CHAPTER-V

CREDIT FLOW TO WOMEN BORROWERS BY ANDHRA BANK
Women empowerment has become the priority of the government, and the policy makers are designing the several plans for development of women socio-economically. Post Nationalisation, Banks are taking active participation in lending to poor, weaker sections, and women.

Andhra Bank is performing well in extending credit to women beneficiaries under different schemes for empowerment of women. The bank is continuously exceeding the prescribed norm of minimum of 5.00% of total net bank credit fixed by the Reserve Bank of India every year. The Bank is imparting training to women beneficiaries through their Training Institutes and extending loans to them and to see them as gainfully employed.

Andhra Bank, being a nationalized bank is extending several financial schemes for the empowerment of women to different types of borrowers Bank is financing women borrowers under different schemes for empowerment of women viz.,

a. Women entrepreneurship Loans
b. SHG-Bank Linkage
c. Micro credit,
d. Loans for agricultural purposes,
e. Loans to rural artisans,
f. Loans of Khadi & Village Industries Corporation scheme,
g. Education loans for higher studies and professional courses both in India and abroad,
h. Consumers loans & Personal loans for purchase of household articles,
i. Vehicle loans under AB Vanithavahan Scheme (purchase of two wheeler and four wheeler),
j. AB Nightingale Scheme for nursing staff,
k. AB Doctor Plus for Doctors for setting up of own clinic and hospitals,
l. Housing loans to women for purchase & construction of houses/flats,
m. AB Swarnabharana scheme for purchase of gold jewels, and
n. Government sponsored programs like PMRY, SJSRY, SGSY etc.

RS
301.92
SU 77-2
1. SHG-BANK LINKAGE

Though Banking industry is serving the poor, the dependence of rural poor on money lenders is still continuing. In this circumstance, a non formal agency for credit supply to poor in the form of Self Help Groups emerged as partner in formal credit system. SHGs are part of Micro credit. Micro credit is provision of thrift, credit and other financial services and products of very small amount to the poor in rural, semi-urban and urban areas for enabling them to raise income levels and improve living standards. SHG is a homogeneous group of micro entrepreneurs having homogeneous social and economic background voluntarily coming together to save small amounts regularly to mutually agree to contribute to a common fund and to meet their emergency needs on mutual help basis. It is aimed to inculcate saving habit and encourage thrift to undertake lending among the members. Generally the membership of the group will be between 10 to 25 members. Bank will finance the groups after 6 months of savings, regular meetings, regular thrift habit and habituated internal lending.

SHG-Bank Linkage Program-emergence:

- Experience of Bangladesh Grameen Bank,
- Rigidities in the formal credit system
- Pilot project of NABARD in 1992 for linking of SHGs with Banks.

Table 5.1: SHG-Bank Linkage Program at a glance

<table>
<thead>
<tr>
<th>Dose</th>
<th>Period</th>
<th>Regular Loan</th>
<th>Housing Loan</th>
</tr>
</thead>
<tbody>
<tr>
<td>First</td>
<td>Regular savings at least up to six months</td>
<td>4 times of savings/Rs.50,000/- whichever is higher</td>
<td></td>
</tr>
<tr>
<td>Second</td>
<td>Minimum of 12 months from the date of disbursement of first dose of finance</td>
<td>10 times of savings Rural SHG-Rs.1.0 lac Urban SHG-Rs.1.5 lac whichever is higher</td>
<td>Rs. 20,000/- per member subject to maximum of Rs. 1.00 lac per group</td>
</tr>
<tr>
<td>Third &amp; above</td>
<td>Minimum of 18 months from the date of disbursement of second dose of finance</td>
<td>Financing as per micro credit plan up to Rs. 5.00 lacs</td>
<td></td>
</tr>
</tbody>
</table>
However, Bank is allowing finance as for Rural SHGs-the maximum amount allowed to each SHG Group is Rs.1.75 lacs, Rs.2.50 lacs, and Rs.5.00 lacs and for Urban SHGs Rs.1.75 lacs, Rs.3.25 lacs and Rs.5.00 lacs under first, second, and third dose respectively.

**Cash Credit Facility:** Earlier the loans are on the lines of term loans on monthly installment basis. To mitigate the hardship faced by SHGs with regard to documentation, cash credit limit will be sanctioned for a period of 5 years basing on the projected savings.

**Loan Period:** Repayable in monthly instalments ranging from 36 to 60 months.

**Interest Rate:** The applicable rate for SHG is Base rate+3.75% irrespective of finance. But state government is providing interest subsidy to SHGs which are prompt in payment of instalments and interest. “Pavala Vaddi” Scheme which means 25 paise interest i.e., 3% interest. With effect from 01.01.2012, now AP state government is fully reimbursing the full interest for the SHG loans who repay the instalments and interest promptly and is now called “Vaddileni Runalu”.

**Bank “Rating system” Critical Rating Index (CRI):** The rating is based on composition of group, age of the group, no. of meetings, savings frequency, mode of recovery, accounting and on bye laws.

A Rating – 70 to 100 marks, B rating - 50-70 marks, C Rating – less than 50 marks capacity building is required.

**Security:** No collateral security upto an aggregate limit of Rs.5.00 lacs per group. If aggregate credit limit exceeds Rs.5.00 lacs SHGs should offer collateral security.

Bank is extensively financing under this scheme all over India, and especially in the state of Andhra Pradesh for empowerment of women serving SHG Clientele at their door step through smart cards.
Table 5.2: Credit made to Micro credit year wise.

