

**MINUTES OF THE 120th MEETING OF
STATE LEVEL BANKERS' COMMITTEE, KERALA**

Held on 30.12.2016 (Friday)
at Hotel Residency Tower
Govt. Press Road, Trivandrum

The meeting commenced at 11 a.m. The List of participants is annexed.

Sri. N. Sivasankaran, Convenor, SLBC & General Manager, Canara Bank welcomed the participants to the 120th meeting of SLBC Kerala. In his welcome address, observed that we were going through a phase of change through the demonetization. The period has been very demanding one in terms of logistics, and customer service, yet Banks could handle the situation, the way no one else could. From demonetization we are now all set to move to the next step - the Digitization. Digitization is necessary not only to bring down the currency circulation. It would enhance the transparency of the Indian financial sector. The parallel economy and black money would come down. Tax compliance would improve and the economy will move fast forward. With the aim to make ourselves prepared for it, the SLBC Kerala has taken the first step. We have proposed as an agenda, a Model Village Mission for digital banking. In the course of the day's deliberations, we will discuss further about it

He then extended his thanks to the Government of Kerala for the earnest efforts taken by the Hon'ble Chief Secretary to bring the long pending agenda issues to their logical closure. His initiatives are yielding results. For instance, the anomaly that had crept in 2014 while introducing a tariff for ATM lease deeds now stands corrected in the Finance Act of 2017. He also thanked the Government for the bandobust extended to the banks, by the Kerala Police during the peak days of old currency exchange. There was unprecedented rush in banks. The staff worked overtime under stressful conditions. Generally the people of Kerala co operated with the bankers. But occasionally, here and there, there were minor skirmishes. But each time the Police rushed to the banks on our call and brought situation under control they also supported the banks and RBI with security cover in transit of cash.

He pointed out that the demonetization has brought in substantial deposits to the banking system. However, along with, a responsibility is placed on the banks to invest these funds wisely so that it does not eat banks' revenue. Besides, no lending and recovery activity could take place in banks, during the period. Its impact on the banks' performance will be visible only after December ending quarter. He hoped that the bottom lines of the banks would not be affected.

Coming to the vital banking parameters of the September ended half year, Sri. Sivasankaran highlighted the following:

- We have fared reasonably well in major parameters except NPA.
- Deposits have grown by 5 %, NRI deposits by 6 % and Domestic deposits by 4 %.
- Credit outstanding increased by 7 %.

- Priority sector advances also increased by 7 %.
- Agricultural advances increased by 7 %.
- This is worth mentioning because; this achievement is despite a fall of 5 % in gold loan outstanding.
- This positive sign makes me really happy. It indicates that there is progress in real agriculture lending in the state.
- MSME advances had a 9 % growth. Education loans and Housing loans increased by 5% each.
- Total Industrial advances increased by 9 %.
- The total business of commercial banks increased by 6 %.
- But in NPA management, the picture is a little disturbing.
- Total NPA is 3.8 % of which 37 % are non priority loans and 30 % are MSME loans
- In Education loans 13 % is the NPA (an increase of 2 % in the half year)
- In Self help group loans and JLG loans also NPA is above the bench mark (6 % in SHGs and 8 % in JLGs)

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

Among the long pending agenda, the item which we considered as number one was the request for noting mortgages in Revenue Records. The second was the LSG Licensing norms for MSMEs, both would improve the ease of doing business in Kerala. In the matter of noting mortgages in Thandapper Register we also expect that the Department may give an on line noting facility, when the computerization is complete. He was happy that both were in the active consideration of the Government

Regarding the Scheduled Tribe Debt Relief scheme, claims are yet to be submitted in full from the banks specially Co-operative Banks. The forum may discuss in detail.

A fresh agenda included in this meeting was the issue of multiple lending to SHGs. Groups getting over financed through multiple lending and individuals getting over financed through memberships in multiple groups are raising concern. We have suggested certain remedial measures

Another is the revamping of the present BC model of Akshaya

We have also pointed out in the review portion of the agenda that there is under reporting of performance of schemes where the reporting and monitoring part is done on web based packages. It is observed in PMEGP, Stand Up India and PMAY. The Banks should see that the branches update the sanction details in the respective web packages on real time. The implementing agencies should also see what are the road blocks that discourage a very busy branch Manager from doing so and correct such issues.

As a table agenda, we also propose to request the State Government to revisit the proposed decision to shift salaries from Public sector banks back to State Treasuries. In the back drop of demonetization, we hope that the Government may consider the same.

Finally, there is the agenda on digital mission. If the Government's efforts to curb black money and parallel economy in the country are to succeed, honesty and transparency should prevail across the nation. Digitization of financial sector is an ideal tool for the same. If there is an ideal place to launch a pilot mission for digital economy, it is Kerala State. We have the highest literacy. Banking density is among the highest, every household has a bank account. Our CRISIL INCLUSIX rating is the best. Rural Urban divide is narrow. Mobile phone density is also among the highest. As per 2011 Census, we have more mobile phones than land lines. We also have more motorcycles than bicycles. So this is the ideal place and ideal time. Let us take this forward

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

Smt. P. V. Bharathi, Chairperson, SLBC Kerala & Executive Director, Canara Bank, in her presidential address expressed her immense pleasure for having got the opportunity to associate with SLBC Kerala, which is renowned as one of the most proactive & vibrant SLBCs in the country. She added that it is an honour for her in presiding over the 120th SLBC meeting of this august forum.

We are at the end of the 3rd quarter of the current fiscal and we have limited time ahead to act and achieve the Annual Credit targets. In this context, the review of performance is very vital to take corrective actions wherever required to achieve the target of fourth Quarter.

The demonetization of high denomination currency notes of Rs.500/- & Rs.1000/- with effect from 9th November 2016 has caught the attention of the entire nation and is presently occupying the centre stage of banking activities since last 52 days. It is worth to mention at this forum the magnificent involvement of the banking fraternity in the demonetization drive and commitment exhibited towards the call of the Nation.

The demonetization drive will have profound impact on the people to drift away from cash and shift to the digital transactions. It is desired that the Nation swiftly moves to a cashless landscape like many other developed countries. Government of India has given a clarion call that all Banks must promote their entire range of digital products in an aggressive way, reach out to customers and educate them on the usage.

In this direction, the Central Government has come out with promotional schemes namely Lucky Grahak Yojana for consumers and Digi-Dhan Vyapar Yojana for merchants.

She took this opportunity to impress upon all the stake holders to come up in response to the call given by Government and ensure phenomenal success of the drive in the state, as exhibited by team Kerala in past. The role of District Collectors and Lead District Managers is also very vital in promoting digital payments. She then called upon all LDMS to work with more vigour and enthusiasm in doing so.

Coming to the performance of the banking industry in the state, Smt. Bharathi briefly highlighted the performance of banks, as at September 2016.

- During the last one year the Branch network in the state improved to 6233 with the addition of 193 branches compared to the addition of 222 branches during corresponding period of previous year.
- Deposits of commercial banks in the state grew by 12% during the period September 2015 to September 2016 to reach Rs.3.79 lakh crores with a net accretion of Rs.18082 Crores during the first six months of this financial year. The Non Resident Deposits of the commercial banks in Kerala recorded an addition of Rs.22102 Crores during the period September 2015 to September 2016.
- Advances of commercial banks has grown by 12% during last one year to reach Rs.2.49 lakh Crores with an addition of Rs. 26011 crores.
- The CD Ratio of the State stands at 65.53% and has declined marginally from September 2015 level of 65.74%. The banks in the state should give focused attention to improve from this level and explore for venturing into newer avenues for expanding credit.
- The total amount of priority credit disbursed in the State as at September 2016 was Rs. 42741 Crores. This is 37% of annual target of Rs.1.16 lakh crores. She made a request that all the bankers should give utmost importance to credit disbursement under priority sector during the coming days.
- All banks together have disbursed Rs 3128 crores under MUDRA loans during the first half year of current financial year.
- All banks together have mobilized close to over 41 lakhs enrolments under the three Social Security Schemes namely Pradhan Mantri Jeevan Jyoti Bima Yojana, Pradhan Mantri Suraksha Bima Yojana & Atal Pension Yojana.
- The banks in the State have performed well under many of the parameters. But, there are a few concern areas requiring immediate attention of all of us, like the increase in NPAs under educational loans.

