / OBC / Minorities in the two animal unit schemes.

The District Officers will be the sanctioning authority. Selected beneficiaries for the schemes will remit Rs 100/- as registration fees. It will be the responsibility of the District Officer to ensure that animals are purchased from out side the state. A beneficiary committee comprising representatives of the dairy co-operatives of the area, representative of beneficiary, Dairy farm instructor, Veterinary surgeon and Dairy Extension Officer (implementing officer of the concerned block) will be constituted.

The Implementing officer or the Officer deputed will accompany the beneficiary on cattle purchase and facilitate the transport of cattle. Health

and vaccination certificates will be obtained from a registered veterinary surgeon at the time of the purchase. Expenses for Check post remittance, actual Traveling expenses, veterinary aid, medicines etc for a two-cow unit are included in the item miscellaneous.

The Dairy Extension Officer concerned will give training to the selected beneficiaries. The Cows will be purchased from neighboring states of Kerala. A milch cow (freshly calved cow, preferably second lactation) purchased under this scheme will have a minimum milk production of 12 LPD. The beneficiary will obtain health and valuation certificate of the Cow from Veterinary Surgeon and insure it for 3 years with transit cover. All records as per the existing guidelines regarding the distribution of animals will be maintained at the Dairy Extension Service Unit (DESU) Offices concerned. Beneficiary of a two-cow unit will renovate existing cattle shed and those not having shed shall utilize the amount for construction of a new shed.

Marginal farmers and agricultural laborers and SC/ST whose main source of income is agricultural activities will be given preference for two-cow units. The beneficiary will execute an agreement in stamp paper worth Rs 50 /- in the prescribed Proforma and submit it to the DESU. This project shall be loan-linked. Beneficiaries selected for the scheme shall approach banks or other financial institutions for Loans. The subsidy amount for each mini-dairy unit will be sanctioned by the department and debited to the beneficiary's loan account directly.

Beneficiaries shall be encouraged to purchase cattle feed from Dairy Co-operative Society in the concerned area. Also they should be encouraged to pour milk to these dairy co-operatives as a measure to strengthen the entire dairy co-operative system in the state.

Financial Analysis

Following parameters are considered for working out the Scheme:-

- 1) The actual cost of a good quality crossbred milch cow with an average yield of not less than 12 litres per day would vary in the range of Rs.22000/- to Rs.28000/-. The average cost of a cow shall be taken as Rs. 24000/- i.e., Rs.2000/- per litre of milk produced.
- 2) On an average, a cross bred cow requires a covered space of 80 Sq ft. And the construction cost of the shed is Rs. 100/- per Sq ft.
- 3) The average lactation period is 300 days followed by a dry period of two months.
- 4) The average milk production is 12 liters per day per animal.

Total amount required as bank loan = Rs. 56,160/- per 'two-cow unit'

The number of two-cow units sanctioned under MSDP for the Annual Plan schemes every year shall be intimated to State Level Bankers' Committee (S.L.B.C).

DETAILS OF CASH OUTFLOWS

1. Feed and Fodder requirement per cow per day

Sl. No.	Particulars.	Rate/Kg	During lactation Period		During dry Period	
			Qty in Kgs	Cost in Rs.	Qty in Kgs	Cost in Rs.
1	Green fodder	1.00	25	25.00	15	15.00
2	Dry fodder	4.00	4	16.00	6	24.00
3	Concentrate	11.00	4	44.00	3	33.00
	Total			85.00		72.00

Therefore the expenses for feeding two cows in one year shall be calculated as:

(Rs. 85.00 x 300 days + Rs. 72.00 x 60 days) X 2 animals =
Rs. 29,820 X 2 = **Rs. 59,640**

2. Details of credit repayment to bank/financial institution

Principal Amount : Rs. 56,160/-

Loan interest : 11% flat rate per annum

Interest Amount : Rs. 6,178 per annum

Repayment period shall be fixed at 3 years

Considering a span of 36 months, Equated Monthly Interest shall be calculated as:

(Principal Amount of Loan + Loan Interest accrued for 36 months) / 36

EMI comes around Rs. 2,075 per month. That means a sum of Rs. 24,900 will be repaid every year.

The loan scheme is so designed that repayment will be made by 3 years.

- 5) Milk is sold at a rate of Rs. 17/- per litre.
- 6) Bank loan interest shall be fixed at 11 % flat rate and the loan shall be repaid in EMIs.
- 7) Insurance charge is calculated at the rate of .7% per animal for 3 years.
- 8) Feed and fodder requirement is taken as: Dry fodder @ 4 Kg / day; Green Fodder @ 25 Kg /day; Concentrate @ 4 Kg /day. Feed cost is taken as: Dry fodder @ Rs. 5 per kg, Concentrate @ Rs. 11 per kg and green fodder @ Rs. 1 per kg
- 9) One animal produce 10 Kgs of farm yard manure per day (FYM) which will be sold @ Rs 0.50 per Kg.

CAPITAL INVESTMENT

Sl. No.	Item	Dept. assistance (Rs.)	Loan Amount (Rs.)	Beneficiary Contribution (Rs.)	Total (Rs.)
UNIT COST (Single cow basis)					
1	Cost of a milch cow @ Rs. 24000	7200	16800	Nil	24000
2	Transportation Cost @Rs. 1000 per cow	Nil	1000	Nil	1000
3	Insurance premium @ 7% of the cost of cow	Nil	1680	Nil	1680
4	Cattle shed@ Rs. 100 per Sq. Ft for 80 Sq. Ft per cow	Nil	8000	Nil	8000
5	Miscellaneous Costs	Nil	600	Nil	600
6	TOTAL	7200	28080	Nil	35280
	TOTAL FUND for 1 unit	35280			
	Number of units(cows)	2			
	TOTAL FUND OUTLAY for a 'TWO-COW UNIT'	14400	56160	Nil	70560

3. Veterinary Care Expenses

This head of expenses include charges for medicines, Vety. Surgeon's visits A.I. charges etc and shall be taken as Rs. 500 per animal per year. Total expenses for two-cow unit will be **Rs. 1,000** per year

4. Miscellaneous Expenses

This head of expenses include cost of labour if any, maintenance charges etc and shall be taken as Rs. 500 per animal per year. Total expenses for two-cow unit will be **Rs. 1,000** per year

TOTAL CASH OUTFLOWS (per annum): Cost of feed and fodder + Bank loan repayment + Vety care expenses + Miscellaneous = Rs. 59,640 + 24,900 + Rs. 1,000 + Rs. 1,000 = **Rs. 86,540**