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Particulars</th>
<th>31.03.15</th>
<th>31.03.14</th>
<th>31.03.13</th>
<th>31.03.12</th>
<th>31.03.11</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Total finance</td>
<td>4069.60</td>
<td>3848.82</td>
<td>3177.72</td>
<td>2906.86</td>
<td>2271.15</td>
</tr>
<tr>
<td>2.</td>
<td>% to NBC</td>
<td>3.14%</td>
<td>3.47%</td>
<td>3.17%</td>
<td>3.43%</td>
<td>3.15%</td>
</tr>
</tbody>
</table>

The above table shows the finance made to micro credit by the bank and the percentage of finance to total Net Bank Credit. The Bank is continuously financing women borrowers under micro credit more than 3% of total net bank credit.

Paavala Vaddi Scheme was introduced for the benefit of Micro & Small Enterprises set up in AP State except in the Municipal Corporation limits of Hyderabad, Vijayawada and Visakhapatnam. The scheme is applicable to the term loans availed on fixed capital investment by the eligible new Micro and Small Enterprises on or after 01.04.2008. More than 75% of the plant and machinery should be new and not second hand. Under the scheme, interest charged over and above 3% p.a. (i.e. 10% - 3% = 7%) will be reimbursed to the group at half yearly intervals. However, the maximum reimbursement is restricted to 9% p.a. The benefit is available for a period of 5 years i.e. up to the first half of 6th year or till the closure of term loan, whichever is earlier. However, this benefit is available to only those accounts, which in regular in payment of principal and interest. It is acceptable to onetime payment accounts also.

AP State Government introduced “Vaddi Leni Runalu” scheme with effective from 01.01.2012 for all repayments made after that date for the outstanding SHG Bank loans, including any fresh loans given thereafter. The interest incentive will be available only to those accounts who repay the loans regularly. The incentive will be released directly to the credit of SHG account once in Half-year.

2. AGRICULTURAL FINANCE

Andhra Bank is financing women agriculturists who are having land holding in their name both as short term credit and long term credit. The bank will also be lending to lease holders of land. Agriculture finance is in the form of both as direct
finance to agriculture and indirect finance to agriculture. Short term credit is for crop production. Long term credit is for land development and investment credit.

Direct finance includes

1. Short term credit (production) is in the form of crop loans and agricultural gold loans for raising crops, plantations, and horticulture development.
2. Term loan for land development including investment for land development, drilling of bore wells, digging of wells, laying of pipes etc.
3. Term loan for agriculture and allied activities, like Livestock/Dairy Finance for purchase of milch cattle, sheep, fishery, poultry, piggery and other livestock, and bee-keeping etc.

Indirect finance to agriculture includes

- Food and agro based processing units
- Dealers of fertilisers, pesticides, seeds etc.
- Purchase of inputs for allied activities like cattle feed, poultry feed etc.
- Setting up of agri clinics and agribusiness centres.
- Finance to primary agrl. credit societies and farmer service societies etc.
- Dealers in drip irrigation, agriculture machinery etc.

The Bank is also providing the following financial facilities to farmers under different schemes.

1. **Pattabhi Agri Credit Card (PAGCC/Kisan Credit Card):**

   To meet production and consumption credit requirements of the farmers, Bank has introduced this product in the year 1998. Loan amount is arrived for the both Kharif and Rabi seasons based on scale of finance arrived by District level technical committees. It is a revolving credit and valid for 3 years. Due date is 12 months for short duration crop and 18 months for long duration crops.

2. **Kissan Green Card:** This facility is extending the production credit along with investment credit. The facility includes both crop production needs and also investment needs like purchase of any farm implements, draught animals or dairy animals. Minimum limit is Rs.25,000/- and maximum limit is Rs.5.00 lacs
3. **Kisan Sampathi (Produce marketing Loans):** This is aimed at preventing the distress sale of agriculture produce by farmers. Eligible crops are paddy, groundnut, Bengal gram, turmeric, maize, millets, black & green gram. Minimum limit is Rs.2.00 lacs and maximum limit is Rs.10.00 lacs if the produce is stored in godowns of central ware house, food corporation of India, NCMSL etc. Repayment period is 12 months. No collateral security for loans within Rs.2.00 lacs.

4. **Gold Loans:** Loans are sanctioned for agricultural purposes on pledging gold ornaments. It is a short term loan repayable in one year. Rate of interest is as applicable to short term credit. The maximum loan that can be allowed is lowest of the following a. Amount of loan applied b. Eligible amount as per scale of finance c. 85% of the value of gold as certified by the gold appraiser d. Amount eligible as per rate of advance per gram.

5. **Kisan Chakra:** Under this scheme, vehicle loans are provided to farmers for supporting transport facilities. Loan limit is Rs.40,000/- for two wheeler and Rs.3.00 lacs for four wheeler on 85% of the road price of the vehicle for small and marginal farmers, 75% for other farmers. Loan is repayable in 5 year either Yearly/half yearly/quarterly basing on cropping pattern and income generation of the farmer.

6. **Kisan Bandhu:** Bank is financing farmers for purchase of tractors & tillers under this schemes who are having 3 acres of wet land or 6 acres of dry land. Margin is 15% for small & marginal farmers and 25% for others. No collateral security required for loans up to Rs.3.5 lacs. Rate of interest is base rate plus 3.75%. Minimum of 1000 working hours per year on own farm. Banks are entering MOU with reputed manufacturers like Eicher, Mahendra, TAFE, HMT etc. Tillers are also financed under this scheme up to Rs.1.00 lac.

7. **Finance to Horticulture:** Bank is financing for horticulture development for growing grape, mango, sweet orange, lime, banana, amla, pomegranate etc. National Horticulture Board is providing 20% of unit cost as subsidy subject to maximum of Rs.25.00 lacs.
Bank is also financing the farmers like Mandal Mahila Samakhyas, Rythu mitra Groups and Joint Liability Groups, Tenant farmers under direct finance.