She then urged upon all the stake holders to concentrate on certain priorities;

- All out efforts from all the stakeholders for promoting digital transactions through Rupay cards, USSD, UPI and AEPS. Registration of merchants for PoS machines or AEPS devices, Assistance and training in the installation / usage of UPI Apps & Bank Wallet.
- Seeding of Aadhaar & Mobile numbers with Bank accounts in all the operative accounts.
- Venturing in to newer areas for enhancing flow of credit to improve the CD ratio.
- Banks to focus on achieving the set targets under Annual Credit Plan.
- The pending applications under the State and Central Government schemes are to be sanctioned and the targets to be achieved before the year end.

Finally, on behalf of the convener Bank, she extended thanks to the Central and the State Governments and various developmental agencies, RBI and NABARD for the excellent support and co-operation rendered to the banking sector in the State over the years. She reassured the State Government on behalf of all the member banks that we shall together strive for the socio economic development of the state.

Before concluding, Smt. Bharathi requested all bankers to actively participate in the deliberations on various issues and to arrive at a logical conclusion.

In his keynote address, **Sri. V. S. Senthil IAS**, Additional Chief Secretary (Planning), Government of Kerala touched upon the following points.

- As a curtain for 2016 is coming down the next day, a sense of relief like a child who gets on a roller-coaster ride for the first time in life has come to us. Last two months has been a roller-coaster ride not only for the bankers but also for ordinary citizens. The initial phase in a roller-coaster ride is the thrill of getting on to it. Once it starts nervousness comes followed by fear and soon we want the ride to come to a close. Finally a sense of relief comes when we see that the ride is going to halt. Here, in our case, it is not sure whether it has come to a halt. But at least there is a sense of relief that roller-coaster part would soon end. When we look back at the last two quarters, we see risks building up in the sector. We have seen NPAs mounting, asset qualities going down and Balance Sheets coming under pressure. The stress was real now we have drained the swamp and is going to begin the new phase. Let us hope that we do not get the swamp back to the previous condition. The swamp is drained once for all. Now we should move forward.

- As we look ahead to the next two quarters, both in short term and medium term, it is sure that there are still risks out way. There were still some policy risks, probably from Government and from Central Bank. When the thing returns to the normal then it is going to have a different kind of pressure building on the banks. Demand from the public, consumers, small industries will be more because the demand that was pending up for nearly a quarter. That demand would come up. There could be pressure on the prices. As the demand picks up and there could be inflationary expectation which we expect to be at 6 %. We are also going to have situational factors both domestic and global impacting us. In terms of increase of interest rates, currencies are already under pressure. We have to wait the next 6-9 months, probably 3 quarters to see the effect of it. Till that time, we may not really know how much more risks on the assets side is going to come. But in spite of that there is still an expectation or optimism that once we are through this, then we will see positive signs in terms of the growth and that new policy measures are likely to come from the Government which will be in terms of our general expectations. So while the risks are still there, it is sure that coming year, would bring in a change, which would actually be a durable one. And if that continues, probably we are going to see a different medium term growth in a country like ours. So probably, in 3 to 5 years, it is sure that this is going to be a real kind of a growth in real in terms backed by the policy matrix which would actually push this for 3 years and beyond. That is the positive sign. It is sure that banks are actually coming out of most of the challenging and demanding times that they have gone through. Banks should begin the New Year with joy and enthusiasm so that we get back to the normal work and business.

- At the same time we see positive change coming from the Government on many of the policy issues that would actually help us in tackling some of those balance sheet issues. Probably that should improve the balance sheet, quality of NPAs and would actually send much larger signal to the general public and the world at large. Because once we have had a tough medicine the people would actually change the behaviour. The Behaviour change towards shifting to cashless transactions and less dependence on cash could slowly bring in a change which we all expect. The change would be that you have a much broader tax base and a lesser tax rates. It would actually bring in a kind of revolution in our public finance administration. We are actually going to see a different economic scenario which would have impact not only on the banking and insurance but also on all other sectors including on the industries and individuals themselves. 2017 would certainly be a good year for all.

Sri. P. H. Kurian IAS, Principal Secretary, Revenue Department, Government of Kerala in his address highlighted the following points.

- The State is suffering from very severe drought, worse than what we faced in 2012. Government had already declared the State as drought affected. But for the purpose of helping farmers who are drought affected, the Agriculture Department is doing a crop cutting experiment and it would be over by this day itself. Revenue Department would declare Taluks as drought affected shortly may be within 15 days time. After that the question of restructuring the loan and delaying moratorium and all would start. The process would start after 15 days. Kerala has a very large variety of crops which we may not be able to cover under one format of crop cutting experiment. He made a request that banks should tell down the line people to be considerate to farmers who are really affected. That is left to the judgement of individual Bank Managers where they can do within the powers and to help such farmers.
- Proposal for Noting Equitable Mortgages in Thandapper Register has been accepted. He assured that before the next meeting in March 2017, he would come out with a mostly positive decision on that.
- Electronic records creation is a big challenge in Kerala. In Kerala, survey records are not updated due to the long time gap in doing the re-survey. Department had made Manacaud Village in Trivandrum as 100% digital with fully GPS based records. There the public can see their own land in the display. Government will complete Kasaragode District as 100% digital within the next one year and the entire State will be GPS enabled within 2 years. As such complete land record system can be accessible to banks. That is the agenda of the Government which it would complete within 4 years time.

Sri. C. Saravanan, Deputy General Manager, RBI informed the forum that RBI had prepared a Financial Awareness Booklet named FAME (Financial Awareness Messages). The book was then released by **Sri. V. S. Senthil IAS**, Additional Chief Secretary (Planning), Government of Kerala by receiving the first copy from Sri. S. M. N. Swamy, Regional Director, RBI.

Sri. Minhaj Alam IAS, Secretary (Finance-Resources), Government of Kerala in his address, thanked the bankers for their efforts made in the last 52 days after demonetization. This entire exercise has been done by banks without any complaint. It was a great challenge and in future also we will be facing challenges depending on Government policies with their restrictions and draws backs.

- While reviewing the performance of first half of the financial year it is observed that lending is not up to the mark. Lot of applications listed by departments are still pending. Particularly the Weavers Credit Card and some others. We need to have a good coordination between Departments and banks. What is happening right now that, so many departments are actually giving loans to people viz. Agriculture loans, SC/ST minorities etc. While money is lying at banks. This should be changed. He was of the view that the duty of the Government is not to give loans. Government has to spend money for other developmental works. If banks give majority of loans, then it will be good for banks as well as Government. Lot of Schemes has been started by Government of India like Start Up India, Stand Up India, Mudra etc. But the performance of the schemes is not upto the mark. Departments are also not aware and they should encourage people to approach banks and get loans Performance in these Government Schemes is not satisfactory, which need to be improved further. At present more money will have come to banks, so that banks need to have good lending. Banks can very well to lend towards the Departmental schemes. Banks have to close tie up with various Departments.
- BLBCs and District level committees have to be more effective. It is noted that lot of bank officials and Government officials are not attending the BLBC meetings. Unless all people to attend the meeting seriously, things will difficult to move forward. Lot of agenda items that came up in SLBC should be actually disposed off at district level. Within the next 3 months of the financial year, we need to ensure that our targets are to be achieved, and we need to do aggressive lending.
- In the subject of Revenue Recovery, banks have to get in touch with RR authorities and organise RR Adalats / meetings and banks should attend them. If banks keep liason with the Revenue Department, they will help the banks in recovering their loan and then banks can also lend further. The coordination between Government and banks should improve so that overall lending will increase.