DETAILS OF CASH INFLOWS

Sl. No.	Particulars	1 st year	2 nd year	3 rd year
1	Raw milk sales @ Rs 17/-per litre (average milk production per cow is taken as 12 ltrs/day) = 12 lpd x 2 cows x 300 lactation days x Rs. 17/Ltr	1,22,400	1,22,400	1,22,400
2	Cow dung sales @ Rs 0.50 per Kg (on an average, a cow produces 10 kg dung per day) = 10 kg/day x 2 cows x 360 days x Rs. 0.50/Kg	3600	3600	3600
	TOTAL	1,26,000	1,26,000	1,26,000

TOTAL CASH INFLOWS (per annum): **Rs. 1, 26,000**

NET PROFIT: TOTAL CASH INFLOWS - TOTAL CASH OUTFLOWS

NET PROFIT: Rs. 1, 26,000 - RS. 86,540 = Rs.39, 460 per annum

Net Profit would be Rs. 19,730 per cow/year or Rs.1, 644 per cow / month

ANNEXURE – 7.61

1. Fraudulent withdrawal from SB/CDA/c through ATMs in Russian Currency - Rouble (Total involved amount Rs.2,47,330.98)

Six Branches reported the complaints of their SB/CD customers regarding fraudulent withdrawals in Russian Currency (Ruble) through ATM using SIB global ATM cards from their accounts with the branches. The investigation revealed that all the withdrawals were from the ATM centers in Russia. On verification of those debit transactions it was identified that the reported fraudulent transactions were taken place from Russia through Russian currency 'Rouble'. The customers informed that they neither visited that country (Russia) from where the ATM operations were taken place nor lost/misplaced their ATM cards from their possession. DICT (Department of Information and Communication Technology) immediately swung into action and among others blocked the ATM cards of the complainants and commenced the work to safe guard the customers' and Bank's interest.

The first such case of fraudulent withdrawal in Russian currency was reported from branch Peringottukara, in the SB a/c of Mr. Venugopal for a total equivalent Indian currency Rs. 49,669/- through 13 attempts and disbursed in 6 successful attempts. Subsequent to the blocking of the said ATM card it was found that one more similar attempt was seen made in the account.

Thereafter, we received 5 more similar complaints of fraudulent withdrawals from ATM centers in Russia with the same Modus Operandi. The details of total 6 accounts are furnished below:

Sl.No	Branch Name	A/c name	Account No.	Amt. Rs. upto 31.01.09
1.	Peringottukara	Mr. Venugopal	68.50.51130	49674.45
2	Trivandrum NRI	Mr. Saji C. Elias	336.50.1900	30597.28
3	Valanchery	Mr. M. Shamsudheen	92.53.9309	20030.17
4	Pune	Mr. Mohan peter	147.53.2828	47250.51
5.	Chennai Anna Nagar	SARB International	282.73.1164	50433.24
6.	Cherthala	Mr. Manoj V P	120.50.36002	49345.33
		Total		247330.98

DICT Kochi has reported the steps taken by them on receipt of the complaints which are reproduced here below:

- b) Informed the branches to advice their customers to change the PIN of ATM cards (this had been issued as a ticker message in FINACLE to have real time information to all the branches)
- c) Sent SMS message to all the Mobile Bank customers asking them to change the PIN number frequently.
- d) Published a user awareness ticker message in our website cautioning about e-threats.

- e) Created awareness amongst ATM debit card holders by issuing an e-circular.
- f) Reported the cases to Master card with details of four months transaction, seeking their help to analyze the issue. They were not able to inform us of any clue of compromise of the affected accounts.

2. Fraudulent withdrawal from SB/CD a/c through ATMs in GBP currency (Involved amount Rs.52,315.79)

An SB account holder, Mrs. Shiny, complained fraudulent ATM withdrawals from her SB account No.0037053000009923 with Branch Kottayam. The enquiries revealed that the ATM withdrawals were made by using her ATM Card No. 5048170037003758497 in various ATMs at Woolwich, London. Details of the investigation conducted revealed the following:

A total amount of Rs.52315.79, equivalent to GBP 680, had been fraudulently withdrawn from her SB account during the period from 01.10.2009 to 02.11.2009.. It was reported to be done without her knowledge and understanding. It is also observed that all transactions were executed through her ATM card on different dates. It is also noticed that these withdrawals were made from 9 ATM centers located at Woolwich London. There were 26 attempts to withdraw cash taken place in various ATMs at Woolwich, London on the period from 01.10.2009 to 02.11.2009. (Transaction details attached to this report) Out of this, 12 transactions had successfully been carried out involving a total amount of Rs.52,315.79.

As per the statement of the account holder she had parted the ATM card to her husband and he had made transactions (Point of Sale (POS) by using the ATM card at Dubai during May to July 2009, as per the ATM transaction report. It was alleged that party had not made any London based transactions in the account since party had held only DUBAI visa. Party had also insisted to take action against the culprits.

Our enquiry with technical staff and officers at DICT revealed that these transactions could not have been occurred without the card presentation and proper PIN entered.

Conclusion: Investigation came to the conclusion that fraudsters would have created a duplicate card by obtaining card number and PIN number through card skimming or through point of sale scams

The account is a resident SB account in single name. She had parted the ATM card and PIN to her husband and he in turn used the card for purchases at Dubai. Using of ATM card requires the PIN. Thus the account holder shared the PIN which is a grave lapse on her part. Due to the negligence on the part of the account holder the loss had happened.

Police Complaints with cyber cell were lodged in both the above cases.

ANNEXURE - 7.62

1. Report of the High Level Committee to Review Lead Bank Scheme - Implementation of the recommendations

RBI/2009-10/329

RPCD.CO.LBS.HLC.BC.No.56 /02.19.10/2009-10

February 26, 2010

CMDs of all SLBC Convenor Banks

Dear Sir,

Report of the High Level Committee to Review Lead Bank Scheme – Implementation of the recommendations

Over a period of four decades, since the inception of the Lead Bank Scheme (LBS), several changes have taken place necessitating a relook at the scheme to make it more effective in the changed economic scenario with sharper focus on financial inclusion and recent developments in the banking sector. A High Level Committee to review Lead Bank Scheme was, therefore, constituted by Reserve Bank of India.

2. The Committee recommended that the LBS is useful and needs to continue. The overarching objective of the Scheme is to enable banks and State Governments to work together for inclusive growth.

3. All the action points emanating from the recommendations of the Committee requiring action to be taken by the SLBC convenor banks at the state level and lead banks/commercial banks at the district level are appended at [Annex 1](#) & [2](#) respectively. You are advised to initiate actions for speedy implementation of the recommendations and also closely monitor the progress made by the lead banks / commercial banks in this regard.