The Bank is extending indirect finance to agriculture for setting up of agriclinics, agri business centres, dairy, surya sakthi schemes, for construction of rural godowns, AB Kisan Rakshak, AB Kisan pragathi, dealers in agriculture machinery, drip irrigation, fertilisers, pesticides etc.

Agriculture finance is made by the branches in both in rural and urban areas. The branches in urban areas are financing those who are having lands in the rural areas and residing in urban areas. Bank is financing women in urban areas for the purpose of agriculture activities like crop loans, agriculture gold loans and agrl. term loan. The bank is also extending loans to women for the purpose of agriculture allied activities like dairy, poultry, sheep etc. in urban areas. Women belonging to farming community are financed under all the above schemes both under direct and indirect finance to agriculture in empowering them.

3. WOMEN ENTREPRENEURSHIP LOANS:

Loans are extended to women for starting their business enterprises, manufacturing unit, retail trade, small scale industries, small and marginal enterprises to improve their level of income, which in turn results in empowering women.

Micro, Small and Medium Enterprises (MSME): The Small enterprises contribute nearly 40% of the country's industrial output and offer the largest employment after agriculture. Therefore, this sector presents an opportunity to the country to harness its local competitive advantages for achieving global dominance. In recognition of these aspects, Government of India enacted the MSME Act in the year 2006. The activities of MSME are broadly classified into Manufacturing Enterprises and Service Enterprises. Manufacturing Enterprises are those which are engaged in manufacturing or production of goods. These are defined in terms of investment in Plant & Machinery. Recently, activities such as Seed Processing (for genetic enhancement) involving collection of germplasm, cleaning, gravity separation, chemical treatment etc., and Composite unit in Poultry with Chicken (Meat) Processing are treated as Manufacturing units under MSME. Service Enterprises are the enterprises engaged in providing or rendering of services. These
are defined in terms of investment in Equipment. Recently activities such as Medical Transcription Service, Production of TV serials / program, Ripening of Raw Fruits under controlled conditions and Service Rating Agency are treated as Service Enterprises under MSME. The modified definitions of Micro, Small and Medium Enterprises are as under: No Category Investment in Plant & Machinery/Equipment (‘lakh)Manufacturing Service

1. Micro Enterprise Up to 25 lacs
2. Small Enterprise above 25 & up to 500 lacs
3. Medium Enterprise above 500 & up to 1000 lacs

Small Enterprises: It includes all loans given to micro and small (manufacturing) enterprises engaged in manufacture / production / processing / preservation of goods, and micro and small (service) enterprises engaged in providing or rendering of services which include small road & water transport operators, small business, Professional & Self-employed persons and other service enterprises. Indirect finance to small enterprises shall include finance to any person providing inputs to or marketing the output of artisans, village and cottage industries, handlooms and cooperatives of producers in this sector. As per recent RBI guidelines — Loans granted to private retail traders with credit limits not exceeding ‘20 lakh and loans to retail traders dealing in essential commodities (fair price shops) and consumer cooperative stores without any ceiling in credit limit are eligible for classification under Micro (service) or small (service) depending on investment in equipment criteria as mentioned above.

Medium Enterprises: Enterprises engaged in manufacture/production/ preservation of goods and whose investment in plant and machinery should be as per above said guidelines. Bank’s lending to medium enterprises will not be included for the purpose of reckoning under priority sector. Interest rates are charged as per rates prevailing at the time and are subject to change from time to Time. Rate of Interest is determined as per credit rating system for loans above 10 lakhs as per Internal Credit Risk Assessment Model. No collateral security or third party guarantee is insisted for loan up to 5 lakh and for Tiny Sector up to 25 lakh based on the good track record and financial position of the borrowing unit.
Andhra bank is providing loans to women borrowers under different schemes mentioned above.

Credit Guarantee Fund Scheme for Micro and Small Enterprises Salient features:
It provides guarantee coverage in respect of credit facilities sanctioned to the accounts up to 100 lakhs to existing MSE units without any collateral security and/or third party guarantees. All Micro enterprises up to 10 lakh except Retail Trade and SHGs are to be covered under this scheme. Eligible Accounts: All MSE units classified under Manufacturing, RTO, Business Enterprises, and Professional & Self Employed are eligible for coverage.

i) Micro Enterprises: Manufacturing units with investment in Plant & machinery up to `25 lakh and servicing units with investment in equipment up to `10 lakh are eligible for the coverage.

ii) Small Enterprises: Manufacturing units with investment in Plant & machinery above `25 lakhs and up to `5 crore and servicing units with investment in equipment above `10 lakhs and up to `2 crore are covered under this scheme.

4. EDUCATION LOANS

Education is the main strategy to empower women. Banks are providing loans to girls and women for their studies. Loans are provided for studies in India and abroad. Studies in India include loans for studies in professional courses like MBBS, BDS, B.Pharmacy, B.Tech, M.Tech, M.C.A., M.B.A. etc. Loans are also extended for studies in abroad like M.S. M.B.A.

Andhra Bank is having tie up with Premier Educational institutions like Indian School of Business, Indian Institute of Management, Indian Institute of Technology etc. at concessional rates.

Educational Loans (Students in India):

Eligibility:

1. Secured admission through test/selection process
2. Age Criteria 12-30 yrs.
3. Courses like medical, dental, engineering, technical, management etc.
4. Loan Amount Need based on genuine expenditure related to the course
   Maximum Loan 10.00 Lac Margin Up to 4 Lac Nil, above 4 lacs 5%.

5. Repayment For Higher studies – The maximum repayment period can
   be allowed up to 10 years for loans up to `7.5 lakh and 15 years for loans
   beyond `7.5 lakh. In case of vocational courses it is 2 years for loans up to
   `50000/-; 2 to 5 years for loans above `50000/- & up to one lakh and 3 to 7
   years for loans above one lakh.