Sri. S. M. N. Swamy, Regional Director, Reserve Bank of India, in his opening remarks, highlighted some of the developments in the banking sector and Indian economy since the last SLBC meeting.

- The Fifth Bimonthly Monetary Policy Statement kept the repo rate under the liquidity adjustment facility (LAF) unchanged at 6.25 per cent.
- International finance markets were strongly impacted by the result of the US Presidential election and the Federal Reserve tightening monetary policy by raising benchmark interest rates. Crude prices have firmed up on account of the OPEC's decision to cut output.

- On the domestic front, the growth of real gross value added in second quarter of 2016-17 turned out to be lower than projected on account of a deeper than expected slowdown in industrial activity. Manufacturing slowed down both sequentially and on an annual basis, with weak demand conditions and the firming up of input costs which dragged down the profitability of corporations.
- In order to contain the rising incidence of fake notes and black money, the scheme to withdraw Legal Tender Character of the old Bank Notes in the denominations of Rs.500/- and Rs. 1000/- was announced on November 8, 2016.
- The banks have since the start of the programme on November 10, 2016 till December 10, 2016 issued notes valued at Rs. 4.61 lakh crore to the public over their counters and through their ATMs.
- Specified Bank Notes (SBNs) of Rs. 500/- and Rs. 1000/- returned to RBI and Currency Chests amounted to Rs. 12.44 lakh crore as of December 10, 2016.
- In this period, the RBI has issued to the public through the banks and their branches a total of 21.8 billion pieces of notes of various denominations of which 20.1 billion pieces belonged to small denominations of Rs. 10, 20, 50 and 100s and 1.7 billion pieces belonged to higher denominations of Rs. 500 and Rs. 2000. This was made possible because of the commitment and intensive effort put in by the banking fraternity right from the beginning of this process. On behalf of RBI, he appreciated the banking fraternity for achieving this stupendous task despite certain untoward incidents in certain pockets impinging on personal security of bankers. He also urged SLBC and various other fora under Lead Bank Scheme to proactively interface with concerned authorities and seek their support to mitigate such risks.

Sri. Swamy quoted the welcome address of SLBC Convenor and pointed out that there were certain incidents and wherever the skirmish incidents took place the Police was there to contain it. In the overall it was peaceful, and the State Police were very professional and supportive and their commitment to ensure security was total. He then placed on record the commitment shown by the Police Department in ensuring the law and order and no untoward incidents has happened on account of demonetisation.

- Having said that, in an operation of this size, there are always elements that would have behaved otherwise than what is expected of them and we are keeping a constant vigil of the same. We have issued elaborate instructions to all the bank management and whenever they find any inconsistency, it should be pursued further through their internal audit mechanism. The Reserve Bank of India is also coordinating and collaborating with various investigative agencies when they flag details of the suspicious transactions noticed by them.
- In this context, he was happy to note that the need to reduce the dependence on cash by promoting digital transactions and to transform the nation in to a less cash economy is gaining attraction. Government of India and Government of Kerala as well as RBI have initiated several steps to support digital payment system in the country.

- As the Malappuram experience demonstrates, with active help and support from District officials, bankers can bring about transformative change in the payment space. Therefore, he requested continued help and support from State Government in promoting digital payments. He was sure that Digitalisation of economy would bring in the much needed transparency and ensure accountability, help improve compliance with minimum wages, tax laws etc. thereby bringing about overall social and economic prosperity.
- He urged the bankers to take immediate and meaningful steps towards 3R-s, (1) Revamping BC system, (2) Reenergising Financial Literacy centres and (3) Ramping up digital offerings. He expressed hope that SLBC will focus on these three themes in the coming year.

Before concluding, Sri. Swamy took the opportunity to wish one and all a very happy and prosperous New Year ahead.

Sri. V. R. Raveendranath, Chief General Manager, NABARD in his address placed on record his appreciation for all the banking fraternity as well as the Government missionary and all other seniors for rising to the occasion to execute the mandate given to us by the national Government.

He then flagged off the following pointes for the information of SLBC.

- Priority Sector achievement when it stands at 37 %, the achievement under term loan stands at only 29 % which is appreciable in his opinion because we have been seeing as slide down for this but it is picking up half way in spite of all other responsibilities during the last couple of months.
- Percentage share of Cooperatives under total agriculture is 23%. Similarly, RRB has a share of 23% in the agriculture sector lending. Extended thanks to the contribution of these sectors also to contribute the weaker section of the society.
- There is a need for increasing Agriculture term loan especially in the wake of recent drought and other factors which have been explained here like falling prices for plantation crops. Considerate efforts from banks as well as the Government of Kerala are the need of the hour in this regard.
- As you are aware, by 2022 Government of India has put a target of doubling the farmers' income. In this pursuit NABARD has conducted National and Regional conferences to address this objective.
- NABARD has recently concluded their Potential Linked Credit Plans preparations across the State which will soon be in the hands of the bankers and Government machinery.
- NABARD has also arrived at the State Focus Paper for 2017-18 which is the consolidation of all the PLPs which would be focussing on the direction of credit in which direction need to go in the coming days in the State of Kerala.

- NABARD has intervened products like Climate Change Fund (CCF), producers collectives, a new initiative by NABARD for bringing down this scattered producers of the State and lot of good models have come up across the State. NABARD has promoted almost more than 100 producer collectives and there are some good replicable models. He advised all the bankers to visit these producer collectives and support them full length.
- NABARD has been asked to prepare a matrix for reviewing Doubling of Farmers' Income for which basic information like real and compounded current income of farmers are required which calls for Government of Kerala support.
- NABARD has been in the forefront for the Cashless/digital transactions and improvement of this area has come out with various programmes. Some of them are given below:
 - a. Issuance of EMV chip based Rupey Kisan Credit Cards to RRBs, State Cooperative Banks and Cooperative Banks, under which, we had already sanctioned Rs. 80 lakh to Kerala Gramin Bank
 - b. Deployment of PoS terminals in tier 5 & Tier 6 Centres (centres with population less than 10000) for Scheduled Commercial Banks.
 - c. Incentivising Aadhaar Based Biometric Transaction to promote cashless transaction.
 - d. Digital Financial Literacy Awareness Programme (dFLAP). We have trained trainers training programme about one month back and it is now been done across the State.

Sri. Raveendranath then flagged off one point which was already mentioned in the last meeting, which was not happen so far. This is DPI Scholarship disbursement – discontinuation of District Cooperative Banks as disbursement point of Scholarship by MHRD, Government of India. He requested SLBC to take up this and the State Government need to include the Central Cooperative Bank also.

Another point is that the Data Reporting System is pathetic.

- Reporting of the activities under MSME and Government Sponsored programmes which are being reported under Other Priority Sector or Others instead of Non-farm sector. This resulted in distorted reporting of achievement under secondary sector, wherein the achievement is reported lesser than the actual as the same is reported under Other Priority Sector. The Food processing sector and export credit have now been included under Agriculture, but data on these sectors is not available from LBR returns.
- It has been reported that many new generation and other banks are not submitting LBR 2 since so many years resulting in non-monitoring of branch-wise performance in BLBC/DLRC meetings. This is a grave issue which has to be dealt with.
- In many districts no targets were allocated for poultry, forestry, storage and market yard, Renewable sources of energy, Food and agro processing and export credit, etc in the DCP for 2016-17. Further the achievement/performance figures of sectors like Minor Irrigation, Land Development, Farm Mechanisation etc. are showing wide variation from year to year.

