

MINUTES OF THE 121st MEETING OF STATE LEVEL BANKERS' COMMITTEE, KERALA

Held on 24.03.2017 (Friday)
at Hotel Residency Tower
Govt. Press Road, Trivandrum

The meeting commenced at 10 a.m. The List of participants is annexed.

Sri. N. Sivasankaran, Convenor, SLBC & General Manager, Canara Bank welcomed the participants. In his address he observed that hardly a week is left in the last quarter of the current fiscal. He said that in the previous quarter we went through two very testing phenomena. One was the demonetization which we had discussed in the previous SLBC. We could pull through the demonetization through focused efforts of one and all of us. In the last SLBC meeting we were anxiously awaiting the impacts of the demonetization. With the results of the December quarter available with us, the short term impact of demonetization is visible.

He then referred to certain high lights of the quarter's performance

- Comparing the figures for September 2016 and December 2016, the immediate visible effect is a growth of 18 % in CASA in the quarter (From Rs. 128807 crore to Rs. 151468 crore)
- The Domestic deposits have grown by 8 % in the quarter as against the 7% growth for the entire year in 2015-16
- The total deposits have grown only by 6% (due to a subdued growth of NRE deposits).
- The advances had a very subdued growth of 1% in the quarter
- Agriculture advance had nearly zero growth while in MSME it was minus 10 %
- NPA did not jump as expected, possibly due to the 2 months holiday extended by RBI in asset classification in retail loans (a marginal jump of 0.5 % from 3.52 % to 3.85 %)

He observed that in overall we have survived the shock in the short term and now we have to wait and see what the medium term effects will be. Whether the bottom line will be affected due to subdued lending? Whether the NPA will jump after the asset classification holiday is over? We have to wait and see.

The second phenomenon was drought. With summer rains in place the situation has eased out to some extent. To know about the loss sustained by the economy, we are awaiting the crop loss assessment from the Government of Kerala.

Coming to Digitalization, he stated that Digital transactions had picked up momentum in the last leg of demonetization (ie; during December 2016). But subsequently, after the relaxation in cash withdrawal ceilings, the rate of growth in Digitalization has slowed down, so is the case with transactions through the other modes like clearing through cheques. For instance the Chennai Grid of NPCI which acts as the clearing hub for Southern and Eastern states recorded the highest level of transactions in 2016. Number of cheques handled were 4.21 crore for Rs. 228012 crore. Till October the volume had hovered around 2.40 crore cheques every month. In January 2017, it fell to 3.19 crore instruments and in February 2017 to 3.14 crore instruments.

As bankers we need to focus on 3 major tasks in coming days

- Increase in quality lending
- Recovering bad debts and containing of NPA
- Sustain the momentum in Digitalization

These three steps are required to absorb a possible medium term shock and to protect all banks bottom line, and also to move towards a transparent economy as envisaged by Government of India.

The Pradhan Mantri Fasal Bima Yojana was implemented for the first time in Kerala for Rabi I. We could enroll 18000 loanee farmers, in spite of a very late start. We should aim at 100 % cover in future.

We are also looking forward to the Pradhan Mantri Awas Yojana (MIG) as a new business opportunity.

He took this opportunity to request the State Government to expedite the implementation of the Education Loan repayment support scheme announced by the Government.

He then briefly touched upon the Y-o-Y growth from December 2015 to December 2016.

- Deposits marked a Y-o-Y growth of 15 % ,
- NRI deposits by 16 % and Domestic deposits by 15 %.
- Y-o-Y Advances outstanding increased by 11 %.
- Y-o-Y Total Business increased by 14 %.
- Y-o-Y Priority sector advances also increased by 6 %.
- Y-o-Y Agricultural advances increased by 7 %.
- MSME advances show a negative Y-o-Y growth of 2%.
- Education loans increased by 4%
- Housing loans increased by 13%.
- Total Y-o-Y Industrial advances decreased by 8%.
- Total NPA is 3.85 % of Total Advances. Of which 36 % are non priority Advances and 64 % are Priority Sector Advances.
- In Education loans, 13 % is the NPA (an increase of 2 % from the last Quarter)
- In Self help group loans and JLG loans also NPA is above the bench mark (8 % in SHGs and 9 % in JLGs).

- The overall achievement under Annual Credit Plan (ACP) is only 55 % of the annual target. It may possibly be due to the pre-occupation in the December quarter to cash handling. Under primary sector it is only 63 % of the Annual target. Achievement was only 43% in Secondary sector and 53% under Tertiary sector.

He observed that in the list of unbanked villages of Population above 5000 , only four are left Three are allotted to KGB (Vadakkethara, Neeleswaram & Thirunelly villages) and one to SBT (Thrikkaipatta [Pt] Village). He requested the banks to open branches without delay.

The banks are now actively participating in the DFS initiative of a 10 week drive for 100% Aadhaar seeding in non-dormant/non-inactive accounts and 100% PMJDY RuPay card activation. H requested all bankers to work for achieving the target.

He then briefly touched upon certain important agenda items that were placed for the day's deliberations.

- Among the long pending agenda, noting of equitable mortgage in revenue records remain our top priority
- Regarding the revised RR online package, SLBC is extending full support in database creation and participation of banks.
- In the matter of the effectiveness of CSC model Banking Kiosks (operated by Akshaya), issues remain to be sorted out. We are expecting that the Akshaya & IT Mission will be able to come up with a workable mobile BC model
- At the Direction of the State Level Financial Inclusion Committee headed by the Chief Secretary, the Kudumbashree is working on a mobile Business Correspondent model. SLBC has suggested a few models to them for the same.
- Important table agenda placed in the meeting - Scheme for Loan against Paddy Receipt Sheet to the registered paddy growers of Kerala in tie up with Supplyco. We shall see details of it as the agenda comes to discussion.
- Information notes tabled
 - (i) Clarification from RBI informing that in Crop Production loans of limits above Rs. 3 lakhs, the amount up to Rs. 3 lakhs qualify for interest subvention. He extended thanks to Punjab National Bank for taking it up with RBI and also the FIDD RBI for issuing this clarification.
 - (ii) Reporting Format under the Framework for Revival and Rehabilitation of MSMEs placed on behalf of RBI.
 - (iii) Notified area under PMAY (Urban) placed on behalf of National Housing Bank

While concluding his address, Sri. Sivasankaran once again welcomed all the dignitaries for the meeting.

Sri. Rakesh Sharma, Managing Director & CEO, Canara Bank in his presidential address extended a hearty welcome to all participants on behalf of SLBC Kerala and touched upon the following points.

- We are approaching to the end of yet another eventful financial year. The year shall be remembered for demonetization and subsequent thrust on digitization. However, there is an emergent need for all the stake holders of SLBC Kerala, to introspect and evaluate the achievements vis-à-vis the plans laid down at the beginning of the year. While we have exhibited tremendous involvement and commitment under demonetization drive followed by digitization initiatives, the performance under key business parameters needs to be critically analyzed and corrective steps are to be taken.
- The overall outlook for the economy remains positive with many measures initiated by the Government for Macroeconomic stability, boosting of demand, economic reforms etc. IMF has hailed India as a ‘bright spot’ amidst a slowing global economy. The “Transform India” & “New India” call of the Government, needs to be taken with all seriousness, and calls for concerted efforts from the banking sector, as well.
- The novel initiative of the Government of Kerala in having a special purpose vehicle viz; Kerala Infrastructure Investment Fund Board (KIIFB) to finance the much needed and inevitable capital expenditure for the infrastructure sector is a welcome step. It will boost funds raising both in medium as well as long term to finance critical and large projects in the state. The other innovative developmental interventions of the State Government are the four developmental missions viz.
 - Haritha Kerala Mission based on Sanitation, Water and agriculture,
 - Aardram Mission for Health,
 - Education protection campaign for education &
 - Life mission for housing.
 These initiatives will deeply influence the life of each and every citizen of Kerala. He was sure with the able support of all the stake holders; the initiatives can bolster the state in to a booming economy.

Coming to the performance of the banking industry in the state, he briefly highlighted the performance of banks, as at the end of December 2016.

- During the last one year, the Branch network in the state improved to 6269 with the addition of 173 branches.
- Total business of the commercial banks crossed Rs.6.54 lakh crore mark, with Rs. 4.02 lakh crores of Deposits and Rs. 2.52 lakh crores of advances. The share of NRE deposits is as high as 37 % of total deposits as at December 2016.
- Deposits of commercial banks in the state grew by 15%, y-o-y, to reach Rs. 4.02 lakh crores.
- Advances of Commercial banks have grown by 11% during the last one year to reach Rs. 2.51 lakh crores.
- Declining trend continues under CD ratio. From 69% during Dec 2014, 65% as on Dec 2015, the CD ratio is now pegged at 62% for the quarter ended December 2016. The CD ratio is however low compared to other southern states like, Tamilnadu, Andhra Pradesh and Telangana.
- Priority sector advances have grown by 5.76% y-o-y to reach Rs. 1.38 lakh crores. With Agriculture Advances recording growth of 6.98% during the same period whereas the Negative growth of 2% has been observed under MSME sector.

- Of the Priority Sector Advances, Rs. 58,511 crores was under agriculture, Rs. 38,770 crores under MSME and Rs. 40,898 crores under Other Priority Sector Advances.
- The achievement under the Annual Credit Plan (ACP) for the current financial year till the quarter ended December 2016 has not been encouraging. The Banks have achieved 55% of the target under Total Priority Sector. The main reason behind the same is demonetization of high currency notes which occupied the centre stage of all banking activities for almost two months of the quarter.
- The achievement till September 2016 was 37%. Thus the improvement during the quarter was 18% against the expected level of 25%.

Overall performance of the banking sector needs improvement during the left over period in the current quarter.

He then touched upon few of the important agenda items to be deliberated in the day's meeting.

- Aadhaar & Mobile Seeding.
- Opening of brick & mortar branches in four unbanked villages with a population of over 5000.
- Streamlining the functioning of Akshaya Centres.
- Re-energizing Financial Literacy Centres.
- Land allotment, construction of building & shifting related matters for 9 R-SETIs.
- Pradhan Mantri Mudra Yojna and Stand up India

He then urged upon all the stake holders to concentrate on certain priorities.

- (1) Banks to focus on achieving the set targets under Annual Credit Plan.
- (2) The pending applications under the State and Central Government schemes are to be disposed off and the targets to be achieved before the year end.
- (3) Opening of branches in the remaining 4 unbanked villages.
- (4) Banks are required to ensure 100% Aadhaar & Mobile seeding and issue of Debit cards / RuPay cards to all the eligible beneficiaries. All the stake holders shall strive together to make the Digitalization implementation in Kerala, a model for the others
- (5) Clearing the backlog of issuing and activation of RuPay Cards for all those who have already opened accounts, and also on a day to day basis for the new accounts being opened.
- (6) Imparting Financial Literacy is a key factor for the PMJDY initiatives to be successful. Hence we need to strengthen the FLCs to make them more efficient.
- (7) Launching of District Credit Plan for 2017-2018. He took this opportunity to exhort LDMs to ensure that Annual Credit Plans for 2017-18 are released before 31.03.2017 so that the implementation of the same can start right from day one in the next financial year.
- (8) Increase enrollments under Social Security Schemes.

While concluding the address, he extended thanks to all the bankers, Government officials, and other agencies for their continued support and cooperation extended through out and requested active participation in the deliberations to make this SLBC meeting, successful and purposeful.

Sri. S. M. Vijayanand IAS, Chief Secretary, Government of Kerala in his address highlighted the following.