6. Gestation period is 1 Year after completion of course or 6 Months after getting
   job whichever is earlier.

7. Security / Guarantee Up to 4 Lac-through Parents co-obligation. And above 4
   & up to 7.5 Lac- Satisfactory third party guarantees is required. Above `7.5
   Lac – Collateral security of suitable value & Co obligation of parents.

8. Rate of Interest Up to 7.50 Lakh – Base Rate + 2.75% Above 7.5 lakh – Base
   Rate + 1.50% Simple interest during course & gestation period Exemptions
   Processing/Administrative/Upfront fee/Pre-payment Charges.

Educational Loans (Abroad studies):

Eligibility:

1. Secured admission in overseas institution
2. Age Criteria 17-35 yrs Course Graduation and above.
3. Loan Amount :Need based and genuine expenditure related to the course to
   the Maximum Loan Rs.20 Lac
4. Margin Up to `4 Lac Above `4 Lac Nil 15%.
5. Repayment Up to 10 years for loans up to 7.5 lakh and 15 years for loans
   beyond 7.5 lakh.
6. Gestation period 1 Year after completion of course or 6 Months after getting
   job whichever is earlier.
7. Security / Guarantee Up to `4 Lac-Parents co-obligation. Above `4 & up to 7.5
   Lac- Satisfactory third party guarantees. Above `7.5 Lac – Collateral security
   of suitable value & Co obligation of parents.
8. Rate of Interest Up to 7.50 Lakh – Base Rate + 2.75% Above 7.5 lakh – Base
   Rate + 1.50% Simple interest during course & gestation period. Exemptions
   Processing /Administrative/ Upfront fee/ Pre-payment charges.
M.O.U. with Leading Institutions:

Indian School of Business (I.S.B.) is one of the premier educational institutes with which we have an MOU for allowing educational loans to its students. Bank's High Tech City branch and Mohali branches are the Nodal Branches for handling Educational Loans to students of ISB. Bank is offering education loans to the students pursuing studies with Premier institutions such as IIT, BITS, IIM, XLRI, MDI and SPJMR on simple terms.

The rate of Interest for girls and women is at concessional rate of interest. For female students, a concession of 0.50% shall continue to be allowed. However, the effective rate of interest at any point of time after all concessions should not be below the prevailing Base Rate.

Interest Subsidy:

India is one of the few countries having large pool of young people, which is an opportunity to the country provided these Human Assets are converted into Knowledge Assets. Providing proper education to the students is a prerequisite to achieve the desired goal. The poor financial background of the students is one of the major constraints for the students aspiring for higher studies. In the recent budget, it is envisaged to ensure technical/professional education to all the deserving students by providing required financial support by way of Interest subsidy.

Padho Pardesh - Government of India, Ministry of Minority Affairs has formulated a scheme for interest subsidy on educational loans for overseas studies to promote educational advancement of students from minority communities (Muslims, Christians, Sikhs, Buddhists, Jains and Parsis) for adoption by all banks. The objective of the scheme is to award interest subsidy to meritorious students belonging to economically weaker sections of notified minority communities so as to provide better opportunities for higher education abroad and enhance their employability. The approved courses are Masters, M. Phil and Ph.D levels. Presently the subsidy is restricted to the loans with limits specified under IBA model scheme i.e. 20 lakhs only. The overall family income of the student should not more than 6 lakhs per annum. Certificate obtained at the time of availing loan, will be sufficient for income proof. The scheme shall be applicable from the academic year 2013-14 starting from
1st April, 2013. Loans sanctioned and disbursed from 01.04.2013 onwards will only be eligible for interest subsidy under this scheme.

The impact of these different education loans to women on improvement of their status in society and self reliance for basic needs is discussed in the following line of the chapter.

5. HOUSING LOANS:

In pursuance of National Housing Policy of Central Government, Reserve Bank of India has been facilitating the flow of credit to housing sector. Since housing has emerged as one of the sectors attracting a large quantum of bank finance, the current focus of RBI's regulation is to ensure orderly growth of housing loan portfolios of banks. Banks with their vast branch network throughout the length and breadth of the country occupy a very strategic position in the financial system and were expected to play an important role in providing credit to the housing sector in consonance with the National Housing Policy.

Eligibility Criteria: The following are the eligible categories to avail housing loans under Direct Housing Finance: Bank finance extended to a person who already owns a house in town/village where he resides, for buying/constructing a second house in the same or other town/village for the purpose of self occupation. _ Bank finance extended for purchase of a house by a borrower who proposes to let it out on rental basis on account of his posting outside the headquarters or because he has been provided accommodation by his employer. Bank finance also extended to a person who proposes to buy an old house where he is presently residing as a tenant. Bank also finance for purchase of a plot, provided a declaration is obtained from the borrower that he intends to construct a house on the said plot, within such period as may be laid down by the banks themselves. Banks may consider requests for additional finance within the overall ceiling for carrying out alterations/ additions/ repairs to the house/flat already financed by them. In the case of individuals who might have raised funds for construction/ acquisition of accommodation from other sources and need supplementary finance, banks may extend such finance after obtaining paripassu or second mortgage charge over the property mortgaged in favour of other lenders and/or against such other security, as they may deem appropriate.
**Age Criteria** – The age of the borrower should be between 21 to 65 years at the time sanction of the loan.

**Assessment of Loan** – The quantum of loan will be arrived based on the gross & net income of the borrower and other factors like spouse income, assets, liabilities, stability of income etc. Further, the loan amount also depends on the tenure of the loan and interest rate of the loan as these variables determine outflow which in turn depends on disposal income of the borrower/spouse.