Sri. Raveendranath then highlighted the following points:

- Referring the presentation from Government on Kerala regarding the Infrastructure Investment Fund Board during the previous SLBC meeting, he announced with happiness that the first tranche of the applications has received from the Government of Kerala which is being processed at NABARD.
- NABARD has also achieved the Rural Infrastructure Development Fund target and the allocation for the entire State is already done by December of Rs. 650 crores plus and nearly reaching the disbursements.
- He appreciated the efforts of Kerala Government in the wake of the demonetisation and aftermath wherein the confidence of the public in the cooperative banks to revive that the entire Government has come up and that is a welcome measure because basically when they serve the rural masses.
- NABARD has made a tribal development fund for helping the tribals and other marginalised sectors. NABARD is also helping the farmers collectives. There are some good models for places like Wayanad. For such units wherever working capital is required, he urged the bankers to extend the support. Already some of the bankers had been introducing such good ventures and expected that they take it forward.
- Referring the drought situation in the State, NABARD has already taken some initiatives for providing livelihood activities in 80 watersheds across Kerala

While concluding his address, he once again extended thanks to all for rising to the occasion during the demonetisation as well as for taking the rural India forward.

Sri. Biju Prabhakar IAS, Director of Agriculture in his opening remarks, briefed about the two insurance schemes being implemented by the Agriculture Department in association with banks for the benefit of farmers. He noted that Principal Secretary (Revenue) has already mentioned about one of the most severe drought during this year. He was sure that the things are going to be harsher for the farmers for the next few months to come. This is the first time Department has gone for a insurance scheme in the real sense. Because after the introduction of PMFBY. This is the first time Department had gone for open tender but limited to 14 empanelled insurance companies. That has been finalized. State Level Co-ordination committee for crop insurance will be meeting at 4.30 pm today evening and the rates will be formally finalised. Department has already requested all banks to deduct the premium @ 1.5 % or @ 5 % maximum from the farmers whenever banks are disbursing the loans. There are two schemes, (i) Pradhan Mantri Fasal Bima Yojana (PMFBY) and (ii) Restructured Weather Based Crop Insurance Scheme (RWBCIS). For both the schemes, Department invited tenders and have selected the agency. Agriculture Insurance Company of India is the insurer for the PMFBY and their rates will be notified. The notification will be issued within a day or two.

Second is the RWBCIS for which Govt has selected the United India Insurance Company as the insurer. Their rates will also be approved soon. They have quoted a slightly higher premium rate and the Government is has asked a negotiation with the Insurance Company which is going on. But once these rates is formally announced or notified from side of Department, he requested banks that already instruction in this regard has gone so that

bankers may kindly deduct the entire premium from the agriculture loans. This is the best insurance scheme because farmers will have to pay @ 1.5 % or 2% or even 5% depending and beyond that Government of India and Government of Kerala shares the premium and it is an unlimited amount also.

He requested the banks to deduct that premium from all the eligible loans, well in time. The circular in this regard has been issued. Once the notification is there, that rates will also be there. If it is going beyond the prescribed limits of Government of India, then that will be shared by Government of Kerala.

The cut off date is extended upto January 15, 2017 for Rabi I for deducting premium from loan account. The deducted premium should reach the Insurance Company by 31.01.2017.

For Rabi II season the cut off date is 28.02.2017 and premium has to be transferred to the respective insurance companies by 15.03.2017. He requested that 100% compliance has to be there. This message has to go to all the branches and this is one way we can help farmers.

Agriculture Department is forming JLGs in areas like Kanthallur, Vattavada and several other places.

Agriculture Department is also forming special agriculture zones in 32 places where we will be intensifying our all kinds of loans, all kinds of techniques and technology for the farming. So kindly associate with Government.

Before concluding his remarks, Sri. Biju Prabhakar IAS requested that banks may be liberal in giving agriculture loan to the farmers. Government is also trying to form some kind of marketing mechanism through which they will get a decent income so that bank loans will be repaid. Government is actively involving with the farmers in getting these loans and ensuring that it is getting repaid, so that it should not be converted as NPA. He once again requested all banks to extend bank loans liberally.

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

1. ADOPTION OF MINUTES

The forum unanimously adopted the minutes of the 119th Meeting of SLBC, Kerala held on 30th September 2016, which was forwarded to the members, vide Convener's letter SLBC 35 251 2016 GN dated 30th November, 2016.

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)

The Convenor, SLBC informed that the Chief Secretary had convened a meeting on SLBC pending agenda items with the line Departments on 04.11.2016 and asked the Departments concerned to look into the matter and give a detailed report on the SLBC pending agenda items.

Sri. Sanjay M. Kaul IAS, Special Secretary (Industries), Government of Kerala informed that Department has a single window clearing system under District Industries Centres, but somehow PMEGP applications are not come through this system. Industries Department is working on a comprehensive scheme in this regard and detailed rules/legislations will be expected to be ruled out within a month wherein most of the issues would get sorted out. Industries Department is moving towards strategic rules and he expressed confidence that before the next meeting of SLBC this will be sorted out.

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)

The Convenor, SLBC informed that the Chief Secretary had convened a meeting on SLBC pending agenda items with the line Departments on 04.11.2016 and asked the Departments concerned to look into the matter and give a detailed report on the SLBC pending agenda items.

The forum noted the following.

<i>District</i>	<i>Present position</i>
<i>Kozhikode</i>	<i>50 Cents land allotted in Vadakara Block. Formal MoU to be signed by Canara Bank and Block Panchayat</i>
<i>Palakkad</i>	<i>Land identified at Parli Grama Panchayat. PD of PAU and RSETI Director sent the report to the Government. Awaiting GO</i>
<i>Kollam</i>	<i>Land earmarked ETC Kottarakkara/KIP site. This has been agreed by the bank and Government.</i>
<i>Pathanamthitta</i>	<i>District collector has located a alternate land in Konni Municipality</i>

Sri. Kishore Kumar K, State Director, RSETI Kerala informed that in Kozhikode District, the land has been promised by the Government but in reality we are not in a position to sign MoU.

LDM, Kozhikode informed that instruction from Commissionerate of Rural Development has gone to Village Officer, Vadakara to take a sketch of the plot and return back.

Referring Palakkad District, Sri. Kishore Kumar K, State Director, RSETI Kerala informed that there is a political will to give the land. MP had taken up the matter. There is need for a fresh resolution to construct RSETI.

Representative from Commissionerate of Rural Development informed that they had submitted the proposal to Government and it was rejected by the Revenue Department. After that Commissionerate had taken a decision to take up once again by routing the documents through the Secretary. The Commissionerate is trying to get permission once again.

Referring Kollam District, Sri. Kishore Kumar K, State Director, RSETI Kerala informed that the Village Officer saying that the land identified is already allotted to Navodaya school. So that fresh survey has to be conducted and land has to be demarcated.

Referring Pathanamthitta District Sri. Kishore Kumar K, State Director, RSETI Kerala informed that Konni is identified but support of District Collector is not forthcoming. There is a land in Elanthur which belongs to block panchayat which is the ideal place.

LDM, Pathanamthitta informed that Hon'ble Court has issued judgement last week that both the Gramanyayalay and RSETI can run in same premises.

Referring the infrastructures, water scarcity and other related issues of RSETIs, Sri. C. Saravanan, Deputy General Manager, Reserve Bank of India suggested that a small task force comprising the Local Self Government Department, Industries Department and Rural Development Commissionerate may be constituted to sort out these issues.

The forum decided that LDMs of respective districts to facilitate a Joint meeting with District Collector, RSETI representatives, Tahsildar and Village Officer so as to discuss the matter and sorted out.

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

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

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. Denial of E-Tender access facilities to customers of all banks except SBT
(Pending since March 2014)

The forum noted that there are no specific issues reported by banks in this regard.

*In the light of the above, the forum decided to **drop** the agenda item from pending issues.*

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

The forum noted that during the opening remarks, Sri. P. H. Kurian IAS, Principal Secretary, Revenue Department, Government of Kerala informed that Noting Equitable Mortgages in Thandapper Register which has probably been accepted He assured that before the next meeting in March 2017, he would come out with a mostly positive decision on that.

The forum decided to pursue the matter with Revenue Department.

(Action: Revenue Department)

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

The Convenor, SLBC informed that the Chief Secretary had convened a meeting on SLBC pending agenda items with the line Departments on 04.11.2016 and asked the Departments concerned to look into the matter and give a detailed report on the SLBC pending agenda items.

The forum decided to pursue the matter with Taxes Department.