- While reviewing digital payments in the meeting called by the Cabinet Secretary, it was highlighted that seeding of Aadhaar is comparatively low in Kerala. Though we have the highest percentage of Aadhaar enrolment in the whole country, somehow seeding of bank accounts is relatively low. So we have to reach out to the people, for which banks can use Kudumbashree or Village Extension Officers as well as all the Government mechanisms available. He requested each bank to have a plan of action in this regard. On behalf of the Government he assured all the help to banks in this regard. Since all the officials are now busy with the yearly closing, immediately after 31.03.2017 we need to do the exercise, otherwise the banking community and the Government may get ourselves a bad name.
- Referring loans to SHGs and JLGs, he observed that, a disturbing matter is the increasing NPA. To enhance the volume of lending, he strongly recommended that the Andhra-Telangana Model may be adopted. Joint team of senior bankers and the livelihood Mission (Kudumbashree officers) may visit and study as to how it is done. It is a rewarding exercise which was experimented in Bihar also, where credit off take was practically nil. Teams from Bihar organised by the Lead Bank went to Andhra, spent 2-3 days and came back and completely changed the scenario. He requested the Lead Bank that after 31.03.2017, to take a team of fairly senior people from Kudumbashree and banks to Andhra. They can go and understand and communicate the same to banks, so that it will be a very fruitful exercise.
- Referring Financial Inclusion, he informed that two meetings were held during his tenure. We have a long way to go. The potential is huge but we have not realised the potential particularly using the new products, insurance products and all that. We have almost reached 100% coverage. He requested Kudumbashree and SLBC Convenor to work out an action plan in this regard, in which the Government also gives some kind of subsidised scheme along with some kind of contribution from the beneficiary also. This we need to fast track.
- Referring the mission to give house and a plot to every landless houseless person, he said that we need to intelligently dovetail the loan portion. Commitment is huge. We expect around 4 lakh people needing houses and half of them do not seem to have plots. This is very costly exercise. Obviously banks cannot lend to the Government for a housing scheme. But there are innovative ways in which banks can lend. He requested RBI to give advice as how exactly to structure this into a bankable scheme. The Government would be calling a meeting in this regard, where in some innovative idea is expected to come up .If designed as an annuity model with the Local Bodies and Government ensuring the annuity payments , it is going to be a 100% guaranteed return scheme.

- Out of the missions launched by Government, one mission in which the banks have very critical role. In fact bank's role would decide its success. It is the Haritha Keralam i.e., Green Kerala Mission. It has 3 components
 - (i) Solid waste management - As citizens, we are sad the way solid waste is managed in our towns and cities. So we need to address this. Finally we have a kind of an action plan after a lot of trial and error. The role of bankers will come up as we go up in the ladder. Collection of waste can be done locally. But certain resource recovery centres are inevitable like plastic recovery centres, and those for electronic and some other waste. There we need to evolve a business model. It cannot be subsidised. There may be a viability gap which the Government can pay. But in nurturing that kind of business model we are all have a collective role
 - (ii) Watershed Management – Here Bankers have a big role. You all have agricultural officers. So also NABARD. All that we require here is the technical assistance when Panchayats are doing this activity.
 - (iii) Organic agriculture - call it producing safe to eat food – here again micro models of finance are required. Kerala never went on a massive agriculture scheme in the recent past. But this is going to be one massive movement where technical assistance plus some kind of finance would be required particularly in our core agricultural areas. One place where the bulk of activities would take place is the Anchinad area (5 panchayats including Marayoor, Kanthalloor, Vattavada panchayats of Idukki) There are certain areas of Wayanad and Palakkad also. It can produce vegetables for the richest part of Kerala starting from Changanassery going up to Thrissur. All the vegetables including those which require the cool climate like cabbage and cauliflower can be produced. They are poor and real farmers. We need to develop a model. A suitable Transportation model is a very important which the banks can finance. We have to work on that.
- Referring, Kerala Infrastructure Investment Fund Board (KIIFB) he said that our target is to borrow Rs. 50,000 crores. Lot of us feel, it is easy to borrow but whether the Government can return. Secretary (Finance-Resources) may brief the forum on the financial viability of KIIFB as how through the escrow mechanism of motor vehicle tax, petrol cess the entire Rs.50,000 crores can be repaid. It is beautifully developed and probably we can borrow more. But Rs.50000 crores is a small amount if we look at the financial viability of the guaranteed way in which it is going to be repaid.
- Referring Drought, he said that drought is in a drinking water sense rather than in agriculture sense. It is worst in the recent history. So work closely with the State Government, the Agriculture Department. Since Kerala does not have these kind of agriculture related droughts state mechanism in producing those kinds of notifications and statutory/procedural things are not very effective or they do not know. So we should work closely with them so that farmers are less burdened. Finance Department in consultation with banks has taken two importance initiatives - SARFAESI package and Education Loan package. Bankers will gain because you will get back the loans which otherwise you would never get back. State will gain because it is a facilitator. Most of all, the ordinary people who borrowed (nurses and those kind of students) also stand to gain It is probably one of the exciting and viable packages of loan restructuring that we have come across. He requested all banks to lend their support in full.

- Referring unbanked villages, he pointed out that, as per information, there is only one unbanked Grama Panchayat i.e. Edamalakudy in Idukki District. It is very difficult to reach there, long way through the forest but a very peaceful place. Tribals in the area are not poor, having lot of forest produces. A bank will be viable even for about 2500 people. He requested RBI to tactically push some kind of a banking facility. Tribal Department and Kudumbashree would support the cause. Even the Government can develop infrastructure for setting up one room. I have seen similar kind of facilities very effectively being implemented in Madhya Pradesh.
- Referring pending Issues, he said that there have been considerable movements forward. He requested the Additional Chief Secretary (Planning) to take the pending issues to their logical conclusions.

Concluding his remarks **Sri. S. M. Vijayanand IAS**, informed that he had long and fruitful relationship with banks and SLBC. There was adequate cooperation from the side of banks during the testing situations like farmers' deaths and suicide related to Education loans. During that period all of us had worked together and there is no trust gap and we were able to sort out issues very well with very positive response from bankers towards all kinds of requests that the Government made.

Sri. V. S. Senthil IAS, Additional Chief Secretary, Planning & Economic Affairs Department, Government of Kerala in his address touched upon the following.

- He expressed happiness that the mood seems to be warm and optimistic. When we met last time, there was a kind of uncertainty and confusion as we were just passing through just like a ship sailing through storm. Now we have the feeling of having reached the safe harbour. We have had some short term pain in that process and incurred some cost also. We now realise that the old eco system has changed and we are moving towards a new eco system i.e. the digital world. In Financial sector lot of things have changed. Advances have taken a dip and NPA has risen. It could have an impact on the health of banks' balance sheets in the short term. But if you really look at the world scenario, and in terms of our India's long term growth, the potential trajectory still remains very good. Despite the Fed Reserve raising the interest rates the markets are already pricey. There is an expected uptick in the US economy which we should analyse in terms of Indian interests. The budgets announced by both the State Government and Government of India, and other initiatives which they have rolled out should actually be providing opportunities for those in the banking sector as well as those in the Government sector to push forward some of the agendas for improving the socio economic conditions in the country.
- He expressed happiness that the year is ending with an optimistic note. We can look forward to a new fiscal year where all that we have seen today is reversed. Advances moving upwards, NPA moving southwards, balance sheet improving and with all of us putting in our head together, we should be able to push up the CD Ratio which for the current year had been less than the medium term normal to push the CD Ratio by at least 5% over the medium term normal. So that we set a new normal which is 5% plus over the current years CD Ratio.

Then probably if we can just do it two more years' banks could have an incremental increase of 15% in 3 years. It is very herculean task particularly in the State of Kerala, but we will be able to achieve it. He was sure that by the time when we meet next year we would be able to really take the stock of the chain that has taken place and that should reflect in the performance report which Convenor, SLBC would present in the next time.

Sri. Subrata Biswas IAS, Additional Chief Secretary, Public Works Department, Government of Kerala in his address pointed out the following:

- Referring the issues mentioned in the earlier SLBC meeting regarding financial inclusion in remote areas of Kerala, he expressed happiness that Vattavada was recently brought under banking coverage. As Chief Secretary has mentioned, EdamalaIkudy is one area where something needs to be done. In Palakkad District, Parambikulam is another area which is deep inside the forest where people have no banking facility. He expressed hope that the matter will be taken care of in the coming days.
- Referring Pradhan Mantri Fasal Bima Yojana (PMFBY), he said that 18 lakh registered farmers in Kerala. So that should be the target and this is one area Agriculture department and banking sector should work together.
- Referring the issue with regard to PWD, he informed that Contractors of different categories (A, B, C, D) had registered with PWD and with that registration they have taken up different kinds of works. In the course of registration, they are required to produce capability certificates from their bank. There is no uniformity in capability certificates issued by nationalised banks and other banks.
- As per the recent news item, CIBIL can be seen by whoever wants to see it. He wished to know if it was to incorporate CIBIL rating in the capability certificate issued by the bankers. PWD is going to have online contractors' registration soon the software is getting ready and may be in place in the next financial year. Government has taken a decision to make the payments due to the contractors, through their bank accounts.
- This forum may deliberate subsequently on this agenda. Let us have some uniformity in issuing capability certificate. Banks are charging varying fees for issuing capability certificates. The issue is brought to this forum, to bring some kind of uniformity and transparency in the whole system and if bankers want some more information from Department side banks, it can be made available.

Responding to that, **Sri. N. Sivasankaran**, Convenor, SLBC & General Manager, Canara Bank requested the Additional Chief Secretary to give a brief note in this regard containing the requirement of the Government so that the matter would be discussed further with major bankers and come out a solution.

Sri. S. M. N. Swamy, Regional Director, Reserve Bank of India in his address expressed his great pleasure in attending the 121st SLBC meeting. He then highlighted some of the developments in the banking sector on the Indian Economy since the last SLBC meeting.

- The 6th bimonthly monetary policy statement has come and the repo rate under the liquidity adjustment facility stays unchanged at 6.25 %. Some of the excerpts of the monetary policy statement which was announced in February 8, 2017 are
- The global growth is projected to pick up moderately in 2017 after slowing down in the year gone by.
- Advanced economies are expected to build on the slow gathering of momentum that started in the 2nd half of the 2016 led by the US and Japan. However, uncertainty surrounds the direction in which the US macroeconomic policies may shift, with potential global spill over. Growth prospects for emerging market economies are also expected to improve moderately with the recessionary conditions in Russia, Brazil and China stabilising on monetary policy stimulus.
- Inflation is ebbing upon the back of rising energy prices. However, global trade remains subdued due to the increased tendency towards protectionist policies. Furthermore, financial conditions are likely to tighten as Central Banks in the advanced economies normalise exceptional deviations in monetary policy.
- In the domestic front, for 2016-17 India's real gross value added growth have been projected at 7% for the year down from 7.8% a year ago. Agriculture and allied activities posted a strong pick up benefitting from normal south west monsoons, robust expansion in rabi crop area higher than 5.7 % of the preceding year and favourable base effects as well as the continuing resilience of allied activities.
- In contrast, the industrial sector may experience a short deceleration mainly due to a slowdown in the manufacturing, mining and quarrying.
- Service sector activities also lost space – mainly the transport and communication services. The construction sector was cushioned to some extent by public administration and defence.
- We are in an era which is witnessing a paradigm shift towards the digitisation of economy. It would bring in the much needed transparency, ensure accountability and help to improve compliance of minimum wages, tax laws etc. These will bring in overall social and economic prosperity.
- In this context there emerges a need to educate the public on the modalities of digital banking. Keeping this in view, the RBI has recently advised the Financial Literacy Centres to conduct special camps for a period of one year from April 1, 2017 and going digital to UPI and star- hash products. Further rural branches of banks are henceforth required to conduct one camp per month to educate its customers. Both these initiatives will in the long term provide a fillip to our digital and financial literacy efforts.
- With a view to strengthening the reach of the credit delivery mechanism to small and marginal farmers, small entrepreneurs and businesses, RBI has issued in principle approval for setting up of small finance banks. One such small finance bank in the State of Kerala has become functional i.e ESAF Small Finance Bank, head quartered in Thrissur. RBI has mandated the small finance banks to extend 75% of their adjusted net credit to the sectors eligible for classification as priority sector and further, at least 50 % of such loans should be up to Rs. 25 lakh. So this is intended mainly to cater to the credit needs of the small businesses. Together with the existing players these banks will be able to meet the credit needs of the small farmers and small enterprises in a holistic and timely manner.