**Loan To Value (LTV) Ratio** – In order to prevent excessive leveraging, the LTV ratio in respect of housing loans should not exceed 80 per cent. However, for small value housing loans i.e. housing loans up to '25 lakh (which get categorized as priority sector advances), the LTV ratio should not exceed 90 per cent. In order to ensure proper LTV, banks should not include charges such as stamp duty, registration/document charges in the cost of the asset.

**Interest Rate** – It is the discretion of the banks to levy their own interest rates.

**Gestation Period** – Normally, the gestation period allowed is 12 to 18 months. However, it can be extended maximum period of 30 months from the date of first disbursement.

**Repayment** – The maximum period allowed for repayment of home loan is 30 years or up to the age of 75 years of the borrower whichever is earlier.

**Equated Monthly Installment** – Normally, banks fix EMI which covers Principal as well as Interest. Some banks offer Floating and Fixed Interest Rates and it is up to the borrower to choose. Under Floating Interest, the interest rate is subject to changes from time to time by the Bank with reference to Bench Mark rate (Base Rate) where as Fixed Interest Rate is a rate which continues to be the same during the entire tenor of the loan. Banks are also offering flexible repayment options viz., Step-up and Step-down, depending on the future cash flows of the borrower. Under Step-up option, the lower EMI in the initial years and EMI increases as years roll by. It is convenient for borrowers who are in the beginning of their careers. In case of Step-down option, EMI is high initially and decreases in the subsequent years, which is useful who are close to their retirement.
The loans are extended to women borrowers at concessional rate of interest.

**Eligibility**: Individual either singly or jointly. Joint application from same family – Spouse/father/brother etc. Purpose Construction or Purchase of House/Flat/Plot. Purchase of open plot is to be sanctioned in urban and metro areas only that too approved residential lay-outs. Maximum loan can be allowed 50% cost of the plot or 25 lakh whichever lower. Construction is to be completed within 12 months from the date of loan.

Age of the Borrower Minimum 21 Years & Maximum age limit 65 Years.

Building age Residual life of the asset certified by approved engineer should be at least 10 years over and above the repayment tenor.

Loan Amount Salaried – Maximum amount of EMI that can be permitted for the proposed loan is to be taken as 50% of net salary. While arriving net salary, IT deduction, VPF and any other temporary deductions may be added back and exclude non regular income like bonus, arrears etc. Non-salaried – 65% of monthly average income of preceding 3 years as reflected in IT returns.

Maximum Loan Rural - 50 Lakh, Semi Urban - 150 Lakh, Urban - 300 Lakh and Metro - 500 Lakh Interest Rate Up to 75 lakh Base Rate Above 75 lakh Base Rate + 0.25% Slab LTV Interest Rate Up to 20 lakh 90% Base Rate > 20 lakh & upto 75 lakh 80% Base Rate > 75 lakh 75% Base Rate + 0.25% Repairs / Modifications 75% Base Rate + 1% For the existing borrowers can apply for reduction of interest as per HO cir no.261 Ref 53/23 dated 27.09.2012. Borrowers are required to get a minimum credit score of 60 out of 100.

Repayment Maximum gestation period is 30 months from the date of release of first installment or immediately after taking possession. Security Mortgage of House/Flat/Plot Guaranteed Co-obl. Co-ob/Satisfactory third party guarantee may be stipulated. Processing Charges 0.50% of loan amount subject to maximum of ₹10000/-. However, at present, Bank is not levying processing charges. Administrative Charges Up to 10 Lac ₹100, Above 10 L & upto15 L - 150/- Above 15 Lacs 250/- Per quarter. Pre-payment charges 2% flat on pre-paid amount, where the repayment is fixed beyond 36 months. However, charges may be waived, in case the payment is from own savings / windfall gains.
**Rajiv Gruha Kalpa Scheme**: Economically Weaker Section house in urban areas.
Income range is minimum 2,000/- per month and maximum 36,000/- per annum - Unit Cost of 75,000/- with 10% margin from borrower with Bank loan of 67,500 per house. 10% increase in unit cost is permitted. - Site will be allotted by Govt. of A.P. at free of cost. - Interest Rate 8% fixed.

**Valmiki Ambedkar Awas Yojana (VAMBAY)**: Housing Finance Scheme was launched in Andhra Pradesh on 01.11.2002 with an objective to provide shelter or upgrade the existing shelter for people below the poverty line and EWS in urban slums. The ultimate objective of the Scheme is to have "Slum Less Cities". The funding pattern is 50% Government, 40% bank Loan and 10% Borrower Margin. These loans attract interest @ 10% p.a. Tripartite agreement between Beneficiary Bank & APSHCL.

The Bank is performing well in extension of credit to women beneficiaries under different schemes for their empowerment. The bank is continuously exceeding the norm of 5.00% of minimum lending to women out of total credit fixed by Reserve Bank of India every year. The Bank is reaching the poor women both in rural and urban areas by providing loan facility. And the Bank is imparting training to women on skill development through their Rural Self Employment Training Institutes and extending loans to them and to see them as gainfully employed.

**Year wise credit flow to women borrowers:**

The Bank is continuously extending the credit to women beneficiaries beyond the prescribed norm of Reserve Bank of India. The total credit extended to women beneficiaries by the Bank was at Rs.13,784 crores as on 31.03.15. It is 10.63% of Net Bank Credit as against the norm of 5.00%. The table shows the credit extended to women borrowers year wise.
Table 5.3 : Credit flow to women year wise (Rs.in crores)

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Year</th>
<th>Net Bank Credit</th>
<th>Credit to women</th>
<th>% to NBC</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>31.03.2015</td>
<td>129733.21</td>
<td>13874.31</td>
<td>10.63</td>
</tr>
<tr>
<td>2.</td>
<td>31.03.2014</td>
<td>110864.52</td>
<td>10600.33</td>
<td>11.54</td>
</tr>
<tr>
<td>3.</td>
<td>31.03.2013</td>
<td>100327.56</td>
<td>9791.63</td>
<td>9.76</td>
</tr>
<tr>
<td>4.</td>
<td>31.03.2012</td>
<td>84701.01</td>
<td>6927.41</td>
<td>8.18</td>
</tr>
<tr>
<td>5.</td>
<td>31.03.2011</td>
<td>72205.66</td>
<td>5413.99</td>
<td>7.50</td>
</tr>
</tbody>
</table>

Source: Andhra Bank Annual Reports

The prescribed norm by the Reserve Bank of India for credit to women borrowers is minimum of 5.00% to total credit. The Bank is continuously extending the loans to women beneficiaries beyond the prescribed norms up to March, 2015. However, in the year ending March, 2015 it was reduced to 10.63% from 11.54% in the previous year.