(Action: Taxes Department)

2.3.6. Issues relating to Stamp duty on Branch & ATM lease deeds

The forum noted that vide letter No.8538/E2/2015/T.D dated 27.09.2016, Taxes (E) Department, Government of Kerala informed that the issue has already been considered as per the Finance Bill 2016.

*In the light of the above, the forum decided to **drop** the matter from pending agenda items.*

2.3.7. Waiving of stamp duty on loan sanctioned against pension to Senior Citizens

The forum noted that vide letter No.8538/E2/2015/T.D dated 27.09.2016, Taxes (E) Department, Government of Kerala informed that Government have already reduced the stamp duty from Rs.500 to Rs.200, vide Kerala Finance Bill on 29.07.2016, hence Government cannot consider further waiving of stamp duty.

*In the light of the above backdrop, the forum decided to **drop** the matter from pending agenda items.*

2.3.8. 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)

Representative from KSCARD Bank informed that no reply was received from Government of India even though the bank had written many letters to Government of India.

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

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

2.3.9. Loan Waiver Scheme of Scheduled Tribes Development Department

Representative from ST Development Department informed that only 2005 cases amounting to Rs. 5.17 crores were disbursed so far. No claims have been received from Kollam, Alappuzha, Idukki, Ernakulam, Malappuram districts.

SLBC Convenor observed that in Idukki and Malappuram there should be lot of tribal people who have taken loans, so that concerned LDMS of these two districts have to take note of the matter and would have to conduct meeting with concerned banks and take up this issue in the next DCC/DLRC meeting.

Sri. C. Saravanan, Deputy General Manager, Reserve Bank of India requested the Department to send their field level officers to branches which have to submit the claims.

He added that tribal extension officers of each district may know the list of beneficiaries who have availing loans. Director of STDD had told that Tribal Extension Officer will give the district wise list of eligible beneficiaries to the bank. That was not happened in all districts except Wayanad. There was no coordination between banks as well as tribal extension officers except in Wayanad. Past two months nothing has happened from banks due to demonetization. So the Department has to provide the pending beneficiary list.

Representative from ST Development Department informed that Tribal Extension Officers are not having the eligible list of beneficiaries. The list should be furnished by the bank itself. After that, Department can verify the same. Department had already given wide publicity among the tribals.

SLBC Convenor said that ST Development Department need to direct their tribal extension officers to visit each tribal hamlet and see that those people definitely would have taken some loans from some source or other. They have to organize some campaigns in those localities and find out wherever the people are taking loan, get the details and then cross check the same with banks and send it to banks. Then only Banks will be able to spend Rs.37 crores earmarked by the STDD and otherwise the benefit would not reach the tribals.

Smt. P. V. Bharathi, Chairperson, SLBC Kerala pointed out that once the ST Development Department received the applications, ST Development Department have to keep following it up.

The forum requested the ST Development Department to provide the District wise/Bank wise bank branch wise update on the extend of claims received and settled so far to SLBC Cell so as to take up a further follow up.

The forum requested all LDMs to collect the details.

(Action: ST Development Department /LDMs)

2.3.10. Revenue Recovery Online Platform

The forum noted that the member banks expressed certain operational difficulties in strictly abiding with the agenda, such as not to accept recoveries directly after referring to RR and similar issues.

The forum requested the Revenue Department to examine these issues and decided to pursue the matter with Revenue Department.

(Action: Revenue Department)

3. FRESH ISSUES

3.1. PRIMARY SECTOR

3.1.1. Doubling Farmers' Income by 2022 (Suggested by Reserve Bank of India)

The forum noted the RBI Circular FIDD. CO. LBS. BC. No. 16 / 02.01.001/ 2016-17 dated September 29, 2016 provided in Annexure 8.40 of background papers and concurred with the views of the Steering Committee that NABARD to evolve an appropriate delivery matrix to measure the output and place the matter in the next SLBC meeting.

Smt. P. T. Usha, Deputy General Manager, NABARD informed that NABARD can prepare a matrix only based on the sources of income getting to farmers. Even the Department of Agriculture is not having this data so as to evolve a matrix

SLBC Convenor informed that Planning & Economic Affairs Department should have the sector-wise data.

Sri. V. R. Raveendranath, Chief General Manager, NABARD added that there is no authentic data available.

Representative from Agriculture Department informed that farmers' registration is going on. Around 20 lakhs farmers are already registered and still more to register. To the extent registered, the data is available with the Agriculture Department which is accessible to SLBC also. He added that income of farmers is not available with Agriculture Department.

SLBC Convenor pointed out that whether the registered farmers have mentioned that what is present level of income. Agriculture Department has the data of registration of farmers, but cannot assume the income. Where do you get the income level of farmers? He suggested to find out from counter parts from other States on how they are proceeding.

Smt. P. T. Usha, Deputy General Manager, NABARD was of the opinion that Agriculture Department can get the data from their mechanism and they have to help NABARD. If they do not have the data now, they may collect the same and provide to NABARD. She added that Krishi Bhavan will be able to collect the data because Agriculture Officers have direct contact with farmers.

Sri. V. R. Raveendranath, Chief General Manager, NABARD opined that NABARD will have a separate discussion on the matter with the Director of Agriculture wherein the strategy to be adopted for getting this data because all exercise is depending on the farmers income.

SLBC Convenor opined that the work can be done only with the appropriate delivery matrix.

(Action: NABARD)

3.1.2. Multiple financing to Self Help Groups (Suggested by Reserve Bank of India)

SLBC convenor described that there are two issues involved here. One is the SHG getting finance from one or more financing institutions. The second is the individual members getting multiple loans through membership in various groups. Both are of serious concern. In the first case when a SHG starts performing well, some others also come and extend finance to them. We have seen some banks and some NBFCs doing it. This second financier has better and forceful recovery mechanism. They recover their loans first. The original bank's money gets stuck. The KYC of individual members are not getting captured in the system now. It makes easy for persons to jump from group to group and avail multiple finance.

Sri. V. R. Raveendranath, Chief General Manager, NABARD stated that with this intend only, that NABARD has started the digitization of SHGs, which is getting well in Kasargod and with this we will be able to do something in this regard It is only on a pilot state now. He added that multiple finance to individual members of SHGs through multiple groups is more grave.

SLBC convenor opined that both issues are grave. The second institution lends without the consent of the primary financier.

Sri. C. Saravanan, Deputy General Manager, Reserve Bank of India informed that RBI had already given letter to SLBC that personal data shall not be shared with external agencies. Personal data of SHG members can be shared only between banks and RBI is the only authority in this regard. With regard to situation in discussion, he informed that the same thing has happened in Andhra Pradesh.

Sri. V. R. Raveendranath, Chief General Manager, NABARD informed that Digitization of SHGs is a scheme started on an all India basis by NABARD. Reserve Bank of India is aware of this particular scheme. So he requested not to make an exception of this pilot project proper mechanization is put in place. Concerns are taken care of. This is not an issue with respect to Kerala alone. Digitization is happening across the country.

Sri. C. Saravanan, Deputy General Manager, Reserve Bank of India said that it was matter that could be dealt separately and RBI is working with the Central Office of NABARD in this regard. The concern here is that is like in Andhra Pradesh, there is a sudden jump in SHG financing. We are worried that this will lead to social disturbance. RBI had done survey of indebtedness in Kerala which is very high next only to Punjab. The individual levels indebtedness being very high, this kind of heavy flow of funds into the system through this tool will create social disturbance.

RBI had clearly given the following instructions.

- 1. Sharing of Credit information among banks is the only way available*
- 2. RBI has clearly instructed all banks that not to share data with any other agencies.*
- 3. RBI has already told to individual members credit data has to be captured (KYC)*

The above three instructions are very clear. If any of the LDMs could point out a particular bank, RBI shall take up with that bank.

SLBC convenor made a request that any instances of any bank violating the above and financing to the same group without the consent of the existing lender is noticed, the LDMs to report such instances with specific details to RBI and SLBC so that the issue can be addressed with top level.