- In order to enhance operational efficiency and synergy of operations the Government of India has kick started the merger of the 5 associates of SBI with its parent. The SBT, which is head quartered in Kerala, when it is merged with SBI, has to exercise care while shifting, merging, closing down the rural and semi-urban branches. The bank would also have to ensure that the banking needs of the centre continue to be met through their mobile vans, Business Correspondents. No centre presently banked by them should be left unbanked. Banks should also ensure that the customers of the branch which is being shifted or merger or closed down are inform well in advance before actual shifting or closure or merger of the branch so as to avoid inconvenience to the customers.
- He reiterated the RBI guidelines regarding shifting or closure of branches. Shifting or merger or closure of any rural as well as sole semi-urban centre would require the approval of the DCC/DLRC. Also in the case of merger/closure/shifted branches – licence of any of such branches should be surrendered to the Trivandrum office of RBI. He requested SBI to see that the licences of SBT branches which are being merged with its branches are surrendered to RBI. There are some licenses which are yet to be received from them.
- Lead Bank responsibility of the SBT in Pathanamthitta, Kottayam and Alappuzha District will stand shifted to SBI with the merger of SBT with SBI

Concluding his address, Sri. Swamy wished that the meeting will have fruitful deliberations on the agenda items listed for the day

Sri. V. R. Raveendranath, Chief General Manager, NABARD in his address made the following points.

- NABARD has made a historical credit disbursement of Rs.9500 crore during the current year of which around Rs.4800 crore was for long term refinance. It is a landmark achievement when we are talking about increase in the long term credit or capital formation in agriculture. It has been almost equally shared by Cooperative Banks and Commercial banks. He extended his gratitude and congratulation in this regard to all the bankers.
- Doubling of farmers' income by 2022 is an agenda of NABARD as well as Government of India for which NABARD has come out with a draft benchmark designed for the purpose with 10 broad measureable indicators. It has been already discussed in SLBC and we would be finalizing it soon.
- On our invitation, the Hon'ble Chairman of NABARD had visited Kerala and he had very fruitful discussion with the Chief Minister, Chief Secretary and Secretaries of all major departments and major bankers. A few points which he mentioned in his meeting are
- Farmers Producing Organizations (FPOs) are getting momentum in the State. It is piloted by NABARD. They are now 100 plus in number and taking up capital formation as well as activities right from seed to the sale of the agriculture produce. Bankers can take advantage of these farmers' collectives for reaching to the farmers as well as the farming. We have already told this in various forums and we are willing to share this information with all the bankers so that these Farmer Producer Organizations can be the next generation collectives of this State.

- It is understood that various Departments of Kerala Government are also giving subsidies. During the Empowered Committee meeting of RRB held recently at RBI, we have been informed that State Horticulture Mission is giving subsidy for the poly houses. In fact many of us are not aware that such schemes are available. These schemes have to be dovetailed and bankers can take the advantage of them.
- Another important point which was mentioned by the Chairman was the water scarcity in the State. We are reeling under a drought. So the day before yesterday we launched a water campaign intended to reach the real farmers
- Referring the Haritha Keralam and Watershed Management mentioned by the Chief Secretary, more than 120 watersheds have been implemented by NABARD and now we are again revisiting these watersheds for the post watershed activities where we will be also taking forward the water campaigns and water harvesting and salvaging measures.
- NABARD is implementing more than 26 tribal development projects across the State and one such project is in Parambikulam which was mentioned by Additional Chief Secretary, PWD as an unbanked area. As well as the Arala area this is also a remote location. Edamalaikudy is also in our map. He requested bankers to take note of these unbanked areas and to reach them.
- The Government of India has increased the capital of NABARD from Rs. 5000 cr to Rs. 30000 cr. It would enable us to raise more funds in the market.
- In Kerala, NABARD is supervising the Rupay KCC issue of RRBs and Cooperative Banks. KGB could achieve 100% Rupay KCC issue for which he extended congratulation to the KGB Chairman
- There are around 6.5 lakh live KCC live accounts in across the cooperatives in the State which we targeted for Rupay Card issuing. It was a mammoth task before us. A lot of convincing had to be done for the Primary Agriculture Producers Societies across the State. He extended thanks to the State Government, Minister for Cooperation, Chief Minister and all concerned for the help extended in breaking this deadlock. We are hopeful that around 1 lakh Rupay KCC will be issued by 31.03.2017 and remaining cards by 30.04.2017.
- In the State, the Kasaragod District was chosen for the pilot implementation of E-Shakthi Project It has been completed now. We would like to spread this experiment across the State. It is understood that the State Government is also having a similar project. We shall explore to bring both on the same platform
- Installation of solar powered V-SAT terminals in Kiosks / fixed CSPs is another thing which can fill the connectivity gap in the remote areas. NABARD is assisting it from the Financial Inclusion Fund. Details in this regard have already handed over to Convenor, SLBC. A few banks viz. Syndicate Bank, Indian Overseas Bank, Punjab National Bank, Kerala Gramin Bank has been sanctioned such projects. He requested other banks to explore such possibilities.
- Potential Linked Plans for the all the districts have been released. Keeping in view, the continuous distress in agriculture sector and subsequent policy announced by the Government of India for doubling of farmers' income by 2022, we have assessed extractable credit potential of Rs.1.28 lakh crores towards priority sector lending in the State as a whole which is an increase of 7.38 % over the previous year. This is a very pragmatic estimation. Agriculture accounts of 45 % of the total credit potential, the share of MSME and OPS is 31% and 24%.respectively

- He also requested the bankers to extend cooperation in taking forward the agriculture term lending as well as the other measures which is been heralded by NABARD like water campaigns and tribal development in the coming days.

Responding to CGM, NABARD, **Sri. N. Sivasankaran**, Convenor, SLBC & General Manager, Canara Bank informed that the data submitted to SLBC by NABARD is placed as an agenda 3.4.2 for information.

Sri. James Varghese IAS, Principal Secretary, Fisheries & Ports Department, Government of Kerala, in his remarks highlighted the following:

- Cashew sector is totally nebulous at present and a number of factories are remaining closed. So, lot of labourers are put to misery. RBI had taken up an initiative which is yet to reach the logical conclusion. The Department is in contact with RBI in the matter. In the meanwhile bankers are requested to be compassionate towards the genuine defaulters. A number of requests are coming to Government of Kerala to intervene on their behalf with bankers.
- Repeated demand from public is there for interest subsidy scheme in the fisheries sector. It is explained that there is no central scheme and that is why it could not be provided. He requested RBI and NABARD to use their good offices with the Central govt so that some schemes can be formulated. Actually the State Government has already forwarded proposals to that effect. But it has not come through this time also. But this is a very badly needed intervention because the fisheries farmers are also equally poor.

Sri. Sanjay M Kaul IAS, Special Secretary, Industries Department, Government of Kerala in his address touched upon the following points concerning the Industries Department:

- Advances to MSMEs and Industrial advances are actually gone down. There can be two reasons to this
 - (i) Due to the demonetisation, bankers have been circumspect in giving out advances
 - (ii) Actual people who need this advance and numbers of takers are less.The feedback received from lots of people is that getting advances from banks have been difficult for the past 6 months. He felt that this is unfortunate because during this period MSME sector was affected the most and it would need some hand holding. He made a request to all banks to be considerate to MSMEs when they came for loans
- Referring PMEGP he said that disbursements in PMEGP are not encouraging. Out of 1596 applications forwarded to banks, 703 are pending. Rs.12.7 crores margin money disbursement is pending. The matter has to be discussed. Small entrepreneurs need some handholding for which effective intervention from banks is required.

Sri. S. Harikishore IAS, Executive Director, Kudumbashree in his address touched up on the following points which would require assistance from all the bankers.

- Kudumbashree is having 2.7 lakh SHGs in Kerala. The total membership is 43 lakh people or to see in another way 43 lakh families Kudumbashree was founded 19 years ago. Out of the 2.7 lakh SHGs, only 1.8 lakh groups are credit linked. It is major matter of concern for us. In the last budget Government of Kerala had announced an interest subvention scheme of 4 % for the linkage loans of Kudumbasree groups. Hence all the 2.7 lakhs SHGs can be bank linked and if they take bank loan they will get an interest subsidy upto 4 %. Government have provided Rs. 50 crore as interest subsidy in the Budget and this year Rs.46 crores was disbursed. So he requested all the bankers to motivate/ assist in linkage of all the SHGs
- Recently, National Urban Livelihood Mission (NULM) is scaled up to all the 93 urban local bodies in the state. Under the scheme we provide linkage loans to groups and also self employment loans to individuals under Self Employment Programmes (SEP). The matter of concern for us is that out of the 510 loan applications forwarded to the banks only 166 are sanctioned. 130 were rejected and 231 are pending with various banks. 100 plus applications pending for the last 3 months. Trivandrum district is the highest with 101 and next highest is Wayanad with 31. We need to give them subsidies after sanctioning loans and that has to be done before March 31, 2017. So he requested the banks to address the matter
- Government of India is having a programme PMAY. PMAY has 4 verticals. One vertical is giving assistance to individual houses. Government will be giving Rs. 3 lakh for individual houses. Rs.1.5 lakh is from Government of India and remaining is the contribution of the State Government and beneficiary. Apart from the assistance to individual houses, the vertical called Credit Linked Subsidy Scheme (CLSS) is also there. If a EWS /LIG beneficiary is taking a loan for their houses, the Govt will give an interest subsidy of 6.5% to the housing loan. This scheme was announced one year ago. Recently from 01.01.2017 onwards Government of India scaled up the CLSS scheme and now it is available to MIG and higher income groups also. People having annual income upto Rs. 12 lakhs will get an interest subsidy of 4 % for their housing loans upto Rs. 9 lakhs and people having an annual income up to Rs. 18 lakhs will get an interest subsidy of 3%. It means that banks can cover almost every person who has taken housing loan from bank. He then made a request to all the banks to convert their existing loans to this PMAY scheme and to give additional loans. Anybody who availed a housing loan after 01.01.2017 they can very well come in the MIG and higher income category. If somebody has taken a loan in February for Rs. 12 lakh then we will be able to give them interest subsidy of 4%. Existing scheme of economically weaker section for Rs. 6 lakh should also be included.
- A matter of serious concern is low numbers under CLSS. When we go to Government of India meeting, they are giving a target of 30,000 loans. We have to consider 30,000 people in Credit Linked Subsidy Scheme. But at present even though NHB and HUDCO are taking pain to conduct lot of credit campaigns, the conversion rate is very less. Till now only 186 people got housing loans in CLSS. So the appeal to SLBC is that the 1500 urban branches of all banks give at least 2 housing loans each so that the state will get a figure of 3000.

- Recently Kochin Metro invited Kudumbashree to give all metro services through Kudumbashree people. We are doing ticketing, servicing, security, parking etc in Kochin Metro. Railway has also give an opportunity to do run waiting launch in Ernakulam, Thrissur, Aluva etc., and do the parking and canteen in Thrissur, Ernakulam and Trivandrum. He requested Bankers also to think of availing Kudumbashree service for their various activities.
- Regarding the Sreenidhi project mentioned by the Chief secretary , the Kudumbasree ED stated that they were open to the suggestion The Kudumbasree team could go to Andhra Pradesh with the Bankers team and study the model
- He extended thanks to NABARD for the E Shakthi project. It is a great beginning. We are digitising all the NHGs and their transaction can be mapped on a monthly basis. Through that project we will be scaling and once it is scaled up it is going to be a good beginning for SHGs in Kerala.
- Our concern is basically in NULM, SEPs and in PMAY CLSS

Sri. Minhaj Alam IAS, Secretary, Finance (Resources), Government of Kerala in his address touched up on the following points.