Credit flow under Govt. Sponsored programs Year wise:

The Bank is financing to women beneficiaries under different Government Sponsored Programs.

Table 5.4 : Percentage of Credit to women under govt. sponsored programs (Rs. In crores)

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Year</th>
<th>Total outstanding</th>
<th>Credit to women</th>
<th>% to total o/s</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>31.03.2015</td>
<td>993.13</td>
<td>495.61</td>
<td>49.90%</td>
</tr>
<tr>
<td>2.</td>
<td>31.03.2014</td>
<td>1002.75</td>
<td>515.05</td>
<td>51.36%</td>
</tr>
<tr>
<td>3.</td>
<td>31.03.2013</td>
<td>908.48</td>
<td>454.50</td>
<td>50.03%</td>
</tr>
<tr>
<td>4.</td>
<td>31.03.2012</td>
<td>698.53</td>
<td>307.82</td>
<td>44.07%</td>
</tr>
</tbody>
</table>

Source: Andhra Bank Annual Reports

The above given table shows the year wise percentage of credit extended to women borrowers to general public under govt. Sponsored programs. The year wise...
percentage shows that the percentage of credit to women beneficiaries under different Government Sponsored programs is around 50% of total outstanding. The below given table shows the credit extended to women borrowers under different programs year wise.

Table 5.5: Credit under Govt. Sponsored programs year wise (Rs. In crores)

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Year</th>
<th>PMRY</th>
<th>SJSRY</th>
<th>SGSY</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Amount</td>
<td>% to total O/s</td>
<td>Amount</td>
<td>% to total O/s</td>
</tr>
<tr>
<td>1.</td>
<td>31.03.15</td>
<td>7.15</td>
<td>21.20</td>
<td>24.04</td>
<td>54.12</td>
</tr>
<tr>
<td>2.</td>
<td>31.03.14</td>
<td>7.95</td>
<td>21.59</td>
<td>30.53</td>
<td>56.97</td>
</tr>
<tr>
<td>3.</td>
<td>31.03.13</td>
<td>8.62</td>
<td>15.49</td>
<td>22.31</td>
<td>56.54</td>
</tr>
<tr>
<td>4.</td>
<td>31.03.12</td>
<td>5.66</td>
<td>10.71</td>
<td>11.96</td>
<td>15.39</td>
</tr>
</tbody>
</table>

Source: Andhra Bank Annual Reports

It is clear from the above table that loans to women borrowers under PMRY has gradually increased from 10.71% in 31.03.12 to 21.20% as on 31.03.15. Further, the loans to women beneficiaries under SJSRY has shown rapid increase from 15.39% in 31.03.12 to 54.12% as on 31.03.15. The credit to women borrowers under SGSY is around 50% from 31.03.12 to 31.03.15.

Credit flow to different sectors year wise

The Bank is extending loans under priority sector and non-priority sector to women. It is also extending loans under different Government Sponsored Programs. The table given below shows the credit extended to women borrowers year wise under different sectors and their percentage to Net Bank Credit.
Table 5.6: Credit to women under different sectors year wise. (Rs. in crores)

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Category</th>
<th>31.03.15</th>
<th>31.03.14</th>
<th>31.03.13</th>
<th>31.03.12</th>
<th>31.03.11</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Priority sector</td>
<td>10,715.63</td>
<td>10600.33</td>
<td>8571.37</td>
<td>6376.04</td>
<td>471.27</td>
</tr>
<tr>
<td></td>
<td>% to NBC</td>
<td>8.26%</td>
<td>9.56%</td>
<td>8.54%</td>
<td>7.53%</td>
<td>0.65%</td>
</tr>
<tr>
<td>2.</td>
<td>Non priority sector</td>
<td>3068.68</td>
<td>2194.69</td>
<td>1220.26</td>
<td>551.38</td>
<td>1.18</td>
</tr>
<tr>
<td></td>
<td>% to NBC</td>
<td>2.37%</td>
<td>1.98%</td>
<td>1.22%</td>
<td>0.65%</td>
<td>0.01%</td>
</tr>
<tr>
<td>3.</td>
<td>Micro credit</td>
<td>4069.60</td>
<td>3848.82</td>
<td>3177.72</td>
<td>2906.86</td>
<td>2271.15</td>
</tr>
<tr>
<td></td>
<td>% to NBC</td>
<td>3.14%</td>
<td>3.47%</td>
<td>3.17%</td>
<td>3.43%</td>
<td>3.15%</td>
</tr>
<tr>
<td>4.</td>
<td>SSI</td>
<td>492.18</td>
<td>562.50</td>
<td>550.48</td>
<td>159.21</td>
<td>139.54</td>
</tr>
<tr>
<td></td>
<td>% to NBC</td>
<td>0.38%</td>
<td>0.51%</td>
<td>0.55%</td>
<td>0.19%</td>
<td>0.19%</td>
</tr>
<tr>
<td>5.</td>
<td>Govt. Sponsored programs</td>
<td>495.61</td>
<td>515.05</td>
<td>454.50</td>
<td>307.82</td>
<td>254.25</td>
</tr>
<tr>
<td></td>
<td>% to NBC</td>
<td>0.38%</td>
<td>0.46%</td>
<td>0.45%</td>
<td>0.36%</td>
<td>0.28%</td>
</tr>
<tr>
<td>6.</td>
<td>Other priority sector</td>
<td>5658.24</td>
<td>5673.96</td>
<td>4388.67</td>
<td>3002.15</td>
<td>1939.42</td>
</tr>
<tr>
<td></td>
<td>% to NBC</td>
<td>4.36%</td>
<td>5.12%</td>
<td>4.37%</td>
<td>3.54%</td>
<td>2.69%</td>
</tr>
<tr>
<td>7.</td>
<td>Medium &amp; large industries</td>
<td>1.70</td>
<td>2.52</td>
<td>4.90</td>
<td>0.43</td>
<td>1.12</td>
</tr>
<tr>
<td></td>
<td>% to NBC</td>
<td>0.01%</td>
<td>0.01%</td>
<td>0.01%</td>
<td>0.01%</td>
<td>0.01%</td>
</tr>
<tr>
<td>8.</td>
<td>Other non priority sector</td>
<td>3066.97</td>
<td>2192.17</td>
<td>1215.36</td>
<td>550.94</td>
<td>502.50</td>
</tr>
<tr>
<td></td>
<td>% to NBC</td>
<td>2.36%</td>
<td>1.98%</td>
<td>1.21%</td>
<td>0.65%</td>
<td>0.59%</td>
</tr>
</tbody>
</table>