Sri. C. Saravanan, Deputy General Manager, Reserve Bank of India informed that there is a RBI circular requiring banks to feed the individual person's credit details into the CIBIL website. SLBC to make a mechanization for credit information.

SLBC convenor pointed out that this is not taking place in the case of SHGs. All banks have to follow these guidelines.

Smt. P. V. Bharathi, Chairperson, SLBC Kerala pointed out that if the banks ensure that the individual member's data is entered into the CBS it will automatically flow to the CICs (Credit Information Bureaus).

Sri. C. Saravanan, Deputy General Manager, Reserve Bank of India pointed out that SLBC has to ensure a system for data sharing between banks. Chairperson concluded that feeding data properly in the CBS and make sure that dataflow takes place to CIC. Then it will be available in the CIBIL reports that the matter will be take care of

SLBC Convenor requested LDMs to conduct a study of such sort of lending happening in their districts.

Sri. C. Saravanan, Deputy General Manager, Reserve Bank of India suggested that Kudumbasree is to be taken on board as 70- 80 % of market share is with them.

SLBC Convenor requested RBI to reiterate the guidelines once again for the benefit of all.

The forum decided the following:

- *LDMs to conduct a thorough study collect reliable information and then make their presentation in the SLBC, in its next meeting. SLBC would in turn make a report to RBI*
- *SLBC will make a report and place the same in SLBC forum and RBI subsequently.*
- *Banks also requested to ensure that KYC details of Individual members of the SHG/JLG are entered in CBS so that there is automatic data flow of individual member' details to CIBIL.*
- *RBI to reiterate the guidelines once again to banks.*

(Action: LDMs / Banks / SLBC Cell)

3.1.3.Implementation of Integrated Dairy Development Programme (IDDP) In Kollam and Ernakulam Districts (Suggested by Directorate of Dairy Development)

Representative from Dairy Development Department requested all banks in Kollam and Ernakulam Districts to be liberal in lending to farmers for the effective implementation of the IDDP.

SLBC Convener informed that already all the banks are having various livestock financing scheme.Department may integrate with that schemes. Then there will not be any issue for finance.

The forum decided that Banks to extend merit based support through existing loan schemes for dairying.

(Action: Dairy Development Department /Banks)

3.2. SECONDARY SECTOR

3.2.1. Weavers Credit Card Scheme (Suggested by Directorate of Handloom & Textiles)

Representative from Directorate of Handloom & Textiles informed that data will be furnished to SLBC Cell in the next week as they got some more sanctions from Kannur and Palakkad Districts.

Sri. Sanjay M. Kaul IAS, Special Secretary (Industries), Government of Kerala informed that Government has come out with a scheme with every concern about the particular sector and would want to revive the sector. Government has recently launched the scheme wherein we are going to provide free school uniforms upto class V progressively, made of handloom. The estimate is about 60 lakh meters and weaving has started. The problem which is seen in the field is that weavers already in the field of weaving for the markets Mundu, dhoti etc., but lot of people is out of the sector not having loans. They require some financial support to restart their unit. The scheme provides support of Rs. 4000 per loan which will be direct credited to the account of loanee's through DBT. Lots of weavers would require more support. That is why this scheme becomes more important. Many applications are actually pending for want of funds from banks. Government is trying to revive the sector and there will be a synergy. Some funding comes from banks. Next time Department can give the detailed pending list which will actually take up with banks. He made a request to banks to be positive to this particular scheme because the way we have visualized it , (1) lots of weavers with traditional skills will come back into the mainstream (2) new trends will come in the sector. The scheme is going to revive the sector within the next 5 years. Banks can actually help this and that would be really good contribution on their part.

The forum requested the Directorate of Handloom & Textiles to provide softcopy of District-wise/bank-branch wise pending list in excel format to SLBC Cell for follow up.

(Action: Directorate of Handloom & Textiles / SLBC Cell)

3.3. TERTIARY SECTOR

3.3.1. Not meeting the prescribed targets for FL Camps - The FLCs/rural branches (Suggested by Reserve Bank of India)

The forum noted the details of accomplishment / deficiencies in achievement of prescribed targets by FLCs/ rural branches in Kerala provided as Annexures-8.41 & 8.42 in the background notes.

Sri. C. Saravanan, Deputy General Manager, Reserve Bank of India pointed out that unless the function of FLCs is ramped up, it will be very inept to carry on other projects like digitization and something like that. SLBC has to conduct one or two workshops to FLCs since SLBC know the general level of FLCs. He requested all banks to take the matter seriously. RBI has received references even from their Head Office, whether the funds have been used properly. We would like to sensitize banks on this particular aspect also.

Added to this, **Sri. V. R. Raveendranath**, Chief General Manager, NABARD informed that as far as the FLCs empowerment is concerned, NABARD has also conducted programmes on regional/district base. As per feedbacks, many of the FLCs are not getting the recognition from some institutions, schools and all so that they are not able to conduct programmes.. Some sort of systems should be put in place wherein they are recognized for conducting programmes in schools and other institutions.

Responding to this, **SLBC Convenor** clarified that he matter had already taken up with Government.

The forum then decided the following:

- Controlling Offices of Banks to instruct their FLCs & Rural branches in this regard. Banks to take random check and find out the effectiveness of FLCs and ensure reporting.
- FLCs shall be effectively trained for dispensing financial literacy on Digital banking/Technological products.
- The SLBC shall impart training/workshop to FLCs on the subject with assistance of faculties drawn from various banks. Individual banks to take lead in conducting camps/training in their pockets.

(Action: Controlling Offices of Banks / SLBC Cell)

3.3.2. BC Model- concerns / suggestions (Suggested by Reserve Bank of India)

The forum noted the BC model concerns/suggestions and issues raised by Akshaya are provided as Annexure-8.43 & 8.44 in the background notes.

Representative from **Akshaya** informed that right now they are experiencing many problems throughout the Kiosk Banking. Total target was 1768, of which 51 % comes under SBT and some progress is seen only in SBT and SBI. In the previous SLBC Akshaya have put forward some suggestions especially on BC software issues. As such Akshaya cannot raise the commission to the entrepreneurs. In present situation BC sits in the Akshaya centres. Now we have to shift to a mobile model which would be more catching. They have thought about the Mobile BC concept. Now SBT is having a good performance and SBI is also moving to the forefront especially in the Malappuram and Kozhikode districts. Referring Transactions he informed that SBT is providing Rs.10,000 minimum per day through IMPS. So we have to enhance that IMPS benchmark or the batch limit to Rs. 50,000 or Rs. 1 lakh provided if we are giving a mobile opportunity.

Referring inactive BCs, he informed that BCs in SBT, SBI and Punjab National Bank alone are active and in rest of the banks, it is not active.

SLBC Convenor added that because there are lot of issues related technology, integrating with each BC is very difficult.

Representative from SBT informed that they have no problem with Akshaya.

Representative from Akshaya informed that biometric issues are there. Akshaya has to raise the commission to the BCs. At present they are getting only Rs. 16 to open an account and have to produce 6-7 pages for print out to the bank. He thought that, it is better to move to the concept of mobile BC. Second request is to transfer all the inactive BCs to SBT and SBI for which LDMs should take initiative in the districts. He added that they are also concern about the merging of SBT into SBI in future.

Representative from SBI assured the forum that nothing will happen after merger of SBT with SBI and things will remain as usual and no harmful come to anybody.

SLBC Convenor said that it is also seen that KOs are not much interested in this because they have got various multiple revenue models which are more lucrative. So if Akshaya have a separate BC model like Bank mitra, then their main source of revenue will be this and they will be able to concentrate. Ultimately it should benefit the rural masses. People should be able to go there and deliver cash at the place where and when the customer wants. If that is not going to happen, it is doubtful whether the Kiosk model can be made successful.

Representative from Akshaya informed that regarding the detailed financial literacy in 40 days they have trained to nearly 40,000 plus people in the entire State. Malappuram is the leading district and Kottakkal Municipality comes under 100%. He hoped that once the concept is changed, it is going to be viable.

