

**STATE LEVEL BANKERS' COMMITTEE, KERALA**  
(Under Lead Bank Scheme of RBI )

**Convenor:**



Ref: Kerala SLBC/ 61/122 /SK/2018

Date: 2018 Sept 15th

Minutes of the Meeting held on 14.09.2018 at Board Room, Canara Bank, Circle Office, Thiruvananthapuram, to discuss the proposal from Govt of Kerala regarding Loan up to Rs.1 lakh to Natural Calamity victims, through SHG model

Smt. G.K. Maya, Convenor, SLBC & General Manager, Canara Bank welcomed the gathering and informed the purpose of the meeting.

Sri. Harikishore, IAS, Executive Director, Kudumbasree explained about the proceedings issued by Kudumbasree based on the Govt order and explained about the expectations on the subject matter.

Thereafter, Smt. Jiji R S, Program Manager, Kudumbasree made a power point presentation of the same, namely, Resurgent Kerala Loan Scheme (RKLS), a Loan scheme envisaged to provide immediate financial support to Flood affected Families. The forum deliberated on the following points:

- Loans upto Rs.1 lakh may be granted to the flood affected Kudumbasree members who are beneficiaries of the State Govt: grant of Rs.10000
- It is planned to implement the Scheme in the lines of SHG linkage with certain relaxation with the support of Banks.
- The scheme shall cover only the Neighbour Hood Groups formed by Kudumbasree. (Kudumbasree is the name of Kerala State Poverty Eradication Mission which is a state government organisation promoting self help group movement among the women in Kerala. The self help groups promoted by Kudumbasree are called Neighbour hood Groups-NHGs)
- As the affected families require immediate support, loans need to be sanctioned speedily in a phased manner. The NHG might submit loan applications more than one time
- Government of Kerala desires to give this facility as interest free for which the Govt offered an interest subvention of 9 % and requested the banks to peg their rate of interest at 9%. Banks informed that they have to take up with the respective Head Offices for approval in this matter. They also informed that the lending rate would be linked to MCLR and would be subjected to periodic reset. Some banks with major presence in the state informed that their

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- present MCLR is above 9 % and therefore offering a rate below MCLR would not be possible for them .
- The Executive Director, Kudumbasree informed that the Mission would address letters to the CEOs of these banks in this regard.
  - Banks have suggested that Interest Subsidy may be given upfront to make the loan interest free in all respects
  - Loans have to be repaid in 36-48 months with a maximum of 9 months moratorium. Govt: suggested for step-up EMI
  - Relaxation required from the banks include
    - Uniform interest rate of 9%
    - Moratorium & step- up repayment mode
    - Sanctioning of loans on a war footing basis
    - Though this is a SHG Credit linkage, corpus of NHGs may not be taken as the basis for volume of loan, as also rating
    - RKLS Loan to be given to NHG even if it has an existing loan, subject to the overall eligibility

**After detailed deliberations, the forum decided the following:**

1. Loans up to Rs.1 lakh may be granted to the Kudumbasree members who are inhabitants of the flood affected areas
2. One of the prerequisite for the eligibility of the NHG is that atleast one member shall be from a flood affected family which has recieved the Rs.10000 assistance from Govt of Kerala through a bank account
3. Loans would be disbursed to NHGs of Kudumbasree for onward lending to the eligible beneficiary members
4. Loans can be considered to the flood affected members of the SHGs for the purpose of house repairs, purchase of household articles, pursuing income generating activities etc
5. Loan will be given only to existing NHGs of Kudumbasree Mission. Maximum funding to individual beneficiary is up to Rs.1 lakh.
6. Loans will have a total repayment period of 4 years with a moratorium of maximum 9 months.
7. NHGs to approach the Bank Branch where they have existing credit linkage. (NHG without credit linkage have to approach the bank branch where they are bank linked)
8. Government requested the banks to extend the loans at an interest rate of 9%. Banks informed that they have to take up the matter with their respective Head Office for approval in the matter, after receiving a Draft Scheme.
9. While sanctioning SHG loans, RBI guidelines regarding overall limit per group to be taken into consideration, including the existing liability.
10. Those who are not members of SHG at present can join an existing SHG.
11. Defaulter SHGs would be excluded.