4. The SLBC plays a very important role in development at state level, There is, therefore, a need for streamlining and strengthening of the same. With a view to improving the efficacy of the Lead Bank Scheme, we advise that the various fora under the Lead Bank Scheme need to be strengthened. We draw your attention specifically to the recommendations of the Committee relating to strengthening of implementation of the Lead Bank Scheme at state and district level. Illustrative guidelines on the conduct of State Level Bankers Committee (SLBC) meetings are detailed below:

I. Conduct of SLBC Meetings

i) The SLBC meetings may be held regularly at quarterly intervals and they should be chaired by the Chairman & Managing Director (CMD) of the convenor bank. Additionally, the SLBC meetings may be co-chaired by Additional Chief Secretary or Development Commissioner of the State concerned.

ii) In view of the large membership of the SLBC, it would be desirable for the SLBC to constitute Sub-Committees for specific tasks. The sub committees may examine the specific issues in-depth and devise solutions/recommendations for consideration of the SLBC. The composition of the sub-committee and subjects/ specific issues impeding/enabling financial inclusion to be deliberated upon, may vary from State to State depending on the specific problems/issues faced by the States.

iii) The secretariat/offices of SLBC should be sufficiently strengthened to enable the SLBC convenor bank to effectively discharge its functions. Each SLBC may have its own website. In each State, a full day sensitisation workshop may be convened by the SLBC convenor bank in April/May every year.

iv) The various fora at lower levels may give adequate feedback to the SLBC on issues that need to be discussed on a wider platform.

v) Several institutions and academicians are engaged in research and studies etc. that have implications for sustainable development in agriculture and MSME sector. Engaging with such research institutions and academicians would be useful in bringing in new ideas for furthering the objectives of the Lead Bank Scheme. The SLBC/DCC may, therefore, identify such academicians and researchers and invite them as 'special invitees' to attend SLBC/DCC meetings occasionally both for adding value to the discussion and also associate them with studies for product formulation appropriate to the State/District. Other 'special invitees' may be invited to attend SLBC meetings depending on the agenda items/issues to be discussed in the meetings.

vi) The activities of NGOs in facilitating and channeling credit to the low income households are expected to increase in the coming years. Several Corporate houses are also engaged in Corporate Social Responsibility activities for sustainable development. Bank's linkage with such NGOs/Corporate houses operating in the area to ensure that the NGOs/Corporates provide the necessary 'credit plus' services can help leverage bank credit for inclusive growth. Success stories could be presented in SLBC/DCC meetings to serve as models that could be replicated.

Agenda Items

While all SLBCs/Lead Banks are expected to address the problems particular to the concerned states, some of the important areas which are common to all States on which the SLBCs/Lead Banks should invariably discuss in the fora are as under:

- i. monitoring mechanism to periodically assess and evaluate the progress made in achieving the road map to provide banking services within the time frame prescribed
- ii. identification of unbanked/under banked areas for providing banking services in a time bound manner with a view to achieve 100% financial inclusion
- iii. the specific issues inhibiting and enabling IT enabled financial inclusion
- iv. issues to facilitate 'enablers' and remove/minimise 'impeders' for banking development for inclusive growth
- v. monitoring initiatives for providing 'Credit Plus' activities by banks and State Governments such as setting up of Credit Counselling Centres and RSETI type Training Institutes for providing skills and capacity building to manage businesses
- vi. review of performance of banks under Annual Credit Plan (ACP)
- vii. regional imbalances in deployment of credit to various sectors of the economy
- viii. Credit - Deposit Ratio of the State
- ix. flow of credit to priority sector and weaker sections of the society
- x. assistance under Government sponsored schemes
- xi. grant of educational loans
- xii. progress under SHG - bank linkage

- xiii. SME financing & bottlenecks thereof, if any
- xiv. steps taken for improving land record and recovery mechanism
- xv timely submission of data by banks
- xvi. review of relief measures (in case of natural calamities wherever applicable) and
- xvi. issues remaining unresolved at the DCC/DLRC meetings

The above list is illustrative and not exhaustive. The SLBC convenor banks may include any other agenda item considered necessary.

The Chief Minister/Finance Minister and senior level officers of the State/RBI (of the rank of Deputy Governor / Executive Director) may be invited to attend the SLBC meetings.

5. Further, we draw your attention the following major recommendations:

I. BANKING PENETRATION

- i) SLBC convenor banks / lead banks are advised to focus attention on the urgent need for achieving 100% financial inclusion through penetration of banking services in the rural areas. Such banking services may not necessarily be extended through a brick and mortar branch but can be provided through any of the various forms of ICT- based models, including through BCs. However, ICT connectivity should not be an issue of constraint for not pursuing financial inclusion by commercial banks/RRBs. In this connection you may be guided by our Circular RPCD.CO.LBS.HLC.BC.No.43/ 02.19.10/2009-10 dated November 27, 2009.
- ii) SLBC convenor banks may take up impeders with the State governments as issues of road/digital connectivity, conducive law and order situation, uninterrupted power supply and adequate security etc. for ensuring banking expansion at all centres where penetration by the formal banking system is required. However, these should not inhibit the introduction of financial inclusion initiatives.

II. GREATER ROLE FOR PRIVATE SECTOR BANKS

The private sector banks should involve themselves more actively by bringing in their expertise in strategic planning and leveraging on Information Technology. The Lead banks, on their part, should also ensure that private sector banks are more closely involved in the Lead Bank Scheme, both while drawing up and in implementing the ACP/DCP.

III. PREPARATION OF DISTRICT CREDIT PLAN/ANNUAL CREDIT PLAN

- i) NABARD prepares PLPs for all the districts of the country. These plans must be prepared by October-November every year and so as to serve as inputs to the district planning authorities for preparing their budgetary plans and to the lead banks for preparing the District Credit Plans (DCP). Preparation of PLP is to be advanced to be completed by August every year to enable the State Governments to factor in the PLP projections. While preparing the PLP for districts, NABARD should take into account the firm commitments given by the State Government/ banks/other stakeholders for the year.
- ii) The Zonal/controlling offices of banks, while finalizing their business plans for the year, should take into account the commitments made in the **ACP which should be ready well in time before the performance budgets are finalized.** It may be ensured that there is little or no divergence between the PLP and the DCP/ACP.

IV. QUARTERLY PUBLIC MEETING AND GRIEVANCE REDRESSAL

The Lead District Manager may convene a quarterly public meeting at various locations in the district, in coordination with banks having a presence in the area and other stakeholders to generate awareness of the various banking facilities, policies and regulations which impact the common person, obtain feedback from the public and provide grievance redress to the extent possible at such meetings or facilitation for approaching the appropriate machinery for grievance redress.