Sri. C. Saravanan, Deputy General Manager, Reserve Bank of India requested that if appreciable improvement is not there in the next 3 months time, we need to take necessary steps.

- *A Specific solution has to be found out*
- *With reference to a highly banked state like Kerala the present fixed model BC has limited utility.*
- *Akshaya may come up with a mobile BC platform with in 2017 January*

The forum felt that in a highly banked state like Kerala the present fixed model BC has limited utility It requested the Akshaya to come up with a mobile BC platform to convert the present Fixed Kiosk model to mobile bank mitras.

(Action: SLBC Cell / Akshaya)

3.3.3. Non-attendance of bankers/ Government officials in various fora under LBS (Suggested by Reserve Bank of India)

The forum concurred with the following observations/suggestions of Steering Committee.

- *Habitual non- attendance of bankers in BLBC/DCC/DLRC meetings.*
- *Habitual non-submission of compulsory returns like LBR, GBS etc.*

- *Gross absence or improper deputation of govt. officials to BLBC, DCC/DLRC meetings.*

The forum decided the following:

- *LDMs to report such instances to SLBC.*
- *SLBC to publish in the quarterly booklet and report to RBI for addressing letters to the State Controlling/Head offices.*
- *Banks/Departments to convey the matter down the line appropriately*

(Action: LDMs / SLBC Cell / Banks / Govt. Departments)

3.3.4. Agenda items suggested by Directorate of Scheduled Caste Development Department

Referring the agenda - Instances are many where the applications submitted through 'Akshaya' centres are rejected due to entry of incorrect account numbers. To dispense with this difficulty, provision for bank link may be introduced in the e-grantz site for verifying Name, Address, A/c No., IFSC code etc of students, the forum decided that:

- *It needs to be examined whether providing this facility in e-grantz portal will compromise security.*
- *Practical solution is to obtain a/c pass book, a/c statement/ cancelled cheque leaf to get correct a/c no. & IFSC code at the time of data entry to ensure correctness*

Referring the agenda - provision may be included in the SBI site for uploading the Aadhaar Number for distribution of grants centrally Sponsored Schemes (CSS) to the beneficiaries, The forum decided that:

- *Aadhaar seeding & NPCI mapping are options to be exercised by account holder directly.*
- *Whether providing Aadhaar seeding facility in E-grantz portal will compromise security is to be examined.*
- *practical option for a/c holder is to use any of following*
 - ✓ *Visiting home branch or any other branch*
 - ✓ *Through ATMs*
 - ✓ *Through Internet banking*
 - ✓ *Through mobile banking & SMS facility*
 - ✓ *Through any Business correspondent of bank*

Referring the agenda - Scheduled Castes beneficiaries may be given exemption from payment of penal interest in respect of loan availed by them, the forum observed that the matter is beyond the purview of SLBC forum and opined that any facility should not be an incentive to non repayment.

3.3.5. Proposal for Initiating a Bank Loan Scheme for Renewable Energy Systems (Suggested by ANERT)

The forum observed that Banks already have schemes for financing solar energy harvesting projects like

- *Solar pump loans for irrigation*
- *Loan for Solar home lighting system*
- *Solar equipment financing scheme*
- *Housing cum solar loan etc*

The forum decided that ANERT to integrate its schemes with these existing bank schemes and also ensure that,

- ✓ *unit costs are reasonable & aligned with ranges prescribed in these schemes*
- ✓ *suppliers of equipments/turnkey service providers supply reliable materials & services*
- ✓ *After sales services are available for period covering bank loan*

The forum directed SLBC cell to collect the details of existing schemes from various banks and provide the same to ANERT.

*Since the representative from ANERT was absent, the **Chairperson of the meeting** directed all the members of SLBC that, representatives from the institutions raising agenda items should be present the papers in the meeting.*

(Action: ANERT / SLBC Cell)

3.3.6. Implementation of PMEGP 2016-17: Status and Pending Issues (Suggested by KVIC)

The forum noted that 1795 applications were forwarded to banks, of which only 101 were marked as disposed off by banks in the PMEGP e tracking portal. Therefore 1694 applications were seen as pending in the portal. A random verification made by SLBC showed that:

- *Many shown as pending in portal are either sanctioned/rejected*
- *But the bank branch/ processing hub has not updated in portal*
- *Margin money claim for such cases are also not pushed through*
- *It is to be claimed online to nodal bank (Corporation Bank)*

This can have the following fall outs:

- *Our performance will be rated as poor*
- *If subsidy claim is not submitted online, the bank may not get it.*

Therefore Controlling Offices of banks to act on the following lines:

- Follow up with branches to update the status of all the sanctioned / rejected cases in the E tracking portal immediately
- Advise the branches processing cells to push the subsidy(margin money) claims to the nodal bank , online
- Dispose pending applications based on merits and target of the bank (The process need to be updated in the portal also)
- Preference may be given to SC/ST applications for achieving the target

It was informed by KVIC that:

- Whenever cheating (like not setting up, non-traceable etc), necessary FIR may be initiated against the concerned jointly by bank and IA.
- Previous years pending MM claims if any may be submitted to KVIC state office immediately (before 30th December 2016)

(Action: Bank, KVIC KVIB, DIC, SLBC)

3.3.7. Digital banking - Model Village Mission (Suggested by SLBC Convenor)

Sri. N. Sivasankaran, Convenor, SLBC described that many missions were initially launched as pilot missions, including the financial inclusion. The aim is that we should select in each district, one ward, preferably a grama panchayat ward where we should implement in this pilot. At the pilot level, we should look at the progressiveness of that particular ward by way of literacy level, compactness of the area, connectivity, banking penetration, mobile penetration, support from the local elected representative for digitalization etc. Taking this into account, each district should identify one ward. The responsibility should taken by LDMs. We should make a survey of the existing digital banking service available and make an assessment of the inputs requirements such as bank-wise POS machine required, debit cards issued and pending, ATMs availability, Micro ATMs and VPOS and Aadhaar seeding gaps etc . Taking into account all these, and training requirements and Government support, a plan is to be drawn and got approved by the DCC. SLBC shall aggregate all the plans of all the district and co ordinate at state level with banks and Government for smooth implementation of the mission. There should be a measurable matrix for assessing the outcome and to spear head the mission.

He added that the very purpose of putting this as an agenda in the meeting is that we come to know that various banks have already started this. So Instead of working as cross purposes, we integrate the whole energy in one ward and make it pilot and successful probably that can be subsequently replicated in other places. Being the most literate State having high density of mobiles, we can make it successful by jointly by all banks.

Smt. P. V. Bharathi, Chairperson, SLBC Kerala shared the forum that the Ministry of Finance, Government of India has been describing demonetization as the first phase of financial reforms and digitization as the second phase. So it is expected that by 15th of March 2017, this phase has to be completed where we should be able to bring majority of the population under the digitization phase. We are going to move towards cashless

economy. Every day its various parameters are monitored at the highest level from the Govt. It is to ensure that by 15th of March, 2017 there is 75 % implementation all across the country. It is with that intention, that the Lucky Grahak Yojana as well as the Digi Dhan Vyapari Yojana has already been launched. Kerala State is being considered as highest literate State where people are more familiar with digitalization and mobile usage is very high. Definitely we will be in a position to implement and if we take it SLBC Kerala can definitely come forward as a pioneer in ensuring people are able to take advantage of the technology that is being introduced in to the banking system. So if you can follow this guideline which we have given, you will be in a position to complete the targets before the formal announcement of the programme.

LDM, Kannur informed that in the DLRC meeting, all the Grama Panchayats has been allotted to each banks and working on this. He enquired about the minimum criteria in this regard.

Referring minimum criteria, **SLBC Convenor** informed that, our technical team will sit and track the matrix that would be prepared and provided the same. But ultimately, there should be visibility in improvement in digital transactions. Our ultimate aim is to make that village / ward cashless. So the people who reside there should be able to do their transactions without having to carry cash with them.

