

December 21, 2004

The Chairman and Managing Director
All Scheduled Commercial Banks
(Except RRBs)

Dear Sir,

**Swarnjayanti Gram Swarozgar Yojana (SGSY)- Review by Central Level
Coordination Committee (CLCC)**

Central Level Coordination Committee (CLCC) for the Swarnjayanti Gram Swarozgar Yojana (SGSY) while reviewing the performance under the SGSY scheme during the year 2003-04 have expressed concern over the unsatisfactory response from the banks. The committee observed that the credit mobilisation under SGSY during the year 2003-04 could cover only 56% of the targets and the subsidy-credit ratio is far below the desired level of 1: 3. It was felt that these issues need to be addressed by the banks seriously to keep the programme moving with required pace.

(2) Based on the decision taken in the review meeting banks are advised to take action as under.

- (i) Banks should consider delegating adequate powers to branch managers of rural branches for sanctioning loans under the scheme.
- (ii) All applications pending at the close of the year should be brought forward to the next year and decided upon.
- (iii) Bank should do detailed analysis of the pattern of disposal of applications and take necessary action to avoid delay/bunching.
- (iv) Non-wilful defaulters should not be debarred from receiving loan. Compliance should be monitored by Senior Managers of banks during their visits to rural branches. In this context we invite a reference to our circular RPCD SP.BC.99/09.01.01/2001-02 dated June 4, 2002 wherein clarification regarding wilful defaulter is given.
- (v) Banks should maintain separate record for recovery under SGSY (without mixing it with IRDP). The data for individual and group loans should also be compiled separately.

(vi) Banks should furnish the State-wise data regarding the total sanctioned strength and vacancy position in their rural branches to the Ministry of Rural Development.

(vii) Banks should ensure timely submission of monthly/quarterly progress reports and half-yearly statement of recovery under SGSY.

(3) In this connection we reiterate our earlier instructions issued vide our circulars RPCD SP.BC.68/09.01.01/2002-03 dated January 29, 2003, RPCD. SP. BC. 06/ 09.01.01 / 2003-04 dated July 4, 2003. and RPCD. SP. BC. 47/ 09.01.01 / 2003-04 dated November 18, 2003

(4) You are further, requested to play a pro-active role in achieving the targets set under the scheme keeping in view the significance attached to the scheme by the Government of India and take appropriate action on para 2.

(5) Please acknowledge the receipt and advise us the action taken in this regard in due course.

Yours faithfully,

Sd/-

(G.Srinivasan)
Chief General Manager