V. CAPACITY BUILDING/TRAINING/SENSITIZATION PROGRAMMES

i) There is a need for sensitising the District Collectors and CEOs of Zilla Parishads on banks and banking in general as also on the specific scope and role of the Lead Bank Scheme. Such sensitisation should form part of the probationary training of such officers. Further, as soon as they are posted in a district, the SLBC may arrange for exposure visits for the District Collectors to the SLBC convenor's office for sensitisation and understanding of the Lead Bank Scheme.

ii) Staff at the operational level of banks and government agencies associated with implementation of the Lead Bank Scheme need to be aware of the latest developments and emerging opportunities. There is need for staff sensitisation/ training/seminars, etc. at periodic intervals on an ongoing basis.

VI. LIAISON WITH STATE GOVERNMENT

As the effectiveness of the Lead Banks Scheme depends on the dynamism of the District Collector and the LDM, with supportive role of the Regional/Zonal Office, you are advised to follow up with the respective State Governments for extending necessary support as it may be impossible for the banks to achieve the objective of financial inclusion in its most comprehensive sense.

6. All other instructions issued prior to this circular will continue to remain operative /effective.

7. We shall be glad if you will please keep our respective Regional Offices informed of the action taken by you on the various recommendations at quarterly intervals.

8. Please acknowledge receipt.

Yours faithfully

(Deepali Pant Joshi)
Chief General Manager

Encl: As above

High Level Committee to Review Lead Bank Scheme - Action Points for SLBC Convenor Banks

Annex – 1

Sr. No.	Reco. No.	Recommendations
1	1	The Lead Bank Scheme (LBS) is useful and needs to continue. The State Level Bankers Committee (SLBC) and various fora under LBS should focus on addressing the 'enablers' and 'impeders' in advancing greater financial inclusion and flow of credit to priority sectors, while monitoring Govt. Sponsored Schemes. (Para 3.1, 3.8)
2	3	The overarching objective of Lead Bank Scheme shall be to enable banks and State Governments to work together for inclusive growth. (Para 3.4)
3	4	It is necessary to broad base the scope of the scheme to cover initiatives for financial inclusion, role of State Governments, financial literacy and credit counselling as also 'credit plus' activities, formulate action plans to facilitate 'enablers' and remove /minimise 'impeders' for banking development for inclusive growth, develop grievance redressal mechanism, etc.(Para 3.7)
4	7	Banks need to take the maximum advantage of available IT solutions. The funding arrangements available under Financial Inclusion Technology Fund (with NABARD) or other options such as the support offered for distribution of Government payments by RBI may be explored for the purpose. However, connectivity should not be an issue of consideration for not pursuing Financial Inclusion by commercial banks/RRBs. (Para 3.13)
5	9	Although permitted, Primary Agricultural Credit Societies (PACS) are not being used as BCs. Concerted efforts may be made for using PACS as BCs where such PACS are running well. (Para 3.16)
6	11	State Governments to ensure road/ digital connectivity to all centres where penetration by the formal banking system is required. The achievement of such connectivity may be monitored by a sub-committee of the DCC. Advantage may be taken of the special scheme offered by RBI of satellite connectivity through small V-SATs in remote areas. (Para 3.19)
7	12	State Governments to ensure conducive law and order situation, adequate security, uninterrupted power, water supply and irrigation facilities. (Para 3.20)
8	18	The DLCCs/SLBCs may monitor initiatives for providing 'credit plus' services by banks and State Government. The lead banks would need to take expeditious steps to set up RSETIs as per the plan projections. As recommended by the Working Group on Rehabilitation of Sick SMEs (Chairman: Dr. K.C. Chakrabarty, April 2008), a scheme for utilising specified NGOs for providing training and other services to tiny micro enterprises may be considered by the SLBC convenor banks in consultation with State Governments as per the guidelines contained in RBI circular RPCD.SME&NFS.BC.No. 102/06.04.01/2008-09 dated May 04, 2009. (Para 3.26)
9	31	The educational loans granted by banks may be monitored and progress reviewed in the meetings of the SLBC by evolving a tracking mechanism with the help of state Governments, educational institutions and banks, so as to ensure proper recovery of such loans. (Para 3.44)
10	32	The activities of NGOs in facilitating and channelling credit to the low income households are expected to increase in the coming years. Bank's linkage with such NGOs/Corporate houses operating in the area to ensure that the NGOs/Corporates provide the necessary 'credit plus' services can help leverage bank credit for inclusive growth. Success stories could be presented in DCC/SLBC meetings to serve as models that could be replicated. (Para 3.45)
11	33	SLBC/DCC to identify academicians and researchers engaged in research and development studies to be invited occasionally to the meetings of these bodies. (Para 3.46)
12	37	In States where the Chief Minister or the Finance Minister takes active interest in the SLBC and is present in the meetings, the SLBC has been more effective as a coordination forum. (Para 4.2)
13	39	In view of the large membership of the SLBC, it would be desirable for the SLBC to constitute Sub-Committees for specific tasks. In addition to the Sub-Committees already in existence, these

Sr. No.	Reco. No.	Recommendations
		could include IT enabled financial inclusion, financial inclusion in urban areas, action plan for financial literacy, grant of educational loans, improvement in land records/ other evidence for land ownership/occupation, improving recovery systems, measures to deal with downturn, promoting bank/SHG linkage and addressing issues relating to provision of microfinance in the State. (Para 4.4)
14	41	The various fora at lower levels should give adequate feedback to the SLBC on issues needed to be discussed on a wider platform. Important issues/ decisions of the BLBC, DCC and DLRC should be placed before the next meeting of the SLBC, so that these receive adequate attention at the State Level. (Para 4.6)
15	42	The secretariat/offices of SLBC should be sufficiently strengthened and the SLBC convenor bank should have a full fledged secretariat for effective discharge of its functions. (Para 4.7)
16	60	Every SLBC should have its own website where all instructions pertaining to the Lead Bank Scheme as well as other instructions issued by Reserve Bank and other agencies as also in respect of Government Schemes for the benefit of common person are made available. (Para 5.8 & 5.9)
17	62	Each SLBC may have a dedicated Financial Literacy Division to propagate the various instructions. The local media should be encouraged to frequently interact with the Financial Literacy Division and its help taken to reach out to the common persons. (Para 5.11)

Annex 2

High Level Committee to review Lead Bank Scheme - Action Points for Lead Banks/Commercial Banks