- There was a slight dip in the performance as at 31st December, 2016 compared to September 2016. It is because of demonetisation. Compared to December 2015, performance is down in all the sectors. It needs to be improved in the Quarter 4 so that we can achieve the targets.
- Referring Education Loan Support Scheme of Government of Kerala, he informed that in the context of the issue with regard to Education Loan takers and increasing trend in NPA under Education, Government is coming out with this scheme where Government also will be helping those who have taken loan to repay but banks also should help and come down little bit on the conditions of One Time Settlement. Government had discussions with banks earlier and we need to have further discussions in this regard so that we can help people/students those who are not able to repay and they are facing the pressure from the side of banks. We will have a separate discussion and banks should help the State Government. It is a very serious issue and Government is very committed in this regard.
- Referring Kerala Infrastructure Investment Fund Board (KIIFB) he informed that during the SLBC meeting in September 2016, Additional Chief Secretary (Finance) has made a detailed presentation on KIIFB. During the last six months we have started DBR preparation and approval of various projects have been given. So far around Rs.30, 000 crores projects have been approved. Right now we are having some funds. The Petrol Cess which we are collecting is transferred to KIIFB and so some money is now available. But in future, we will be floating bonds to finance these projects. For that we require banks help, through their investments in these bonds. Our KIIFB team can explain to you how the State Government is planning to repay the debts raised for KIIFB. State Government is trying to get resources through various sources. State Government have planned KIIFB activities properly. And there will not be any issue regarding our payment capacity and all will be within our limits and there is not going to be any serious burden over State finances. In the next few months we are going to float the bonds and if banks invest that would be good for us.

- An issue to be highlighted is that the Government is not getting sufficient cash from banks in time. The concerned agencies are banks .SBT, SBI & Canara Bank. If SBT merged with SBI, then 2 banks will be there. He requested that the cash issue is sorted out.

Responding to the Secretary, Finance (Resources), with regard to Education loan support scheme, **Sri. N. Sivasankaran**, Convenor, SLBC & General Manager, Canara Bank informed that we have had couple of rounds of discussion with Department involving participating banks. He requested the government to roll out the scheme.

Regarding cash availability, **Sri. S. M. N. Swamy**, Regional Director, RBI clarified that, Government of India, Reserve Bank of India and all State Governments are increasingly going for digital payments. Government of Kerala also has to make aggressive push for digitalization of payments. There has to be a reduction in reliance on cash, so that the problem will not arise in future. So going forward, we have to migrate to a less cash regime.

The House then proceeded with issues listed in the agenda items.

1. ADOPTION OF MINUTES

The forum unanimously adopted the minutes of the 120th Meeting of SLBC, Kerala held on 30th December 2016, which was forwarded to the members, vide Convener's letter SLBC 35 15 2017 GN dated 14th February, 2017.

2. PENDING ISSUES

2.1. PRIMARY SECTOR

2.1.1. Introduction of a Credit Guarantee Scheme for Agriculture Term Loans similar to CGTMSE (Pending since July 2012)

The forum decided to pursue the matter with DFS, Government of India with the details.

(Action: SLBC Cell)

2.2. SECONDARY SECTOR

2.2.1. Issues involved in the implementation of PMEGP Scheme (Pending since March 2014)

Representative from Industries Department informed that sanction levels have come down and we are short of the target by considerable margin. At present Department is having single window clearance system in each district.

Sri. N. Sivasankaran, Convenor, SLBC & General Manager, Canara Bank explained that we need to have a system in local bodies for issuing upfront any licenses required, so that banks will be able to finance once these legal clearances are readily available. One requirement from banks is that to start a unit they need to have the licenses. If license is not granted after investing on land and machinery, the entrepreneur and the financing bank will suffer loss.

Representative from **Industries Department** informed that Act is being amended to incorporate a clause whereby renewal is also taken care of. Some legislation will also be needed to ensure that and it has to come from LSGD.

The forum suggested that as a long term measure, the department should consider creating a land bank in industrial areas where all these clearances will be readily available so that entrepreneurs can start industries hassle free

The IT mission Director assured the forum that the issue of single window clearance in panchayats will be looked into seriously.

Convenor, SLBC, Kerala suggested to have an interim discussion involving concerned Secretaries along with Chief Secretary so as to sorting out the issue.

The forum decided to pursue the matter with the Government.

(Action: SLBC Cell / Local Self Government Department)

2.3. TERTIARY SECTOR

2.3.1. Land Allotment for construction of RSETI Buildings

(Pending since July 2012)

Referring Veterinary department has made a claim for the land allotted at Alappuzha District, **Sri. P. K. Mohanan**, Joint Development Commissioner for Rural Development informed that the issue has been resolved.

Representative from **State Bank of Travancore** informed that the problem in Alappuzha District has been solved now. He added that they are going shortly to commence the construction under SBI.

Sri. P. K. Mohanan, Joint Development Commissioner for Rural Development informed the following:

- *The Commissionerate has already sent the detailed project report, sketch plan and detailed report to Government in case of Kollam District, it is a premises of ETC in Kottarakkara.*
- *In the case of Kozhikode District, land has selected in Vadakara Block Panchayat. Detailed project report and sketch plan is being prepared within a short period of time and it will send to Government for getting the sanction. The Commissionerate can collect the details within one month and it will be sent to Government for getting permission He added that Commissionerate will take similar steps in the case of Palakkad District also.*
- *In the case of Pathanamthitta, the dispute with Block panchayat and RSETI is going on in High Court .The court has directed that both institutions may work in the same building but this arrangement will not be comfortable for the functioning of the RSETI according to SBT. So they have requested to identify an alternate premise. Now a place in Elanthoor Block panchayat has been identified.*

Supplementing to this, Sri. Kishore Kumar K, State Director, RSETI, Kerala informed that the issue with Union Bank of India in Idukki cannot be solved at bank level Now they are operating in a temporary premises in Nedumkandom . Govt has allotted land for permanent premises in Thodupuzha After 5 years of discussions and allotment procedure MoU is agreed and money has been given for construction But bank is unable to go ahead with construction because local bodies are raising objections The process is thus in stalemate.

Sri. P. K. Mohanan, Joint Development Commissioner for Rural Development said that initially a plot in Nedumkandom was identified. But it was dropped due to shortage of water. In its place the present Thodupuzha location was selected. The MOU has also been signed but temporarily as it is running in Nedumkandom. But the local body in Nedumkandom , where the RSETI is temporarily located is objecting its shifting to any other place , while the Block Panchayat in Thodupuzha wants to get the land back for their requirement. This is the issue to be addressed.

Convenor, SLBC, Kerala suggested that if it is permissible, the Union Bank may establish the permanent centre at Thodupuzha and retain the present Nedumkandom institute as a second campus or satellite centre.

Adding to this, Sri. Kishore Kumar K, State Director, RSETI, Kerala said, that according to the Kottayam Regional Manager of Union Bank of India, the bank is agreeable to such a proposal. Not the issue they face is that the bank has already awarded the work to a contractor and he is not able move forward.

Representative from Union Bank of India informed that the bank had actually got the fund from MORD and kept with them and now MORD are demanding back the fund since the period is over. Plan and estimates are finalized and contract also given for Thodupuzha land

Convenor, SLBC, Kerala requested Union Bank of India to have one more round of meeting with the Principal Secretary, LSGD in this issue.

With regard to Ernakulam RSETI also, representative from Union Bank of India informed that construction is complete .But there is no water availability

Supplementing this, Sri. Kishore Kumar K, State Director, RSETI, Kerala informed that the Union Bank of India has to make a representation to the Secretary, Water Resources and there after they have to liaise with them.

(Action: Commissionerate of Rural Development/ Local Self Govt Department, State Director RSETI, LDMs of respective Districts/ Union Bank of India)

2.3.2. Computerization of Land Records & Creation of a Central Registry titled National Mortgage Repository (Pending since June 2006)

The representative from Revenue Department informed that actually computerization is going on and in the final stage. Majority of the districts have achieved above 75 %. The process will be completed within a short period.

The forum requested the Revenue Department to complete the computerization process as early as possible and decided to pursue the matter.

(Action: Revenue Department)

2.3.3. Noting of Equitable Mortgage created in favour of the banks in Revenue Records (Pending since March 2014)

The representative from Revenue Department informed that the matter is under the active consideration of Revenue Department and at present the matter is placed before the Law Department for their advice and expected to sort out the issue shortly.

The forum decided to pursue the matter with Revenue Department.

(Action: Revenue Department)

2.3.4. Registration Act, 1908 – State amendment of Section 17 (1) (f)

The forum decided to pursue the matter with Taxes Department.

(Action: Taxes Department)

2.3.5. Non availability of Government of India Interest Subsidy on Education loans granted by KSCARD Bank & Non availability of Central & State Governments Interest Subsidy to Education Loans availed from District Co-operative Banks & PACS (Pending since July 2012)

The forum decided to pursue the matter with Planning & Economic Affairs Department, Government of Kerala.

(Action: Planning & Economic Affairs Department / KSCARD Bank)

2.3.6. Loan Waiver Scheme of Scheduled Tribes Development Department

The forum decided the following:

- The department to give the full list of cases received in an electronically sortable soft copy to SLBC Cell so that it will be easy for member banks to identify left out cases*
- Major delay is from Co-operative sector. The Registrar of Cooperative Societies (ROC) may intervene in the matter.*

Convenor, SLBC, Kerala requested the Department to provide the details as how many claim has been received, how many people applied, how many sanctioned, how many disbursed and how many rejected, how many pending in a case to case basis then definitely SLBC will be able to pursue the matter.

Representative from ST Development Department assured the forum to submit the report as early possible.

(Action: ST Development Department /Registrar of Cooperative Societies)

2.3.7. Revenue Recovery Online Platform

The forum decided the following:

- *The banks viz. Andhra Bank, Bank of Maharashtra, City Union Bank, Indian Bank, KSCARD Bank, Kotak Mahindra Bank, Lakshmi Vilas Bank, Punjab & Sind Bank, SBH, SBM, TMB to give their details immediately.*
- *Banks have to take appropriate steps on promptly intimating the RR authorities regarding OTS settlements in the account for withdrawal of Recovery Certificate*
- *Banks have to take appropriate steps on promptly paying the RR charges collected by banks at the time of OTS.*

(Action: Banks)

2.3.8. Retaining Salary accounts of State Government employees with the Public Sector Banks

The forum noted that “vide letter No.E-995457/F(RO)/2016/Plg dated 28.01.2017, Planning & Economic Affairs (F) Department, Government of Kerala informed that no formal order issued specifying mandatory transferring of salaries of State Government Employees to Treasury Savings Accounts”

*In the light of the above clarification, the forum decided to **drop** the agenda.*

3. FRESH ISSUES

3.1. PRIMARY SECTOR

3.1.1. Agricultural Term Loan- Low off take (Suggested by NABARD)

Convenor, SLBC, Kerala pointed out that during the Empowered Committee Meeting held at RBI, the previous day it was informed that various departments had various schemes. The request is that when a scheme is formulated, it can be shared with SLBC and NABARD for communicating to banks. SLBC is the best forum where there is higher level participation from all banks. Moreover there will be higher off take. If it is subsidy linked scheme, banks have to act faster on that.

Sri. Rakesh Sharma, Chairman of the meeting said that while formulation of policies, dissemination is very important.

Sri. V. R. Raveendranath, Chief General Manager, NABARD said that schemes of State Horticulture Mission or any other line departments can be informed to either NABARD or SLBC so that we will be able to disseminate among bankers. Referring funding to farmers' collectives, he said that there is lot of farmers produce organizations. NABARD is willing to share all those information with the banks, so that they will be able to fund the FPOs with loan. List of FPOs have already given to majority of banks with a copy to SLBC. He requested SLBC Convenor to write a letter to Chief Secretary in this regard.

Smt. P. T. Usha, Deputy General Manager, NABARD informed that, majority of the subsidy schemes implemented by the Government Departments are not bank linked.

Convenor, SLBC, Kerala said that for most of the scheme that the Government brings out, there are inbuilt schemes within the banks for financing those particular activities. Only thing is that this should be made known to the farmer. When a farmer comes to banks for taking finance, we should be able to tell them about the related subsidy schemes also. He requested various departments associated with farm development, like Department of Agriculture, State Horticulture Mission, National Horticulture Board, SFAC, VFPC, Animal Husbandry, Dairy, Fisheries, ADAC etc. to send the soft copies of their schemes to SLBC for onward circulation to all banks.