Source: Andhra Bank Annual Reports

The credit to priority sector is increasing year on year up to 31.03.2015, but there is slight decrease during the year ending March, 2015. The credit to other non-priority sector is showing continuous growth up to March, 2015.
Non Performing Assets under credit to Women

Non Performing Assets are the bad and doubtful loans and advances which cannot be recovered regularly by the bank. These loans are loss to bank. The table given below shows the NPA of women credit year wise.

Table 5.7: Non Performing Assets under Credit to women year wise

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Year</th>
<th>Credit to women</th>
<th>Amount of NPA</th>
<th>NPA % under credit to women</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>31.03.2011</td>
<td>5,413.99</td>
<td>87.44</td>
<td>1.62</td>
</tr>
<tr>
<td>2.</td>
<td>31.03.2012</td>
<td>6,927.41</td>
<td>241.00</td>
<td>3.48</td>
</tr>
<tr>
<td>3.</td>
<td>31.03.2013</td>
<td>9,791.63</td>
<td>329.37</td>
<td>3.36</td>
</tr>
<tr>
<td>4.</td>
<td>31.03.2014</td>
<td>10,600.33</td>
<td>386.15</td>
<td>3.02</td>
</tr>
<tr>
<td>5.</td>
<td>31.03.2015</td>
<td>13,874.31</td>
<td>637.67</td>
<td>4.63</td>
</tr>
</tbody>
</table>

Source: Andhra Bank Annual Reports

The percentage of over dues and non performing assets to total credit is low when compared to loans extended to general public. But it is alarming that the NPA is growing year on year.

EXCLUSIVE FINANCIAL SCHEMES OF ANDHRA BANK TO WOMEN

Andhra Bank is financing women borrowers under different schemes. The important financial schemes are SHG-Bank Linkage, loans for agricultural purposes, loans for entrepreneurship (MSME etc), loans to rural artisans, Loans of Khadi & Village Industries Corporation scheme, Education loans for higher studies and professional courses both in India and abroad, Consumers loans & Personal loans for purchase of household articles and domestic use, Vehicles loans under AB Vanithavahan Scheme (purchase of two wheeler and four wheeler), AB Nightingale for nursing staff, AB Doctor Plus for Doctors for setting up of own clinic and hospitals, Housing loans to women, AB Swarnabharana (for purchase of gold jewellery), and Government sponsored programs like PMRY, SGSY etc.
In addition to the above, there are some exclusive Financial schemes by Andhra Bank to women. The details of the scheme are given below.

A. AB MAHILA SOUBHAGYA (DEBT SWAPPING FOR SHGs) SCHEME:

To mitigate acute distress faces by SHG members due to heavy burden of debt from private money lenders, Andhra Bank is extending credit facility to SHG groups for the purpose of Debt Swapping under the scheme called 'AB Mahila Soubhagya Scheme'. Debt swapping financing to the group members for repayment of loans availed by them from non-institutional lenders i.e., Private money lenders. It is only one time measure.

<table>
<thead>
<tr>
<th>Dose</th>
<th>Period</th>
<th>Debt Swapping</th>
</tr>
</thead>
<tbody>
<tr>
<td>First</td>
<td>Regular savings at least up to six months</td>
<td>Minimum rs.25,000/- or 50% regular loan limit whichever is higher subject to extent of debt.</td>
</tr>
<tr>
<td>Second</td>
<td>Minimum of 12 months from the date of disbursement of first dose of finance</td>
<td>Minimum of Rs.50,000/- for Rural SHGs and Rs.75,000/- for Urban SHGs or 50% regular loan limit whichever is higher subject to extent of debt.</td>
</tr>
<tr>
<td>Third</td>
<td>Minimum of 18 months from the date of disbursement of second dose of finance</td>
<td>40% of MCP or to the extent of debt whichever is lower subject to maximum of Rs.2.00 lac.</td>
</tr>
</tbody>
</table>

Loan Period: Repayable in 36 to 60 monthly instalment with gestation period of 6 months.

Interest Rate: The applicable rate is the rate at which the Banks are finance SHG-Bank Linkage. W.e.f. 01.01.2012, now Andhra Pradesh Government is fully reimbursing the full interest for the SHG loans who repay the instalments and interest promptly and is now called “vaddileni runalu”.