Sr. No.	Reco. No.	Recommendations
1.	1	The Lead Bank Scheme (LBS) is useful and needs to continue. The State Level Bankers Committee (SLBC) and various fora under LBS should focus on addressing the 'enablers' and 'impeders' in advancing greater financial inclusion and flow of credit to priority sectors, while monitoring Govt. Sponsored Schemes. (Para 3.1, 3.8)
2.	2	Penetration of banking in several parts of the country is still limited. Hence, it is critical that banking services are seen as a public good and are also made accessible to all sections of population and regions of the country at affordable cost. The State development machinery has to ensure the availability of backward and forward linkages to ensure that credit is gainfully deployed and income levels enhanced. (Para 3.3)
3	3	The overarching objective of LBS shall be to enable banks and State Governments to work together for inclusive growth. (Para 3.4)
4	4	It is necessary to broad base the scope of the scheme to cover initiatives for financial inclusion, role of State Governments, financial literacy and credit counselling as also 'credit plus' activities, formulate action plans to facilitate 'enablers' and remove /minimise 'impeders' for banking development for inclusive growth, develop grievance redressal mechanism, etc.(Para 3.7)
5	7	Banks need to take the maximum advantage of available IT solutions. The funding arrangements available under Financial Inclusion Technology Fund (with NABARD) or other options such as the support offered for distribution of Government payments by RBI may be explored for the purpose. However, connectivity should not be an issue of consideration for not pursuing Financial Inclusion by commercial banks/RRBs (Para 3.13)
6	9	Although permitted, Primary Agricultural Credit Societies (PACS) are not being used as BCs. Concerted efforts may be made for using PACS as BCs where such PACS are running well. (Para 3.16).
7	11	State Governments to ensure road/ digital connectivity to all centres where penetration by the

Sr. No.	Reco. No.	Recommendations
		formal banking system is required. The achievement of such connectivity may be monitored by a sub-committee of the DCC. Advantage may be taken of the special scheme offered by RBI of satellite connectivity through small V-SATs in remote areas. (Para 3.19)
8	17	Lead banks to open a Financial Literacy and Credit Counselling Centre (FLCC) in every district where they have lead responsibility. (Para 3.25)
9	18	The DLCCs/SLBCs may monitor initiatives for providing 'credit plus' services by banks and State Government. The lead banks would need to take expeditious steps to set up RSETIs as per the plan projections. As recommended by the Working Group on Rehabilitation of Sick SMEs (Chairman: Dr. K.C. Chakrabarty, April 2008), a scheme for utilising specified NGOs for providing training and other services to tiny micro enterprises may be considered by the SLBC convenor banks in consultation with State Governments as per the guidelines contained in RBI circular RPCD.SME&NFS.BC.No. 102/06.04.01/2008-09 dated May 04, 2009. (Para 3.26)
10	23	The present planning process envisages preparation of PLPs by NABARD for all the districts of the country. These plans are to be prepared by October-November every year and provide inputs both to the district planning authorities for preparing their budgetary plans and to the lead banks for preparing the District Credit Plans (DCP), respectively. Preparation of PLP may be advanced to be completed by August every year to enable the State Governments factor in the PLP projections. (Para 3.31)
11	25	The Zonal / Controlling offices of banks, while finalising their business plans for the year, should take into account the PLPs prepared by NABARD and plans prepared by the LDMs for sectors other than agriculture and allied activities which should be ready well before the performance budgets are finalised. (Para3.33)
12	26	The Annual Credit Plan would be prepared by the Lead District Manager of the Lead banks concerned taking into account the PLPs. The Annual Credit Plans, among others, should clearly indicate the proposed coverage for SCs/STs, minorities and promotion of SHGs in the district. (Para 3.34)
13	30	Banks should involve themselves actively in the selection of beneficiaries and focus on the bankability and viability of the scheme in the overall interest of ensuring better recovery and ensuring that the subsidy is effectively used for the intended purpose. Governments should evaluate outcomes rather than whether the amounts allocated are fully spent. (Para 3.43)
14	32	The activities of NGOs in facilitating and channelling credit to the low income households are expected to increase in the coming years. Bank's linkage with such NGOs/Corporate houses operating in the area to ensure that the NGOs/Corporates provide the necessary 'credit plus' services can help leverage bank credit for inclusive growth. Success stories could be presented in DCC/SLBC meetings to serve as models that could be replicated.(Para 3.45)
15	33	SLBC/DCC to identify academicians and researchers engaged in research and development studies to be invited occasionally to the meetings of these bodies. (Para 3.46)
16	34	Private sector banks to involve themselves more actively in LBS by bringing in their expertise in strategic planning and leveraging on Information Technology. The Lead banks may involve private sector banks more closely in the LBS while drawing up and implementing the ACP. (Para 3.47)
17	35	State Governments should be able to leverage on the benefits of undertaking government business by banks to incentivize in Government sponsored schemes. Private sector banks may actively involve with the DCC and Action Plans where they have a presence and extend their services through permitted channels in underbanked and unbanked area. (Para 3.49)
18	41	The various fora at lower levels should give adequate feedback to the SLBC on issues needed to be discussed on a wider platform. Important issues/ decisions of the BLBC, DCC and DLRC should be placed before the next meeting of the SLBC, so that these receive adequate attention at the State Level. (Para 4.6)

Sr. No.	Reco. No.	Recommendations
19	49	A Sub-Committee of DCC may be formed to work intensively on specific issues. There could be different sub-committees to deal with role of SHGs/MFIs, IT based financial inclusion, MSE sector, etc.(Para 4.14)
20	50	The role of LDM should cover convening meetings of the DCC and DLRC, periodical meetings of DDM/LDO/Government officials for resolving outstanding issues, facilitating setting up of Financial Literacy and Credit Counselling Centres (FLCCs), RSETIs by banks, holding annual sensitisation workshops for banks and government officials with participation by NGOs/PRIs, grievance redressal, credit planning at the district level and monitoring implementation of the annual credit plan. (Para 4.15)
21	51	LDM's office being the focal point for successful implementation of the Lead Bank Scheme, due care should be taken in selecting the incumbent and the posting should be made a coveted one. (Para 4.16(i))
22	53	There is a need for putting in place a mechanism to facilitate greater co-ordination between LDM, LDO and DDM outside the scheduled DCC/DLRC meetings, on an ongoing basis, which will, inter alia, also help in redressal of grievances of the users of banking services. LDMs should be sufficiently empowered and delegated with powers to discharge their responsibilities.RDs/CGMs to review adequacy of support available. (Para 4.16(iv)(v)(vi))
23	54	As soon as Reserve Bank, Government of India, NABARD and IBA's instructions are placed on their websites, banks may communicate the same to their branches electronically so that the relative instructions come into operation immediately. (Para 5.2)
24	56	Bank officials posted as Lead District Managers may be given two to three weeks attachment at Zilla Parishad/Collectorate for familiarization with government's role and functioning with regard to the developmental programmes. (Para 5.4)
25	57	Exposure visits may be arranged by the Lead Bank for District Collectors, Block Development Officers, bank officials, SHGs at various levels to leverage upon success stories. (Para 5.5)
26	58	Bank Managers should also visit the SHG meeting places to help understand SHGs better. (Para 5.6)
27	59	Functionaries of PRIs, especially gram panchayats should be familiarized with preparation of bankable schemes, so that budgetary funds for livelihood promotion can be leveraged for promoting financial inclusion and increasing credit absorption capacity. The LDM/ DDM could take initiatives in this regard. (Para 5.7)
28	64	Every quarter, the lead bank may organize an awareness and feedback public meeting in its district. (Para 5.14)
29	65	The LDM may invite the Banking Ombudsman (BO) for such meetings who may attend the same at his/her convenience. (Para 5.15 & 5.16)
30	66	Each lead bank is expected to open a Financial Literacy and Credit Counselling Centre (FLCC) in every district where it has lead responsibility by following the recent guidelines issued by RBI in this regard. The State Government machinery may support the efforts made by banks for financial literacy. Towards this, State Government may proactively provide assistance of the government machinery, especially at the grass root level such as schools, panchayats, etc., for this purpose. (Para 5.18)