(Action: Departments associated with Agriculture Finance)

3.1.2. Data provided by SLBC- Details of GLC under Agri (Suggested by NABARD)

The forum observed that SLBC had revised the current year's LBR 1 format to include crop wise and activity wise details in tune with the changes in classification and MIS requirement of RBI. As shown below.

Crop loans	Plantation & Horticulture
Paddy	Cashew nut
Oilseeds	Pineapple
Pulses	Mango
Sugarcane	Coconut
Vegetables	Tea
Coconut	Coffee
Spices	Sericulture
Banana & plantains	Rubber
Other cereals	Spices
Fibre crops	Areca nut
Miscellaneous	Miscellaneous
SUB-TOTAL 1	SUB-TOTAL 5

Sri. V. R. Raveendranath, Chief General Manager, NABARD informed that they have really faced the lack of crop level data on spice crops during the visit of at Parliamentary Committee

Convenor, SLBC, Kerala pointed out that as of now may finer data are culled out manually and sent to SLBC for compilation. This leads to data inconsistency. Effecting system level changes in CBS is costly as the vendors quote high rates. So we have to think of a cost effective solution to generate the required data from the central servers directly

Convenor, SLBC, Kerala suggested that there bare commodity boards for most of the spice products. So probably if NABARD is able to tie up with those boards then they may have some data. Spices farmers are members of the board. So they have some data as how many farmers are taken loan. From them we may get a data as accurate as possible

The forum decided to constitute a task force under the leadership of NABARD to look into it. The other members can be RBI, SLBC and banks with lead bank responsibility.

(Action: NABARD)

3.1.3. Promoting solar pump set schemes (Suggested by NABARD)

The forum observed that the demand for solar pump sets in Kerala is poor. The reasons included the universal availability of electricity in all places, the free tariff for agriculture purpose and the high cost of solar pump sets. The forum felt that value added models of solar pumps such as pump set plus solar inverter or pump set with grid connected power generation etc. may improve its acceptance.

Smt. P. T. Usha, Deputy General Manager, NABARD informed that NABARD had discussion with State Government, but State Government is not ready to give any financial top up facility. Kerala has been given 600 targets by Government of India.

The forum decided that NABARD to take lead in identifying customized models suitable for the State and getting it approved by the Government of India.

(Action: NABARD)

3.1.4. Farmer Producer Organizations (FPOs) – the way ahead for Indian farmers (Suggested by NABARD)

Sri. V. R. Raveendranath, Chief General Manager, NABARD informed that Idukki District Cooperative Bank has come out with a model of financing up to Rs. 25 lakhs to FPOs and other banks to follow suit. Federal Bank has done one or two rounds of discussions in this regard. NABARD is having around 100 FPOs across the State, of which around 25-30 FPOs are in good strength. So banks could consider favourably whenever they approach for further financing. NABARD is only given the role of promotion. Even the most successful FPO called Sangamaithri has informed that they are still in need of funds. He declared that NABARD has decided to start a subsidiary called NABKISAN which would fund for capital financing of agriculture. It will be starting the operations from next month onwards.

The forum requested the banks requested to promote FPOs under their existing schemes and NABARD to circulate the model schemes of the banks which have launched the scheme

(Action: Banks / NABARD)

3.1.5. SHG-Bank linkage programme (Suggested by NABARD)

The forum concurred with views of the Steering Committee that it is necessary to graduate a SHG from consumption loans to loans for productive ventures. While doing so, banker should be cautious of the following pit falls

- *The first cycle is always thrift linked. So there is little chance for excess finance*
- *There is tendency to delink thrift while moving to subsequent cycles. This need not be general rule.*
- *Where bank extends finance to group without correlation to its thrift, it should be only for an activity which the group can run, that too at a scale at which it can handle*
- *The NPA in SHG are increasing (8 % under SHG loans & 9 % under JLG loans)*
- *Banks also need to think of daily collection based model of lending (as adopted by many NBFCs)*

Representative from Kudumbashree informed that Kudumbashree has conducted one campaign called Disha. The ultimate objective of the campaign was the inclusion of more people under the Kudumbashree network and promoting linkages. Because of that, more linkages have happened in the last two months.

Convenor, SLBC, Kerala pointed out that one concerning factor is that NPA is growing. We need to find out its reasons. Moreover, some support from Kudumbashree on this has to come. We have seen a system where matured SHGs are financed over your head by somebody especially some NBFCs. These types of “not too prudent activities” should be stopped at the moment it comes to the knowledge of the CDS then only we will be able to improve the health of the ecosystem and recovery climate.

Representative from Kudumbashree informed that actually in continuation of the Disha campaign we are planning NHG level meeting across the State where we are going to give the message to all CDSs to be cautious of these types of activities and we will take care of that.

Smt. Uma Sankar, General Manager, Reserve Bank of India emphasized on the RBI guidelines in this regard and that RBI had advised all the banks to upload the details regarding the individual members of SHGs in the CIBIL website. Once that is done, the entire banking community will come to know who the individual SHG members are. She informed that the deadline given was July 2017.

The forum recommended that both LDMs and DDMs can identify and report the requirement for capacity building programmes to promote SHG bank linkage. For training needs, they may also seek the support of RSETIs and FLCs.

(Action: Banks / LDMs / DDMs / Kudumbashree)

3.1.6. Assistance to Indebted Dairy Farmers (Suggested by Directorate of Dairy Development)

The forum noted the detailed circular issued by the Directorate of Dairy Development provided in Annexure-8.40 in the agenda & background papers.

The forum suggested that instead of banks submitting the data to Directorate of Dairy Development, it is appropriate that Ksheera Bhavans call for applications from the affected farmers directly in prescribed format and get it certified from the Financing agency (Same as the procedure adopted under Fishermen Debt Relief scheme).

If the Government declares the scheme, SLBC shall assist the Directorate of Dairy Development in evolving operational guidelines.

(Action: Directorate of Dairy Development)

3.1.7. Implementation of Ksheera Gramam Project (Suggested by Directorate of Dairy Development)

The forum noted the Scheme components of Ksheera Gramam Project provided in Annexure-8.41 in the agenda & background papers.

The forum decided that all banks to extend support, within the existing schemes.

(Action: Banks)

3.2. SECONDARY SECTOR

3.2.1. Quarterly Review of progress made with regard to credit linkage of MSME units located in unidentified / unlinked MSME clusters (Suggested by RBI)

The forum noted the RBI circulars dated June 28, 2016 and September 26, 2016, provided in Annexure-8.42 in the agenda & background papers regarding constitution of a sub-committee for MSME for monitoring the progress made in regard to credit linkage of above units and submit to RBI a quarterly progress report in the prescribed format for onward transmission to CO by 15th of succeeding month. The forum also noted that the findings of the survey for the above purpose provided in Annexure-8.43, the report for the quarter ended December 2016 provided in Annexure-8.44 and the prescribed format for reporting from the ensuing quarter provided in Annexure-8.45.

The forum concurred with the views of the Steering Committee Meeting of SLBC that LDMs of Ernakulam and Kozhikode districts have to take care of the above clusters and ask them to inform the feedbacks through the respective BLBCs. Then it is also asked them to take into account the bank linkage first and thereafter the viability.

Smt. Uma Sankar, General Manager, Reserve Bank of India suggested to constitute a sub-committee comprising of SLBC, LDMs, LDOs, DDMs and Controlling Offices of their banks servicing the area of operation of these clusters be formed . She added that one committee at State level would do. Anyway at District level DCC/DLRC meeting can review this also. She pointed out that the credit linkage as at December 2016 is very poor in these clusters. So that has to be effectively improved and what we expect from RBI is that the reporting for 2017March quarter in the new format should reach RBI by 2017 April 20th

Convenor, SLBC, Kerala requested all Banks to take note of this deadline for reporting purpose.

The forum decided to constitute a sub-committee comprising of SLBC, LDMs, LDOs, and DDMs of all these clusters which has identified and Controlling Offices of banks which have their presence in these clusters.

(Action: SLBC Cell / Banks)

3.2.2. Review of Implementation of Coir Udyami Yojana 2016-17 (Suggested by Coir Board)

The forum noted the Bank Branch wise details of CUY applications pending with the Banks provided in Annexure-8.46 in the agenda & background papers. The forum requested Coir Board to give an update of bank branch wise details of CUY.

*Representative from **Coir Board** informed that the target outlay for Coir Udyami Yojana is Rs.290 lakhs towards the setting up of new coir units. Out of that Rs.155.60 lakhs only is utilized (53.62 %.) This is mainly due to the non-consideration of pending application with banks on priority basis. Te CUY portal having 120 pending application with banks in different areas. SLBC may give direction to different banks to consider the pending applications on priority basis. He suggested that this can be added as to the Mudra Scheme also as all the projects are below Rs. 10 lakhs.*

The forum requested all banks to speed up the process and dispose of pending applications.

(Action: Banks)

3.2.3. Reconciliation statement of the funds released in Kerala under pre-revised Scheme of CUY (Suggested by Coir Board)

The forum noted the year-wise breakup of subsidy released by the Board to different Banks in Kerala with details of funds reconciled, non-reconciled funds lying with the Bank etc. provided in Annexure-8.47 in the agenda & background papers. The forum requested Coir Board to give an update of bank branch wise figures.

The forum requested all banks to look into the matter.

(Action: Banks)

3.2.4. Physical verification of the units assisted under Coir Udyami Yojana (Suggested by Coir Board)

Referring the information that physical verification of CUY units is entrusted to M/s. APITCO Ltd., Hyderabad, Convenor, SLBC, Kerala requested Coir Board to include the Remote cases also under the verification

Forum requested Banks to extend the necessary co-operation to the agency M/s. APITCO Ltd. In case of any disagreement with the findings of the agency, the bank to bring it to the notice of Coir board with copy to SLBC Cell.

(Action: Coir Board / Banks)

3.3. TERTIARY SECTOR

3.3.1. Review of achievement of targets by FLCs and rural branches for conducting special/target specific camps based on revised guidelines for FLCs in terms of e-mail dated 16.08.2016 (Suggested by RBI)

The forum noted the email dated August 16, 2016 provided in Annexure-8.48 in the Agenda & Background notes.

The forum noted that during the Steering Committee Meeting it was informed as follows:

RBI had conducted a one day workshop for FLCs of 4 districts in Kottayam, in February 2017. SLBC also participated in it. The learning we got that was,

- The FLCs are conducting many activities. But they are not focused on the target oriented approach.
- The minimum target as per latest RBI guidelines is one camp each for the following 5 target groups (1) senior citizens, (2) entrepreneurs, (3) farmers, (4) SHGs (5) students and one special camp for persons newly brought into FI (This will be replaced by special camp on digital literacy from April onwards)
- But there is under reporting and improper reporting
- FLCs need to be given training on target oriented approach and reporting
- In the Kottayam workshop this aspect was taken care of. We need to hold such sessions for other FLCs also
- At present the FLCs are reporting to their Controlling offices, who in turn report to SLBC. There is a gap in information flow at this stage.
- In the matter of mandatory FL activities of rural branches, the Controlling offices have to oversee properly.

It was informed that there are three reporting formats for Financial Literacy Camps

- (i) Special camps conducted under digital financial literacy
- (ii) Special camps under the five target groups i.e. Farmers, SHGs, Entrepreneurs, Senior citizens, School children
- (iii) For the rural branch of every bank. As per the new circular, rural branch will have to conduct one FL camp in 3rd Friday of every month.

FLCs to report the data to Controlling Offices of Banks and Controlling Offices in turn will report the same to SLBC and SLBC will collate all the data and submit the same to RBI.

The forum noted the formats provided in Annexures-8.53 to 8.55 in the Agenda & Background notes.

Smt. Uma Sankar, General Manager, Reserve Bank of India informed that RBI has taken initiatives in this regard. RBI is going to conduct 3 workshops actually covering all the FLCs in the State of Kerala from 29th to 31st March 2017 as per the Central Office direction. We would be also giving inputs in digital literacy in those workshops. We have specially invited NPCI for giving training for the FLCs and it would serve as a training of trainers workshops also. RBI would be carrying these initiatives forward. The other targets have been mentioned in the agenda items. She emphasized that all the LDMs and bank controlling offices to ensure 100% participation in the proposed workshops.