Margin & Security:

- No Margin
- No collateral security upto Rs.5.00 lac per group
- Hypothecation of book debts/assets created out of loan.
B. AB MAHILA JVOTHI (self Help Group Model for Community Managed Sustainable Agriculture):

The scheme envisages to intend finance to SHGs in community managed sustainable agriculture at villages in the state of Andhra Pradesh. All existing eligible SHGs in community managed sustainable agriculture at villages spread over all mandals in the state of Andhra Pradesh are covered. New SHGs not linked so far will also be covered after 6 months of regular savings.

Eligibility: only A rated groups as per critical rating index are to be financed.

Loan Limit: as per micro credit plan.

Aggregate limit for 1st and 2nd dose should not exceed Rs.5.00 lacs. From third dose onwards aggregate limit should not exceed Rs.10.00 lacs.

Role of SERP (Society for elimination of Rural Poverty):

- MOU with SERP-Tripartite agreement with group, SERP and branch to be executed.
- Formation and Identification of groups
- Training to SHG Members
- To provide agri-extension services for community managed sustainable agriculture.
- Convergence of community managed sustainable agriculture and NREGA for taking up water harvesting and soil conversation works on farm land.
- IT support by SERP by providing laptops to village book keepers in all the villages by SERP for keeping books of accounts.
- Crop monitoring through the use of IT.

Repayment Period: 60 monthly instalments with gestation period of 6 months.

Security: Hypothecation of present and future crops along with other assets created out of loan. For first and second dose of finance upto Rs.5.00lacs no collateral security is required.
C. AB VANITHAVAHAN:

Loans are extended to salaried and professional & self employed women under this scheme for purchase of vehicles i.e., Two wheelers and Four wheelers for personal usage.

Eligibility: Gross income of Rs.1.50 lac p.a. for four wheeler & Rs.60,000/- p.a. for two wheeler and Rs.40,000/- p.a. for battery operated vehicles.

Loan Amount: 4 wheeler: New- Road price of the vehicle minus margin or 3 years gross income. For Used vehicles – 60% of garments value or 3 years gross income or maximum of Rs.5.00 lacs. 2 Wheeler: New- Road price of the vehicle minus margin or maximum of Rs.60,000/-. 

Security: Hypothecation of vehicle purchased.

Margin: Salaried class:15%, & others 20%.

Co obligant: Father/Husband of the borrower or suitable third party guarantee.

Repayment Period : New 4 wheeler: 12 to 72 EMI. Used: 60 EMI.

2 wheeler: 12-60 EMI.

Interest concessions under this scheme of loans when compared to other vehicle loans schemes and for prompt repayment of the loan also.

D. AB NIGHTINGALE:

Andhra Bank is extending loans to women 'nurses' under this scheme, who are working in hospitals, clinics, and nursing homes to meet their personal requirements. The loan eligibility is as that of clean loans to other employees.

E. AB SWARNA BHARANA:

The loans are extended to women under this scheme for purchase of gold jewellery depending on their income and repayment capacity. Spouse income will also be considered for calculating the eligibility. This scheme is now discontinued due to some technical reasons.
CREDIT TO WOMEN BORROWERS BY ANDHRA BANK IN CHITTOOR DISTRICT

Andhra Bank is extending loans in Chittoor district under financial schemes to women borrowers for their empowerment. The details of the bank loans given under financial schemes disbursed, outstanding with Non Performing Assets from the year 2008-09 to 2014-15 are given in the below given tables.

Table 5.8: Details of Finance Extended to Women Borrowers through Andhra Bank in Chittoor district from 2010-11 to 2014-15.

(Rs. in lacs)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>10-11</th>
<th>11-12</th>
<th>12-13</th>
<th>13-14</th>
<th>14-15</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A</td>
<td>B</td>
<td>C</td>
<td>A</td>
<td>B</td>
</tr>
<tr>
<td>SHG-</td>
<td>12400</td>
<td>4400</td>
<td>43</td>
<td>12400</td>
<td>5100</td>
</tr>
<tr>
<td>Bank Linkage</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agr. Finance</td>
<td>14100</td>
<td>5400</td>
<td>78</td>
<td>17400</td>
<td>6100</td>
</tr>
<tr>
<td>Women Entrepreneurship (Bus., etc.)</td>
<td>1550</td>
<td>2650</td>
<td>71</td>
<td>435</td>
<td>2246</td>
</tr>
<tr>
<td>Education Loans</td>
<td>680</td>
<td>96</td>
<td>18</td>
<td>710</td>
<td>90</td>
</tr>
<tr>
<td>Housing Loans</td>
<td>1341</td>
<td>149</td>
<td>31</td>
<td>154</td>
<td>210</td>
</tr>
</tbody>
</table>

Source: Andhra Bank Reports. A-Outstanding B-Disbursement C-NPA

The Credit flow to women borrowers in Chittoor district is good, and the disbursement of loans to women borrowers by Andhra Bank is remarkable. It is noticed from the above table. The outstanding and disbursement of loans under SHG-Bank Linkage Program by Andhra Bank is declined in the year 2014-15. The non performing assets gradually increased from Rs.44 lacs in 2010-11 to Rs.478 lacs in 2014-15. The same is the case with agriculture finance to women borrowers. But, the disbursement and outstanding of loans to women entrepreneurs increased continuously from 2010-11 to 2014-15. The same is case with the Education loans to women borrowers. Non performing assets increased from 2010-11 to 2014-15 both in entrepreneur loans and education loans. Whereas, the sanction and outstanding of housing loans to women borrowers from 2010-11 to 2013-14 and decreased in the year 2014-15. But the non performing assets increased from 2010-11 to 2014-15.

63