2. Report of the High Level Committee to Review Lead Bank Scheme - Implementation of the recommendations

RBI/2009-10/331

RPCD.CO.LBS.HLC.BC.No. 57 /02.19.10/2009-10

March 2, 2010

The Chairmen/ CMDs
All Lead Banks/All Scheduled Commercial Banks

Dear Sir,

Report of the High Level Committee to Review Lead Bank Scheme- Implementation of the recommendations

Over a period of four decades, since the inception of the Lead Bank Scheme (LBS), several changes have taken place necessitating a relook at the scheme to make it more effective in the changed economic scenario with sharper focus on financial inclusion and recent developments in the banking sector. A High level Committee to review the Lead Bank Scheme was, therefore, constituted by Reserve Bank of India.

2. The Committee recommended that the Lead Bank Scheme is useful and needs to continue. The overarching objective of the Scheme is to enable banks and State Governments to work together for inclusive growth.

3. All the action points emanating from the recommendations of the Committee requiring action to be taken by the Lead Banks/commercial banks are appended at Annex. You are advised to initiate actions for speedy implementation of the recommendations and also closely monitor the progress made by commercial banks in this regard.

4. With a view to improving the efficacy of the LBS, we advise that the various fora under the LBS need to be strengthened. More time of the SLBC/DCC machinery may be utilized to discuss specific issues inhibiting and enabling financial inclusion. At the District Consultative Committee (DCC) level, sub committees as appropriate may be set up to work intensively on specific issues and submit reports to the DCC for its consideration. Illustrative guidelines on the conduct of District Consultative Committee (DCC) meetings are detailed below:

I. Conduct of DCC Meetings

i) District Consultative Committee (DCC) meeting may be convened by the Lead Banks at quarterly intervals as per the extant instructions.

ii) At the District Consultative Committee (DCC) level, sub-committees as appropriate may be set up to work intensively on specific issues and submit reports to the DCC for its consideration.

iii) DCC should give adequate feedback to the SLBC on various issues that needs to be discussed on a wider platform, so that, these receive adequate attention at the State Level.

II. Agenda items

While all Lead Banks are expected to address the problems particular to the concerned districts, some of the important areas which are common to all the districts on which the Lead Banks should invariably discuss in the fora are as under:

- i. monitoring mechanism to periodically assess and evaluate the progress made in achieving the road map to provide banking services within the time frame prescribed.
- ii. identification of unbanked/under banked areas for providing banking services in a time bound manner with a view to achieve 100% financial inclusion
- iii. the specific issues inhibiting and enabling IT enabled financial inclusion
- iv. issues to facilitate 'enablers' and remove/minimise 'impeders' for banking development for inclusive growth
- v. monitoring initiatives for providing 'Credit Plus' activities by banks and State Governments such as setting up of Credit Counselling Centres and RSETI type Training Institutes for providing skills and capacity building to manage businesses.
- vi. review of performance of banks under Annual Credit Plan (ACP)
- vii. flow of credit to priority sector and weaker sections of the society
- viii. assistance under Government sponsored schemes
- ix. grant of educational loans
- x. progress under SHG - bank linkage
- xi. SME financing & bottlenecks thereof, if any
- xii. timely submission of data by banks
- xiii. review of relief measures (in case of natural calamities wherever applicable)

The above list is illustrative and not exhaustive. The Lead Banks may include any other agenda item considered necessary.

III. Role of LDMs

As the effectiveness of the Lead Bank Scheme depends on the dynamism of the District Collector and the LDM, with supportive role of the Regional/Zonal Office, the office of Lead District Managers (LDMs) should be sufficiently strengthened with appropriate infrastructural support being the focal point for successful implementation of the Lead Bank Scheme. Officers of appropriate level and attitude should be posted as LDMs. Apart from the usual role of LDMs like convening meetings of the DCC and DLRC, periodical meetings of DDM/LDO/ Government officials for resolving outstanding issues etc., the new functions envisaged for LDMs include the following:

- i. drawing up the road map for banking penetration
- ii. monitoring implementation of annual credit plan
- iii. associate with the setting up of Financial Literacy and Credit Counselling Centres (FLCCs), RSETIs by banks
- iv. holding annual sensitisation workshops for banks and government officials with participation by NGOs/Panchayati Raj Institutions (PRIs)
- v. arranging for quarterly awareness and feedback public meetings, grievance redressal etc.

5. Further, we draw your attention the following major recommendations:

I. BANKING PENETRATION

Lead Banks are advised to focus attention on the urgent need for achieving 100% financial inclusion through penetration of banking services in the rural areas. Such banking services may not necessarily be extended through a brick and mortar branch but can be provided through any of the various forms of ICT- based models, including through BCs. However, ICT connectivity should not be an issue of consideration for not pursuing financial inclusion by commercial banks/RRBs. In this connection you may be guided by our Circular [RPCD.CO.LBS.HLC.BC.No.43/ 02.19.10/2009-10](#) dated November 27, 2009.

II. GREATER ROLE FOR PRIVATE SECTOR BANKS

The private sector banks should involve themselves more actively by bringing in their expertise in strategic planning and leveraging on Information Technology. The Lead Banks, on their part, should also ensure that private sector banks are more closely involved in the LBS, both while drawing up and in implementing the ACP.