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12. There shall be a tripartite agreement between banks, Kudumbasree and Govt of Kerala for interest subvention and other terms
13. The SLBC Convenor requested Kudumbasree to consider paying interest subsidy upfront, on half yearly revolving basis.
14. The loan application has to clearly mention the list of members who are taking loan under the scheme.
15. The Executive Director informed that Kudumbasree would take up with the Revenue department for waiver of stamp duty on Agreements to be executed under the Scheme.
16. Kudumbasree requested Banks to waive the processing/service charges.
17. Cutoff date for submitting the loan applications shall be December 31<sup>st</sup>, 2018.
18. Forum requested Kudumbasree to share with Banks the list of eligible SHGs groups and eligible beneficiaries at the earliest.
19. Forum requested the Kudumbasree to share the current exposure of each Bank under SHG lending
20. SHGs may apply for more than one loan depending on the number of eligible beneficiaries.
21. While forwarding the application, Kudumbasree shall capture the income generation activity, KYC and credit need assessment of the beneficiary members
22. Kudumbasree shall provide the credit linkage details of the group
23. In the matter of lending to the groups that have not completed the minimum existence period, banks informed that they will take up with their Head Offices for favourable decision

**Finally, the Forum resolved that each bank may formulate a Loan Scheme (Resurgent Kerala Loan Scheme – RKLS) containing the following broad conditions:**

SCHEME	Term Loans to the existing Self help Groups of Kudumbasree (NHGs) subject to the condition that atleast one member shall be from a flood affected family which has received the one time relief of Rs.10000 from State Government through a bank account <ol style="list-style-type: none"> <li>1. Fresh Loans to existing NHGs that are not credit linked</li> <li>2. Top up Loans to the NHGs that are credit linked</li> </ol>
PURPOSE	To provide immediate financial support to the flood affected members of the Group for repairing of houses, purchase of other household items, pursuing income generating activities etc
ELIGIBILITY	The existing Kudumbasree Neighbour Hood groups (SHGs) which have atleast one member from a flood affected family that has received the one time relief of Rs.10000 from Govt of Kerala through a bank account
QUANTUM	<ul style="list-style-type: none"> <li>• Need based loan amount, subject to RBI guidelines. The quantum granted under this scheme shall not exceed Rs. 1 lakh per flood affected member and total exposure (existing limit plus</li> </ul>

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	<p>the top up loan) per NHG shall not exceed Rs.10 lakhs or the group exposure ceiling prescribed by RBI under the different activities of priority sector lending ,which ever is less</p> <ul style="list-style-type: none"> <li>• The quantum need not be linked to the savings/thrift of the group</li> <li>• Multiple loans may be considered for a single SHG, within the overall eligible limit</li> </ul>
MARGIN	Nil
SECURITY	Nil
DISBURSEMENT	Directly to the savings account of the group.
REPAYMENT PERIOD	The entire tenure of the loan shall not exceed 48 months. Repayment may be scheduled as EMIs commencing after an initial moratorium not exceeding 9 months
RATE OF INTEREST	9% p.a. linked to MCLR (Banks to take up with concerned authorities for approval, if required)
PROCESSING CHARGES	Nil
OTHER SPECIAL CONDITIONS	<ol style="list-style-type: none"> <li>1. The quantum need not be linked to the thrift/savings of the group.</li> <li>2. The group should not have availed loans from any other financial institution for the same purpose.</li> <li>3. One member from a household only are eligible</li> <li>4. Defaulter SHGs are not eligible</li> <li>5. Last date for submission of applications shall be 31.12.2018</li> <li>6. The loan application has to clearly mention the list of members who are taking loan under the scheme.</li> </ol>
Remarks	❖ Government of Kerala will be extending Interest Subvention @ 9% p.a. for the entire tenure of the loan. Operational guidelines regarding claiming/credit of Interest Subvention will be intimated by Kudumbasree

Meeting concluded at 4.00 p.m.

  
**Convenor, SLBC Kerala  
 & General Manager, Canara Bank**

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