The forum requested Banks/LDMs to note the above.

(Action: Banks/ LDMs)

3.3.2. Drawing up an action plan for effective implementation of the 3 themes viz. Revamping BC system, Re-energizing Financial Literacy Centres and Ramping up digital offerings (Suggested by RBI)

The forum noted the observations/decisions of the Steering Committee of SLBC that met on 09.03.2017.

1. Revamping BC System

120th Meeting of SLBC had discussed the issue and the forum felt that the present model of fixed office BC, of the CSC e-Governance & Akshaya is not working well (across the banks), due to inherent reasons.

The Akshaya was requested to come up with a mobile BC model.

The Steering committee recommended that by the 15th of April the Banks now having Akshaya BCs have to take a final call and inform the SLBC.

They may exercise any one of the following choices within this date to ensure banking facility in the subservice areas allotted to them

- a) Revamping the present model by rectifying the deficiencies , or*
- b) Adopting the proposed Akshaya mobile BC mode, if Akshaya is able to formulate the same within this period , or*
- c) Appointing for a individual or corporate bank mithra or,*
- d) Opening a brick & mortar branch or USB in the SSA*

2. Re-energizing FLCs

As discussed in the above agenda, more Kottayam model workshops are required to impart training in (a) effective reporting (b) target focus (c) Curriculum updation (d) Soft skill development. In Kottayam workshop all these aspects were covered. Reporting structure is to be revisited.

3. Ramping up digital offering

The Digital banking village mission is ongoing. Based on the learnings from these pilot missions, we shall draw up a wider campaign.

The latest developments related to these are the initiatives from the Department of IT, Government of India and Kerala Government's new initiative of bringing Treasuries under IFMS. The Committee decided to hold further discussions to with all stakeholders to decide on a course of action.

Smt. Uma Sankar, General Manager, Reserve Bank of India informed that Regional Director, RBI had urged the bankers to take immediate and meaningful steps towards 3R-s during the last SLBC meeting. Regarding revamping BC system we have already taken an initiative and steering committee of SLBC has decided that 15th of April 2017 is the dead line for the banks to complete to form a model of BC. Akshaya BCs having certain problems like those we have discussed. The mobile kind of Akshaya BC should be formed up. We can have a general opinion from the bankers as to whether we will be able adhere to the guideline.

Representative from Akshaya informed that they had discussed this with the entrepreneurs and they are positive towards it. For the purchasing equipments and other necessities, banks should support the entrepreneurs

Sri. S. M. N. Swamy, Regional Director, Reserve Bank of India pointed out that in the present set up, the Akshaya centre is a fixed installation . So a customer rarely patronizes it. Instead, he will prefer to go to the bank branch. The Akshaya should transform into Mobile centres who can reach out the customer and render the services

Responding to RD RBI, representative from Akshaya said that for a mobile set up additional expenses like travelling expenses will be incurred and the entrepreneurs are asking for compensating such expenses

Convenor, SLBC, Kerala pointed out that we have suitable models and some transaction cost is being shared. Probably we can discuss this separately and work out a solution.

Smt. Uma Sankar, General Manager, Reserve Bank of India opinioned that mobile BCs is a must as the other models lack the flexibility to take technology to the door step.

Agreeing with the statement of GM, RBI, Convenor, SLBC, Kerala said that BC should be able to go to the village If the people are expected to go to the office of the BC, they will instead prefer to go to the branch itself .Where banks have their own other BC model, they are working very effectively, number of transactions are more, number of accounts opened are also more. Basically the requirement of BC is that when you need money even late hours then the BC should be able to deliver.

Representative from CSC e-Governance informed that they are ready to work for a mobile platform. But some financial assistance is required for implementing the project. At present business coming from the present Akshaya model is not meeting the cost.

Convenor, SLBC, Kerala suggested that we can put an interface between CSC and our other models, so that they can work out the opportunities available and also the income generation pattern and decide on the viability. If viable, they may switch over to a similar platform.

In the last meeting of State Level Financial Inclusion Committee, Chief Secretary had asked Kudumbashree to look into the possibility of setting up a mobile BC platform. SLBC has suggested them 3 models .They are examining it.

(Action: CSC/Akshaya)

3.3.3. SAMIS - recasting the data management system - LBR returns (Suggested by NABARD)

Sri. V. R. Raveendranath, Chief General Manager, NABARD pointed out that we need to have some system for authentic data sourcing or else our efforts will be in vain. We would not be able to make any meaningful review. Bankers themselves will face this problem in a later date in a very serious manner.

Convenor, SLBC, Kerala said that the data will have to come from Central Office. Suppose you have got a Zonal Office here, Zonal Office will have to give district wise to the concerned district. He suggested that a sub-committee can look into this aspect. Steering Committee members can decide further in this regard.

The forum decided to constitute a sub-committee comprising NABARD, RBI, SLBC and Banks with Lead Bank responsibility for the same to expedite the process.

(Action: SLBC Cell)

3.3.4. Norka Department Project for Returned Emigrants [NDPREM] (Suggested by NORKA)

The forum concurred with the decisions/observations of the Steering Committee Meeting held on 09.03.2017.

- Misutilisation/ fraud are to be dealt severely. Implementing agency & bank jointly should lodge FIR & institute criminal proceedings against beneficiary (Subsidy being Government money)
- But natural failure shouldn't be treated at par with fraud. Subsidy shouldn't be confiscated
- Lock in period is 4 years. Many units may not survive that long. If the intended asset is created , the loan is deemed to be utilized properly
- As per banks' norms assets are to be created for the entire project cost, not just for the bank loan component
- Regarding the operational structure ,the participating banks may take a call
- But NORKA has to support banks for recovery

- They have to focus on identifying viability of projects and also for training entrepreneurs
- Unviable projects like Taxi operators, beauty parlors etc are no entry zone for bankers
- Ensuring asset creation is not just the responsibility of banks. NORKA also should take responsibility
- From Canara Bank's side, it was informed that the MoU couldn't be renewed due to the high NPA in the exposure made under the scheme

The committee recommended to leave the decision on participation in the scheme to individual banks

Representative from NORKA informed that Government of Kerala had launched the Norka Department Project for Returned Emigrants for enabling the interested returnee to start enterprises. Considering the socio economic impact of the private remittance by NRKs in Kerala, the banks should have more positive approach towards returned NRKs under the scheme. Presently Union Bank of India, SBT, SBI, South Indian Bank are associating with Norka Roots project.

Convenor, SLBC, Kerala requested Individual banks to take a call on this. He pointed out that that NORKA is not extending any recovery support. He requested NORKA to come out with recovery support to instill confidence among banks.

Representative from NORKA assured the forum to discuss the matter with Norka Roots.

(Action: Banks / NORKA)

3.3.5. New Interest Subsidy Scheme for Kudumbashree NHGs (Suggested by Kudumbashree)

The forum noted the circular with details of the scheme provided in Annexure-8.49 in the Agenda & Background notes for information.

The forum requested all Banks to give publicity on the scheme.

(Action: Banks / LDMs)

3.3.6. Extension of DAY-NULM to all ULBs (Suggested by Kudumbashree)

The forum noted the status of interest subsidy sanctioned in the financial year provided in Annexure-8.50 & the status of SEP applications sanctioned provided in Annexure-8.51 in Agenda & Background papers.

Representative from Kudumbashree informed that in the case of NULM our bank linkage target is achieved. There is good support from banks to provide loans to our NHGs.

Convenor, SLBC, Kerala pointed out one issue that subsidy administration through the urban local bodies. What happens is that efficiency is compromised and there is lot of time lag. So for many banks subsidy has to come. Our suggestion would be Kudumbashree can examine the possibility of centralizing the NULM subsidy as has been done in the case of NRLM. Subsidy administration at a Central Point will be more efficient.

Representative from Kudumbashree assured the forum to look into the matter.

Convenor, SLBC, Kerala pointed out that disbursement of additional subvention for prompt repayment. Only that subvention initial only has gone but additional subvention of 3 % is not going.

Representative from Kudumbashree informed that now they have received request from Kasaragod and Kottayam. We are in the stage of processing it.

(Action: Kudumbashree)

3.3.7. Sanctioning of Loans under SEP component of DAY-NULM (Suggested by Kudumbashree)

Convenor, SLBC, Kerala requested Kudumbashree to provided bank wise/District wise information to SLBC for onward transmission to banks.

Representative from Kudumbashree informed that District wise information is available and that would be submitted to SLBC.

(Action: Kudumbashree)

3.3.8. PMAY – Credit Linked Subsidy Scheme [CLSS] (Suggested by Kudumbashree)

The forum concurred with the following views of the steering committee that met on 09.03.2017.

i) Failed to produce IT returns

(1) Guideline issued on PMAY by MoHUPA (March 2016) says:

5.10 For identification as an EWS or LIG beneficiary under the scheme, an individual loan applicant will submit self-certificate/affidavit as proof of income.

(2) Central Nodal agency has clarified that banks must exercise due diligence in approval process. (FAQ issued by NHB)

22	Banks rely on income certificates and title ownership while disbursing loans. In this scheme, self certification is mentioned as income proof. Who will be responsible for title authenticity and income proof in such a situation?	Banks have to adopt their own due diligence process while sanctioning loans. While disbursing subsidy, a self certificate/affidavit as proof of income will be taken from the beneficiary. PLIs can resort to the remedies available under IPC and other relevant statutes in case of any fraudulent submission.
27	What kind of land titles will be used for loan sanctioning in cases/areas where society pattas are prevalent?	The HFCs / PLIs must satisfy itself for sanctioning of loans and follow the due diligence documentation and approval process.

- *Based on the above, SLBC had communicated that a self-certificate/ affidavit stating the annual income of each earning member of the family is to be submitted with the application. The source of income to be stated*
- *Banks may ask for supporting proof to justify the declared income and to assess the repayment capacity.*
- *If the income comes under income tax limit, bank may ask for the IT returns*
- *The application may be rejected if applicant is unable to justify the declared income or the actual assessed income of family exceeds the EWS/LIG ceiling*
- *Any cases contrary to the above may be brought to our notice*

ii) The land is smaller in size (e.g. less than 3 cents or 5 cents etc.)

(1) The land size need not be a limiting factor provided

- *it is marketable*
- *necessary building permission & layout approval is available*

(2) The MoHUPA guidelines say

"11.4 States/UTs shall adopt the approach of deemed building permission and layout approval on the basis of pre-approved lay outs and building plans for EWS/LIG housing or exempt approval for houses below certain built up area or plot area."

(3) In Kerala such exemptions are not introduced

(4) Specific cases contrary to the above may be brought to our notice

iii) The land has no motorable access, even if it has adequate width.

(1) No deviations from the normal housing loan scheme has been permitted for PMAY

(2) In the event of the account becoming NPA, the borrower becomes ineligible for subsidy also. The MoHUPA guidelines say

"8. In the event of default in repayment of the loan by the borrower/beneficiary to the Second Party and the loan becoming Non-Performing Assets (NPA), the lender/second party will proceed for recovery of the dues through such measures as considered appropriate, including foreclosure of the property. In all such cases, the amount of the recoveries will be charged to the subsidy amount on a proportionate basis (in proportion to the loan outstanding and subsidy disbursed)."

- (3) *No specific width has been prescribed for the approach to the property. At the same time, a proper documented accessibility is necessary to ensure free marketability, in case the bank is forced to sell the property to recover dues for any reason, what so ever and the lending bank should be satisfied of the above.*
- (4) *Any specific decision of any bank not fitting to these general principles may be brought to our notice.*

iv) In the case of NRI applicant, the Bankers insist, the NRI people himself shall be the applicant. In Kerala, many of the applicants are wife of NRI people.

- *NRIs are regularly availing housing loans from banks every year*
- *Under two circumstances the NRI has to be party to the loan*
- *If his income is also considered for fixing loan quantum*
- *If he is sole/joint owner of the property*
- *He may grant a Power attorney to wife, after consulting with the bank*

(Action: Banks /Kudumbasree)

3.3.9. Implementation of Credit Linked Subsidy Scheme [CLSS] under Pradhan Manthri Awas Yojana [PMAY] (Suggested by HUDCO)

The forum noted that target allocation for 2017-18 based on the urban branch strength as on December 2016 provided in Annexure-8.39 in Agenda & Background notes.