III. PREPARATION OF DISTRICT CREDIT PLAN/ANNUAL CREDIT PLAN

i) Preparation of Potential Linked Plan (PLP) by NABARD may be advanced to be completed by August every year so that the State Governments may factor in the projection made by the PLP in the state/district plan. While preparing the PLP, the District Development Managers (DDMs) of NABARD along with the Lead District Managers (LDMs) of the Lead Banks may discuss with the concerned development departments of the State Governments and the banks having significant presence in the districts. The District Credit Plan/Annual Credit Plan may be prepared by the LDMs taking into account the PLP for agriculture and allied activities. For other sectors (i.e. other than agriculture and allied activities), the LDM should work out a similar action plan based on the commitments made by the State Government, other stakeholders and banks.

ii) The Zonal/controlling offices of banks, while finalizing their business plans for the year, should take into account the commitments made in the **ACP which should be ready well in time before the performance budgets are finalized**. It may be ensured that there is little or no divergence between the PLP and the DCP/ACP.

IV. QUARTERLY PUBLIC MEETING AND GRIEVANCE REDRESSAL

The Lead District Manager may convene a quarterly public meeting at various locations in the district, in coordination with the Reserve Bank, banks having presence in the area and other stakeholders to generate awareness of the various banking policies and regulations relating to the common person, obtain feedback from the public and provide grievance redressal to the extent possible at such meetings or facilitate approaching the appropriate machinery for such redressal.

V. FINANCIAL LITERACY & CREDIT COUNSELLING

i) Each Lead Bank is expected to open a Financial Literacy and Credit Counselling Centre (FLCC) in every district where it has lead responsibility by following the recent guidelines issued by RBI in this regard. Suitable grant may be considered out of the Financial Inclusion Fund (FIF) to set up such centres in districts identified as being financially excluded by the Committee on Financial Inclusion.

ii) The State Government machinery may support the efforts made by banks for financial literacy. Towards this, State Governments may proactively provide assistance of the government machinery, especially at the grass root level such as schools, panchayats, etc., for this purpose.

6. All other instructions issued prior to this circular will continue to remain operative /effective.

7. We shall be glad if you will please keep our respective Regional Offices informed of the action taken by you on the various recommendations at quarterly intervals.

8. Please acknowledge receipt.

Yours faithfully

(Deepali Pant Joshi)
Chief General Manager

Encl: As above

High Level Committee to review Lead Bank Scheme - Action Points for Lead Banks/Commercial Banks

Sr. No.	Reco. No.	Recommendations
1.	1	The Lead Bank Scheme (LBS) is useful and needs to continue. The State Level Bankers Committee (SLBC) and various fora under LBS should focus on addressing the 'enablers' and 'impeders' in advancing greater financial inclusion and flow of credit to priority sectors, while monitoring Govt. Sponsored Schemes. (Para 3.1, 3.8)
2.	2	Penetration of banking in several parts of the country is still limited. Hence, it is critical that banking services are seen as a public good and are also made accessible to all sections of population and regions of the country at affordable cost. The State development machinery has to ensure the availability of backward and forward linkages to ensure that credit is gainfully deployed and income levels enhanced. (Para 3.3)
3	3	The overarching objective of LBS shall be to enable banks and State Governments to work together for inclusive growth. (Para 3.4)
4	4	It is necessary to broad base the scope of the scheme to cover initiatives for financial inclusion, role of State Governments, financial literacy and credit counselling as also 'credit plus' activities, formulate action plans to facilitate 'enablers' and remove /minimise 'impeders' for banking development for inclusive growth, develop grievance redressal mechanism, etc.(Para 3.7)
5	7	Banks need to take the maximum advantage of available IT solutions. The funding arrangements available under Financial Inclusion Technology Fund (with NABARD) or other options such as the support offered for distribution of Government payments by RBI may be explored for the purpose. However, connectivity should not be an issue of consideration for not pursuing Financial Inclusion by commercial banks/RRBs (Para 3.13)
6	9	Although permitted, Primary Agricultural Credit Societies (PACS) are not being used as BCs. Concerted efforts may be made for using PACS as BCs where such PACS are running well. (Para 3.16).
7	11	State Governments to ensure road/ digital connectivity to all centres where penetration by the formal banking system is required. The achievement of such connectivity may be monitored by a sub-committee of the DCC. Advantage may be taken of the special scheme offered by RBI of satellite connectivity through small V-SATs in remote areas. (Para 3.19)
8	17	Lead banks to open a Financial Literacy and Credit Counselling Centre (FLCC) in every district where they have lead responsibility. (Para 3.25)
9	18	The DLCCs/SLBCs may monitor initiatives for providing 'credit plus' services by banks and State Government. The lead banks would need to take expeditious steps to set up RSETIs as per the plan projections. As recommended by the Working Group on Rehabilitation of Sick SMEs (Chairman: Dr. K.C. Chakrabarty, April 2008), a scheme for utilising specified NGOs for providing training and other services to tiny micro enterprises may be considered by the SLBC convenor banks in consultation with State Governments as per the guidelines contained in RBI circular RPCD.SME&NFS.BC.No. 102/06.04.01/2008-09 dated May 04, 2009. (Para 3.26)
10	23	The present planning process envisages preparation of PLPs by NABARD for all the districts of the country. These plans are to be prepared by October-November every year and provide inputs both to the district planning authorities for preparing their budgetary plans and to the lead banks for preparing the District Credit Plans (DCP), respectively. Preparation of PLP may be advanced to be completed by August every year to enable the State Governments factor in the PLP projections. (Para 3.31)
11	25	The Zonal / Controlling offices of banks, while finalising their business plans for the year, should take into account the PLPs prepared by NABARD and plans prepared by the LDMS for sectors

Sr. No.	Reco. No.	Recommendations
		other than agriculture and allied activities which should be ready well before the performance budgets are finalised. (Para 3.33)
12	26	The Annual Credit Plan would be prepared by the Lead District Manager of the Lead banks concerned taking into account the PLPs. The Annual Credit Plans, among others, should clearly indicate the proposed coverage for SCs/STs, minorities and promotion of SHGs in the district. (Para 3.34)
13	30	Banks should involve themselves actively in the selection of beneficiaries and focus on the bankability and viability of the scheme in the overall interest of ensuring better recovery and ensuring that the subsidy is effectively used for the intended purpose. Governments should evaluate outcomes rather than whether the amounts allocated are fully spent. (Para 3.43)
14	32	The activities of NGOs in facilitating and channelling credit to the low income households are expected to increase in the coming years. Bank's linkage with such NGOs/Corporate houses operating in the area to ensure that the NGOs/Corporates provide the necessary 'credit plus' services can help leverage bank credit for inclusive growth. Success stories could be presented in DCC/SLBC meetings to serve as models that could be replicated. (Para 3.45)
15	33	SLBC/DCC to identify academicians and researchers engaged in research and development studies to be invited occasionally to the meetings of these bodies. (Para 3.46)
16	34	Private sector banks to involve themselves more actively in LBS by bringing in their expertise in strategic planning and leveraging on Information Technology. The Lead banks may involve private sector banks more closely in the LBS while drawing up and implementing the ACP. (Para 3.47)
17	35	State Governments should be able to leverage on the benefits of undertaking government business by banks to incentivize in Government sponsored schemes. Private sector banks may actively involve with the DCC and Action Plans where they have a presence and extend their services through permitted channels in underbanked and unbanked area. (Para 3.49)
18	41	The various fora at lower levels should give adequate feedback to the SLBC on issues needed to be discussed on a wider platform. Important issues/ decisions of the BLBC, DCC and DLRC should be placed before the next meeting of the SLBC, so that these receive adequate attention at the State Level. (Para 4.6)
19	49	A Sub-Committee of DCC may be formed to work intensively on specific issues. There could be different sub-committees to deal with role of SHGs/MFIs, IT based financial inclusion, MSE sector, etc. (Para 4.14)
20	50	The role of LDM should cover convening meetings of the DCC and DLRC, periodical meetings of DDM/LDO/Government officials for resolving outstanding issues, facilitating setting up of Financial Literacy and Credit Counselling Centres (FLCCs), RSETIs by banks, holding annual sensitisation workshops for banks and government officials with participation by NGOs/PRIs, grievance redressal, credit planning at the district level and monitoring implementation of the annual credit plan. (Para 4.15)
21	51	LDM's office being the focal point for successful implementation of the Lead Bank Scheme, due care should be taken in selecting the incumbent and the posting should be made a coveted one. (Para 4.16(i))
22	53	There is a need for putting in place a mechanism to facilitate greater co-ordination between LDM, LDO and DDM outside the scheduled DCC/DLRC meetings, on an ongoing basis, which will, inter alia, also help in redressal of grievances of the users of banking services. LDMs should be sufficiently empowered and delegated with powers to discharge their responsibilities. RDs/CGMs to review adequacy of support available. (Para 4.16(iv)(v)(vi))

Sr. No.	Reco. No.	Recommendations
23	54	As soon as Reserve Bank, Government of India, NABARD and IBA's instructions are placed on their websites, banks may communicate the same to their branches electronically so that the relative instructions come into operation immediately. (Para 5.2)
24	56	Bank officials posted as Lead District Managers may be given two to three weeks attachment at Zilla Parishad/Collectorate for familiarization with government's role and functioning with regard to the developmental programmes. (Para 5.4)
25	57	Exposure visits may be arranged by the Lead Bank for District Collectors, Block Development Officers, bank officials, SHGs at various levels to leverage upon success stories. (Para 5.5)
26	58	Bank Managers should also visit the SHG meeting places to help understand SHGs better. (Para 5.6)
27	59	Functionaries of PRIs, especially gram panchayats should be familiarized with preparation of bankable schemes, so that budgetary funds for livelihood promotion can be leveraged for promoting financial inclusion and increasing credit absorption capacity. The LDM/ DDM could take initiatives in this regard. (Para 5.7)
28	64	Every quarter, the lead bank may organize an awareness and feedback public meeting in its district. (Para 5.14)
29	65	The LDM may invite the Banking Ombudsman (BO) for such meetings who may attend the same at his/her convenience. (Para 5.15 & 5.16)
30	66	Each lead bank is expected to open a Financial Literacy and Credit Counselling Centre (FLCC) in every district where it has lead responsibility by following the recent guidelines issued by RBI in this regard. The State Government machinery may support the efforts made by banks for financial literacy. Towards this, State Government may proactively provide assistance of the government machinery, especially at the grass root level such as schools, panchayats, etc., for this purpose. (Para 5.18)

ANNEXURE - 7.63

The status report submitted by the LDMs of the pilot districts identified for implementation of the IT enabled Financial inclusion

(1) Wayanad District

- Identified 10 villages as unbanked category and allotted to banks for initiating financial inclusion measures.
- 3 villages allotted to Canara Bank and 2 villages allotted to SMGB will be covering the unbanked area by way of BC model. Steps have already been initiated in this regard.
- Prepared Road Map for the Smart Card implementation in Wayanad District on June 2009
- Conducted meetings in connection with issue of Smart Cards
- Allotted Panchayats to various banks where NREGA payments are made
- Indian Overseas Bank started issuing Smart Cards in Choothupara - the service area allotted to their Sulthan Bathery branch as at 31.03.2010.
- Canara Bank is starting the process in their 13 branches shortly.
- Closely following up with the other banks for implementing the same.

(2) Kollam District

- Implementation of IT enabled Financial Inclusion by engaging Business Correspondents (BCs) was discussed in the District level and Block level lead bank meetings held in the first quarter of the current financial year.
- Many banks have approved engaging BCs and issued guidelines to branches for engaging the BCs for delivery of both financial and non financial services at the doorstep of the customers aiming greater Financial Inclusion and increasing the outreach of the banking sector, as advised by RBI.
- 11 villages were already identified as unbanked villages with population of over 2000 and these villages were allotted to Indian Bank, SBT, IOB, Syndicate Bank, Bank of India, Federal Bank and Dhanalaxmi Bank. All these banks have already initiated the process for engaging BCs in the allotted villages.
- In addition to the 11 villages, many banks are taking action for Financial Inclusion in other villages also.
- Indian Bank has identified two branches in Kollam District viz. Chadayamangalam & Thevalakkara for engaging the BCs in Phase I.
- Lead Bank Office is monitoring the progress under IT enabled Financial Inclusion in the monthly District Level Lead Bank Meetings.
- The progress under IT enabled Financial Inclusion was reviewed in the DLRC held on 21.06.2010 and DCC held on 29.07.2010 at Kollam.

(3) Idukki District

- As pilot project, Union Bank of India had introduced Biometric smart cards at Kattappana Block area in the Idukki District and plans to issue 20000 cards in the first phase.
- Presently bank had issued 11300 cards. Union Bank of India had tied up with Financial Information Network Operations Ltd (FINO) for the issuance of the biometric cards.
- Union Bank of India had proposed to make NREGS payment through biometric smart cards and for the purpose, the bank had already entered into a MoU with Government of Kerala. The MoU was signed on 14.10.2009.
- Since the bank had not received the needed support from Government of Kerala like electronic transfer of funds etc. the scheme could not be made operational as expected.
- The matter is being followed up with the Government and hopes that Government would take necessary initiative to implement the project.
- Union Bank of India is planning to engage FINO in other unbanked areas of the district for extending financial services as part of the Financial Inclusion programme.