Representative from HUDCO informed that since two years the scheme was launched and as Kudumbashree said, Kerala figures are not very encouraging. So we just want to see how this can be taken off. The PMAY is a very ambitious scheme to reach housing for all by 2022. They have identified 4 verticals under the scheme, out of which 3 verticals have taken out by the Government of Kerala. The CLSS is totally dependent on banks and PLIs of housing finance institutions for its success and the target group are those who have the capacity to repay. The basic survey is completed in almost 45 ULBs out of the 93 ULBs in Kerala. They have identified about 30,000 people who come under the scheme. Out of this we have seen that around 7000 beneficiaries are having income above Rs.15, 000 per month. They are the potential beneficiaries HUDCO has conducted 30 promotion programmes in the state.

Representative from National Housing Bank briefly explained the new PMAY MIG scheme. He also highlighted the modifications brought in PMAY LIG & EWS in March 2017. One is that the benefit period has been increased from 15 years to 20 years. Earlier subsidy benefit was Rs. 2.2 lakh and now it is Rs. 2.68 lakh. Banks shall not collect processing charges up to Rs. 6 lakh loans. Charge that will be reimbursed by the Government of India for this has been increased from Rs.1000 to Rs.3000 per application. Now NOC requirement for LIGs permanently waived. So there is no need to get NOC from the State Government for LIG beneficiaries. But for the EWS beneficiaries since the other 3 verticals are also implemented, NOC is required after 2017 June. Now small Finance banks and NBFCs are also included.

Convenor, SLBC, Kerala raised a query regarding the sharing of pro-rata recovery with the Central Government on the event of account turning NPA

Responding to this query, the representative from **National Housing Bank** informed that it needs to be shared only on the extent of recovery received in the NPA account.

He also added that while the scheme is applicable in the statutory towns, the land costs in towns are very high. Hence the scheme gives flexibility to the State Government to include the planning area also in the coverage. He requested the State Government to exercise that option in Kerala

Replying the query on family income, he clarified that family income is clearly defined. For EWS and LIG, It is the combined Husband, Wife and unmarried children. But for MIG it is the earnings of an individual alone.

(Action: Banks)

3.3.10. Pradhan Mantri Awaas Yojana [Gramin] (Suggested by Commissionerate of Rural Development)

The forum observed that:

1. It is probably an exceptional case of misinterpretation. Loan up to Rs.70000 can be considered.
2. Loans up to Rs.20000 can be considered under DRI if the beneficiary is eligible
3. Otherwise the interest rates applicable to housing loans shall apply
4. Specific cases may be brought to our notice for addressing.

The relevant clause of the guideline is reproduced here from the Booklet published by the Rural Development Commissionerate, Local Self Government Department, and Government of Kerala.

6.3.6. ബാങ്കു വഴി വായ്പ ലഭ്യമാക്കൽ

6.3.6.1 ഗുണഭോക്താവ് ആഗ്രഹിക്കുന്ന പക്ഷം 70000/- രൂപ വരെ അധിക വായ്പ ലഭ്യമാക്കണം. കഴിയുന്നിടത്തോളം ഭാഗം DRI (Differential Rate of interest) വായ്പയാക്കാൻ ശ്രദ്ധിക്കണം.

The forum noted the above for information.

(Action: Banks)

The various members pointed out that under the PMAY (Gramin) scheme, the beneficiary has to execute a non alienation clause for 12 years with the Grama Panchayat . This clause prevents banks from financing.

Convenor, SLBC, Kerala **Convenor, SLBC, Kerala** requested the nodal department to look into the matter

(Action: Rural development Commissionerate)

3.3.11. Promoting Aadhaar Enabled Payments (Suggested by Kerala State IT Mission/ Electronics & Information Technology (B) Department)

- (i) **A drive on Aadhaar Bank Account linkage for all banks including co-operative sector banks**
- (ii) **Promoting Aadhaar based DBT for Pensions, Scholarships and other entitlements**
- (iii) **Workshop/Presentation by NPCI on Aadhaar based DBT and other payment methods**

Sri. Seeram Sambasiva Rao IAS, Director, Kerala State IT Mission informed that the review meeting conducted recently chaired by the Chief Secretary took a decision to organise an intensive campaign covering the following. (i) Linkage of bank account and mobile number with Aadhaar (ii) seeding of our Departmental databases with Aadhaar account to promote DBT for all schemes. We want to promote e-payment options and solutions for different transactions and want to declare e-payment enabled panchayats. It is going to be an intensive campaign and Akshaya centres are going to be the central points for this particular campaign, we need banks to give their support for the entire campaign because banks are going to be the key persons. State Level Monitoring Committee is formed under the chair of Secretary (IT) and in Districts district level monitoring committee is formed under the chair of respective District Collector. GM and DGMs level officers should be there in the State Level Committee and the Lead Bank Manager and representatives from all the banks would be there in district level also. He requested all the banks to extend financial support for this campaign. He suggested that we can have a separate discussion in this regard.

Convenor, SLBC, Kerala informed that when we had State Level Financial Inclusion Committee meetings one issue that we have seen is that as far as the MNREGS concerned, though almost 98 % beneficiaries are Aadhaar seeded in the MIS , this data has not come to banks. So if such data could be made available to the LDMs with consent letter, MNREGA bank seeding could be 100 %, as Chief Secretary told the right time to go ahead with the linkage campaign is the month of April that before 31st March, 2017 may be very difficult, because otherwise tied up with so many other works. So this can be probably pursued in April 2017. You can share with the data at the field level definitely we will able to do the Aadhaar linkage effectively.

Sri. Seeram Sambasiva Rao IAS, Director, Kerala State IT Mission said that they do not have information on number of bank accounts which are actually seeded with Aadhaar.

Convenor, SLBC, Kerala replied that we have bank account number, Aadhaar Number & Mobile Number. If you give to the LDM, he will sort it bank wise and give to concerned bank. Without having to go to the individual bank or branch from a single point it can be seeded at district level and it can be done. We have majority of the active PMJDY accounts seeded with Aadhaar and mobile number.

Sri. Seeram Sambasiva Rao IAS, Director, Kerala State IT Mission said that first requirement is to seed the mobile number aadhaar into the bank account we want to actually achieve close to 100% the target.

It was informed by various members in the forum that practical problem faced was regarding the aadhaar mapping; in case of multiple accounts as per the Aadhaar logic it will be picked up only the account where it is last seeded.

Convenor, SLBC, Kerala explained that basically 100% may not be possible due to multiple accounts. That is why we require a consent letter to seed and map an account of the choice of the customer telling the consent letter.

Sri. Seeram Sambasiva Rao IAS, Director, Kerala State IT Mission said that this is one of the initiatives from Central Government and in Kerala we do not have clarity on where we stand. If all we want to understand the gap, and to take up some project mode initiative to fill the gap.

Convenor, SLBC, Kerala said that here what we are talking about only on MNREGS and PMJDY. Lot of other accounts, other than this, we may not having the data, that banks will take care separately. As far as PMJDY and MNREGS account where you have the database up to extend 98% as per the data available with us. These data concerned can be shared and completed at district level.

Sri. K. V. Shaji, Chairman, KGB made a suggestion that in Kerala can we think of the reverse? Every Aadhaar should be linked to bank account. That we have to think, because people is having multiple bank accounts so it will be difficult to have every account with an Aadhaar. Reverse may be possible in Kerala. In Kannur KGB has taken a lead in tidy campaign. District Collector has taken the initiative for such a campaign in every school and college. All the banks are participating. But KGB is taking the lead .We have seeded almost 2000 accounts with Aadhaar in the last 2 weeks.

Sri. Seeram Sambasiva Rao IAS, Director, Kerala State IT Mission said that we want to take initiative at State level, we are ready to meet the cost The State Government is ready to spend. We want participation from banks.

Convenor, SLBC, Kerala pointed out that we have some data out of all the operative accounts, almost 60% are Aadhaar seeded.

Representative from **UIDIA** said that one problem is that UIDAI could not share the Aadhaar data, because they have masked. But a suitable decision needs to be taken at the highest level

Sri. Seeram Sambasiva Rao IAS, Director, Kerala State IT Mission suggested to have a separate meeting to discuss the seeding. He also requested support from all the banks in sorting out the issues faced by Akshaya banking Kiosks.

He then wanted the opinion of the forum on the idea of integrating payment gateway with our State portal.

Convenor, SLBC, Kerala suggested that we will have to leave to Committee of experts in this field. Probably we can have a separate meeting on that.

(Action: Kerala State IT Mission)

3.3.12. Making suitable modifications/ amendments in ‘Kerala Land Conservancy Act 1957’ to include the properties owned by Public Sector Banks also in the purview of the Act (Suggested by SBT)

The forum observed that the suggestion by SBT is to recommend to the Government of Kerala to amend the “Explanation IV” of the Kerala Land conservancy Act 1957 to include the lands held as non banking assets by the Public sector banks also as in the coverage of the act.

The forum agreed that such a recommendation may be made to the State Government as a onetime measure and decided to pursue with concerned Department.

(Action: SLBC)

3.3.13. Scheme for loan against Paddy Receipt Sheet to the registered paddy growers of Kerala

Convenor, SLBC, Kerala explained the scheme which has been placed as a table agenda. For financing against PRS, a slightly different scheme needed to be evolved, as Paddy Receipt Sheet is not a negotiable warehouse receipt. But as per the RBI guidelines if it is negotiable warehouse receipt up to 6 months banks can give a loan or additional loan at 4 % same to the KCC borrowers. But this will not come under that. Hence this new scheme is proposed. Supplyco have already issued Paddy Receipt Sheet to about 1000 of farmers and the outstanding for payment is Rs. 100 crores at present .Procurement is in progress There were two rounds of meetings in this regard with Finance Minister, Agriculture Minister, Civil Supplies Minister, Cooperation Minister and Major banks. A subcommittee of SLBC shall hold further discussions on the draft MOU placed here.

(Action: SLBC Cell)

3.4. INFORMATION NOTES

3.4.1. Inclusion of MUDRA loans for NULM subsidy (Suggested by Kudumbashree)

The forum noted the contents for information.

3.4.2. Installation of solar powered V-SAT Connectivity to Kiosk / Fixed CSPs through Support under Financial Inclusion Fund (FIF) – Information Note by NABARD

The forum noted the contents for information.

4. Review of Performance of the Banking Sector

The forum concurred with the review of the performance under Banking Sector as at December 2016

5. Review of Performance under Priority Sector Outstanding

The forum concurred with the review of the performance under Priority Sector Outstanding as at December 2016.

6. Review of Performance under Special Focus Programmes

6.8. Total Outstanding Under MUDRA Loans (PMMY) as at December 2016

SIDBI DGM Sri Vatsakumar pointed out that the Mudra figures reported by the banks to SLBC are different from that finding place in Mudra Portal. In fact the online figures are higher than that is reported to SLBC. He enquired if SLBC can source data from the Mudra Portal in future. SIDBI can assist SLBC in this regard.

Convenor, SLBC, Kerala requested banks to ensure that the data reported to SLBC and Government is not different.

6.12. Progress under Road Map for opening Brick & Mortar branches in villages with population more than 5000 without a bank branch

Smt. Uma Sankar, General Manager, Reserve Bank of India quoted the roadmap for opening of brick & mortar branches in villages with population more than 5000. As per feedback received from KGB that they are making preparations for opening the three remaining branches allotted to them (Vadakkethara, Neeleswaram & Thirunelly villages in Wayanad). But she asked SBT to explain their specific plan for opening branch at Thrikkaipatta (Pt) village (Wayanad).

Representative from State Bank of Travancore informed that only one license is left. SBT had surveyed the area (Vythiri -Thrikkaipatta (Pt) village) very aggressively, but could not fix any premises. But once the merger with SBI is over, they will be opening the branch very shortly.

7. Review of Performance under Priority Sector Disbursement – 2016-17

The forum concurred with the review of the performance under Priority Sector Disbursement 2016-17 provided in the background notes supplied.

OTHER ISSUES

*Smt. P. T. Usha, Deputy General Manager, NABARD pointed out that **Doubling of farmers income by 2022** was agenda item which we have discussed in the Steering Committee meeting. The matrix prepared by NABARD was placed in the Steering committee. The committee recommended that mostly it is credit related. So base level income is not available. So what we suggested was in the Steering Committee that we will have a task force. That does not find a place in the agenda and we have to have a task force because NABARD cannot find out that what the base income of farmer is. So we need the support of Department of Agriculture and related departments because it is doubling of farmers' income, not farm income. The farmers' income can be doubled or increased by integrating with other sectors only. So we should have a task force led by NABARD with other members comprising of SLBC, RBI, Agriculture Department, Animal Husbandry Department and major banks.*

Convenor, SLBC, Kerala requested NABARD to constitute an appropriate task force

The 121st meeting of SLBC, Kerala concluded with the above deliberations.

Sri. S. Sreekumar, Deputy General Manager, Canara Bank proposed vote of thanks.

PARTICIPANTS

CHAIRMAN OF THE MEETING

Sri. Rakesh Sharma

Managing Director & CEO, Canara Bank

GOVERNMENT OF KERALA / GOVT. OF INDIA / DEVELOPMENTAL AGENCIES

1. Sri. S. M. Vijayanand, IAS Chief Secretary, Government of Kerala
2. Sri. V. S. Senthil, IAS Addl. Chief Secretary, Planning & Economic Affairs Dept
3. Sri. Subrata Biswas, IAS Additional Chief Secretary, Public Works Department
4. Sri. James Varghese, IAS Principal Secretary, Fisheries & Ports Department
5. Sri. Minhaj Alam, IAS Secretary, Finance (Resources), Government of Kerala
6. Sri. Sanjay M Kaul, IAS Special Secretary, Industries Department
7. Sri. S. Harikishore, IAS Executive Director, Kudumbashree
8. Sri. Seeram Sambasiva Rao, IAS Director, Kerala State IT Mission
9. Smt. Prasanna Kumary M.C. Additional Secretary, Planning & Economic Affairs Dept.
10. Sri. J. Bency Additional Secretary, Revenue Department
11. Smt. S. Malathy Additional Secretary, Taxes Department
12. Smt. P. Sobhana Additional Secretary, ST Development Department
13. Sri. Saju S. Deputy Secretary, Agriculture Department
14. Sri. B. S. Prakash Deputy Secretary, NORKA Department
15. Smt. N. K. Chandra Under Secretary, Planning & Economic Affairs Dept
16. Sri. P. K. Mohanan Joint Development Commissioner for Rural Development
17. Dr. Annie Additional Director of Animal Husbandry
18. Sri. Ramesh B Additional Director of Industries & Commerce
19. Smt. Sheela P. Additional Director, State Horticulture Mission
20. Dr. P. B. Gangadharan Joint Director, SC Development Department
21. Smt. Smitha B. S. Deputy Director of Fisheries
22. Sri. Dinesh R. Assistant Director of Handloom & Textiles
23. Sri. Rajeev N Assistant Director of Agriculture
24. Smt. Beena Philipose Regional Chief, HUDCO
25. Sri. John Joseph Vadassery Joint General Manager, HUDCO
26. Sri. Prakash G. S Deputy Director, MSME Development Institute
27. Sri. V. V. Ajayakumar Director, KVIB
28. Sri. C. M. Gopalakrishnan Assistant Director, KVIC
29. Sri. Sanjeev Assistant Director, KVIC
30. Sri. P. K. Sajankumar Joint I. G of Registration
31. Smt. Rugminidevi K C Managing Director, SFAC
32. Smt. S. Sreelekha Assistant Registrar, Directorate of Coir Development
33. Sri. S. Asokan Nair Deputy Registrar of Co-operative Societies
34. Smt. Deepa Sivadasan Divisional Manager, LIC of India
35. Sri. K. Kishore Kumar State Director, RSETI, Kerala
36. Smt. Priya Paul State Mission Manager, Kudumbashree
37. Smt. Kala Devi S Assistant Manager, United India Insurance Co.Ltd.
38. Sri. Alex T. Joseph Chief Planner, Officer of the Housing Commissioner
39. Sri. Biju V. S. Kumar BDM, Akshaya
40. Smt. M. Pennamma Chief Engineer, Public Works Department
41. Sri. Ranjit V Implementing Manager, Aadhaar, Kerala State IT Mission
42. Sri. Noushad P. SRP, UIDAI
43. Sri. Jino Chacko Senior Executive, CSC e-Governance India Ltd.
44. Sri. K. Santhosh Regional Officer, Coir Board
45. Sri. B. Sunilkumar Inspector, Coir Board

RESERVE BANK OF INDIA

- | | |
|---------------------------|---------------------------|
| 1. Sri. S. M. N. Swamy | Regional Director |
| 2. Smt. Uma Sankar | General Manager |
| 3. Sri. Sooraj S | Assistant General Manager |
| 4. Smt. Chaithanya Devi I | Manager |
| 5. Smt. Dhanya V | Assistant Adviser |
| 6. Smt. S. Geetha | Assistant Manager |

NABARD / SIDBI / NATIONAL HOUSING BANK

- | | |
|-----------------------------|---|
| 1. Sri. V. R. Raveendranath | Chief General Manager, NABARD |
| 2. Smt. P. T. Usha | Deputy General Manager, NABARD |
| 3. Sri. K. Vatsa Kumar | Deputy General Manager, SIDBI |
| 4. Sri. Hemkumar G | Regional Resident Representative, National Housing Bank |

STATE BANK GROUP

- | | |
|----------------------------|--------------------------------|
| 1. Sri. Alok Kumar Sharma | General Manager, SBI |
| 2. Sri. Hargovind Sachdev | General Manager, SBT |
| 3. Sri. M. Vijayakumar | Deputy General Manager, SBI |
| 4. Smt. K. P. A. Sita Devi | Deputy General Manager, SBT |
| 5. Smt. Indu Parvathy | Assistant General Manager, SBI |
| 6. Sri. George John | Chief Manager, SBT |
| 7. Sri. K. Venugopal | Branch Manager, SBH |
| 8. Sri. P. Athirupan | Branch Manager, SBM |

PUBLIC SECTOR BANKS

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|--------------------------------|--|
| 1. Sri. Rajesh Kumar Mathur | Chief Regional Manager, Indian Overseas Bank |
| 2. Sri. D. N. Rajendra Kumar | Deputy General Manager, Central Bank of India |
| 3. Sri. S. Sundararaj | Deputy General Manager, Indian Bank |
| 4. Sri. Ramesh M. Kamat | Assistant General Manager, Corporation Bank |
| 5. Sri. Kurian P. George | Assistant General Manager, Punjab National Bank |
| 6. Sri. P. Damodara Rao | Assistant General Manager, Syndicate Bank |
| 7. Sri. Suraj Thomas Zachariah | Assistant General Manager, IDBI Bank |
| 8. Sri. Niranjan Biswas | Assistant General Manager, Central Bank of India |
| 9. Sri. G. Gopakumar | Assistant General Manager, Vijaya Bank |
| 10. Sri. A. K. Jha | Deputy Zonal Manager, Bank of India |
| 11. Smt. B. Nirmala | Chief Manager, Bank of Baroda |
| 12. Sri. K. V. S. S. Prasad | Chief Manager, Andhra Bank |
| 13. Sri. Prasanth K | Chief Manager, Dena Bank |
| 14. Sri. Krishna Kumar P. G. | Chief Manager, UCO Bank |
| 15. Sri. K. Ramesh | Chief Manager, Oriental Bank of Commerce |
| 16. Sri. Sreeba John Chungath | Senior Manager, Indian Bank |
| 17. Sri. Frony John P. | Senior Manager, Syndicate Bank |
| 18. Sri. E. V. Sudhakaran | Senior Manager, United Bank of India |
| 19. Sri. T. Srinath Kumar | Senior Manager, Bharatiya Mahila Bank |
| 20. Sri. Sreelal S | Manager, Allahabad Bank |
| 21. Smt. P. Sulekha Devi | Assistant Manager, Punjab & Sind Bank |
| 22. Sri. N. S. Subramanian | DCO, Central Bank of India |

CONVENOR BANK (CANARA BANK)

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|----------------------------|----------------------------------|
| 1. Sri. N. Sivasankaran | Convenor, SLBC & General Manager |
| 2. Sri. Ravindra Bhandary | General Manager |
| 3. Sri. S. Sreekumar | Deputy General Manager |
| 4. Sri. Nair Ajit Krishnan | Deputy General Manager |
| 5. Sri. V. S. Santosh | Divisional Manager |
| 6. Sri. G. Nandakumar | Senior Manager |
| 7. Smt. Anila J. Andrews | Officer |
| 8. Smt. Meera M. S. | Officer |

REGIONAL RURAL BANK

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|-------------------|------------------------------|
| 1. Sri. Shaji K V | Chairman, Kerala Gramin Bank |
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PRIVATE SECTOR BANKS

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|-----------------------------|--|
| 1. Sri. Jose V Joseph | Chief General Manager, Federal Bank |
| 2. Sri. P. B. Krishnadas | Deputy General Bank, South Indian Bank |
| 3. Sri. Rajan Sreeba | Assistant General Manager, Dhanlaxmi Bank |
| 4. Sri. V. Varghese | Zonal Manager, Catholic Syrian Bank |
| 5. Sri. Thomas P. Mathew | Chief Manager, Federal Bank |
| 6. Sri. Jithesh Janardhanan | AVP, HDFC Bank |
| 7. Sri. Tony Thomas | Regional Credit Manager, ICICI Bank |
| 8. Sri. Rohit Sharma | Relationship Executive, Jammu & Kashmir Bank |
| 9. Sri. Faizal Abdul Karim | Regional Sales Manager, Indus Ind Bank |
| 10. Sri. Maneesh C | Manager, Karur Vysya Bank |
| 11. Sri. Madhusoodana Sarma | Manager, Lakshmi Vilas Bank |
| 12. Sri. Chandrakant Kamath | Manager, Axis Bank |
| 13. Smt. Saritha Nair | Assistant Manager, City Union Bank |
| 14. Sri. T. Bharath | Officer, Tamilnad Mercantile Bank |
| 15. Sri. D. Deva Singh | Senior Officer, Yes Bank |
| 16. Sri. Ebin C. Abraham | Officer, Karnataka Bank |

CO-OPERATIVE BANKS

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|------------------------|---|
| 1. Smt. Aparna Prathap | General Manager, KSCARD Bank |
| 2. Sri. Sreekumar K | Deputy General Manager, Kerala State Cooperative Bank |

LEAD BANK OFFICES

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|----------------------------------|-------------------------------------|
| 1. Sri. P. R. Unnikrishna Pillai | LDM, IOB, Trivnadrum |
| 2. Sri. A. Padmakumar | LDM, Indian Bank, Kollam |
| 3. Sri. Vijayakumaran V | LDM, SBT, Pathanamthitta |
| 4. Sri. Jagadeesh Rajkumar | LDM, SBT, Alappuzha |
| 5. Sri. Chandrasekharan C. V | LDM, SBT, Kottayam |
| 6. Sri. M. V. Kunhi Kannan | LDM, Union Bank of India, Idukki |
| 7. Sri. C. Satish. | LDM, Union Bank of India, Ernakulam |
| 8. Sri. R. R. Kanakambaran | LDM, Canara Bank, Thrissur |
| 9. Sri. P. Joseph Sam | LDM, Canara Bank, Palakkad |
| 10. Sri. K. Abdul Jabbar | LDM, Canara Bank, Malappuram |
| 11. Sri. Sunil P. L. | LDM, Canara Bank, Kozhikode |
| 12. Smt. M. D. Shyamala | LDM, Canara Bank, Wayanad |
| 13. Sri. C. S. Remanan | LDM, Syndicate Bank, Kasaragod |