Referring shortage of POS machines, **Smt. P. V. Bharathi**, Chairperson, SLBC Kerala said that we are already working on it, the Government have collected the requirement of each bank and it is being monitored. Because, only one supplier and so he has to ensure that all of them are adequately given there is a shortage. That is being monitored and they are ensuring fair distribution to all the bankers. It will take some time hopefully by February end. We have to carry digitization to the last mile and ensure that not only bring them to open accounts but also help them to use these digital technology in meeting their financial requirements.

Representative from **UIDAI** informed that only few AEPS enabled machines are available.

SLBC Convenor suggested that in the absence of POS machines, we will have to go alternate methods available like UPI and others.

Sri. Minhaj Alam IAS, Secretary (Finance-Resources), Government of Kerala informed that as far as Govt transactions are concerned, there is one issue pertaining to POS machines. IT Mission had put POS machines, but the issue is that all the payments have to go to different heads. IT Mission is working on that. Basically Government wants receipts and payments to be cashless. On the payment side Government Departments are in DBT mode so this is not an issue. IT Mission is preparing common software because each department has their own software. It will take some more time to sort out the issue.

The forum directed SLBC Cell to conduct a separate meeting of the technical teams of major banks to discuss the focus areas, strategies and calendar.

The forum decided to adopt the following Action Plan.

- 1) *LDM & District administration to identify one progressive LSG ward (preferably a GP ward)*
- 2) *Survey existing digital banking services & assess requirements*
- 3) *LDM to draw an action plan approved in DCC*
- 4) *SLBC aggregates the plans of all districts & coordinate*
- 5) *RBI opined that a clear matrix may be developed to track the outcome so that the programme becomes more meaningful. Such a matrix would facilitate objective assessment of the outcome at a later stage.*
- 6) *Time frame may be suggested by Steering committee*

The forum adopted the following Time frame:

- *LDMs to identify the LSG ward on 2017 January 7th (8 days)*
- *Survey, assessment & approval of District plan in DCC by on 2017 January 18th (10 days)*
- *Aggregation of District plans & discussing in SLBC sub-committee on 2017 January 21st (3 days)*
- *Formal Launch 2016 January 25th (Informal implementation may start well in advance)*
- *Meeting of Technical teams of major banks by SLBC on 2017 January 10th*
- *Formulation of tracking matrix by SLBC on 2017 January 20th (21 days)*

(Action: SLBC Cell, LDMs, Banks)

3.3.8. Retaining Salary accounts of State Government employees with the Public Sector Banks (Suggested by SLBC Convenor)

Sri. Minhaj Alam IAS, Secretary (Finance-Resources), Government of Kerala informed that salary account of 80%-90 % of Government Staff are with public sector banks only. Only for the pensioners, 85 % accounts are in Treasury savings Bank. Government has given the option to the TSB account holders, to decide on what percent of salary should go to TSB and what percent should go to the Bank account, depending on their requirements. At present there is no issue. He added that if there is any case of, anybody defaulting, then banks can ask for their defaulted amount .

Sri. C. Saravanan, Deputy General Manager, Reserve Bank of India pointed out that original Government Order in 2014 which says that it has to be handled by the public sector banks. Now there is a reported move by the Government to some sort of change in the rule. That is the why the agenda reference to the particular item only.

He added that possibly they may face problems in access to easy credit. Because today if you are pensioner you sign up a form and you get advance pension. In fact this is not a fresh issue and it has been a good business proposition for the banks also. So the request is only to kindly reconsider the move. This will really help the Government and the employees. The other side of it is the bankers also need to be protected from credit risk because the key security was the cash flow into the salary account.

SLBC Convenor clarified that SLBC is not asking for anything fresh. There was an existing guideline in 2014. Now it has come to know that the guidelines have to be changed. So that we are asking them retain the guidelines. There was a system where salary has to be credited to public sector banks. Based on that, the banks have given loans to those employees who are drawing their salary through banks. We are only asking that these accounts should not be shifted to TSB and should be retained to public sector banks where the loan has been given.

3.4. INFORMATION NOTES

3.4.1. Credit facilities to Minority communities (Information Note by RBI)

The forum noted the contents for information.

3.4.2. Priority Sector Lending - Targets and Classification: Lending to non-corporate farmers - System wide average of last three years (Information Note by RBI)

The forum noted the contents for information.

3.4.3. Pradhan Mantri Fasal Bima Yojna - Non-feeding of data by bank branches in the Crop Insurance Portal of MoA & FW (Information Note by RBI)

The forum noted the contents for information.

3.4.4. Union Budget – 2016-17- Interest Subvention Scheme (Information Note by RBI)

The forum noted the contents for information.

3.4.5. Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM) – Aajeevika - Interest Subvention Scheme (Information Note by RBI)

The forum noted the contents for information.

3.4.6. Revised Kisan Credit Card (KCC) Scheme (Information Note by RBI)

The forum noted the contents for information.

4. Review of Performance under Priority Sector Advances

5. Review of Performance under Special Focus Programmes

6. Review of Performance of the Banking Sector

The forum concurred with the review of the performance under various sectors as at September 2016 Quarter provided in the background notes supplied.

The 120th 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

Smt. P. V. Bharathi

Executive Director, Canara Bank

GOVERNMENT OF KERALA / GOVT. OF INDIA / DEVELOPMENTAL AGENCIES

- | | |
|--------------------------------|---|
| 1. Sri. V. S. Senthil, IAS | Addl. Chief Secretary, Planning & Economic Affairs Dept |
| 2. Sri. P. H. Kurian IAS | Principal Secretary, Revenue Department |
| 3. Sri. Minhaj Alam, IAS | Secretary, Finance (Resources) |
| 4. Sri. Sanjay M. Kaul, IAS | Special Secretary (Industries) |
| 5. Sri. Biju Prabhakar, IAS | Director of Agriculture |
| 6. Sri. N. Nanda Kumar | Joint Secretary, SC/ST Development Department |
| 7. Smt. N. K. Chandra | Under Secretary, Planning & Economic Affairs Dept |
| 8. Smt. Simi A. S. | Under Secretary, Taxes Department |
| 9. Sri. S. Suresh Kumar | Under Secretary, Local Self Government Department |
| 10. Smt. Bindu K. K | Under Secretary, Agriculture Department |
| 11. Sri. P. K. Mohanan | Joint Development Commissioner for Rural Development |
| 12. Smt. Sajitha C. K | Additional Director of Agriculture |
| 13. Dr. Annie Mary | Additional Director of Animal Husbandry |
| 14. Smt. Sheela P. | Additional Director, State Horticulture Mission |
| 15. Sri. Abraham T. Joseph | Joint Director, Dairy Development Department |
| 16. Sri. K C. Mohammed Basheer | Joint Director, ST Development Department |
| 17. Sri. Gangadharan T.O | Deputy Director of Industries & Commerce |
| 18. Smt. Smitha B. S. | Deputy Director of Fisheries |
| 19. Smt. Mary Kusumam | Deputy Director of Handloom & Textiles |
| 20. Sri. Rajeev N | Assistant Director of Agriculture |
| 21. Sri. John Joseph Vadassery | Deputy General Manager, HUDCO |
| 22. Sri. K. R. Krishnakumar | Assistant Director, MSME Development Institute |
| 23. Sri. Pradeep R | Assistant Director, KVIC |
| 24. Sri. P. K. Sajankumar | Joint I. G of Registration |
| 25. Smt. D. Prasanna Kumary | Deputy Registrar, Co-operative Department |
| 26. Sri. Premnath Ravindranath | General Manager, KFC |
| 27. Sri. K. Kishore Kumar | State Director, RSETI, Kerala |
| 28. Sri. Rajesh D. | Regional Manager, Agri Insurance Company of India Ltd. |
| 29. Smt. Usha A. P. | Senior Divisional Manager, United India Insurance Co.Ltd. |
| 30. Sri. Alex T. Joseph | Chief Planner, Officer of the Housing Commissioner |
| 31. Sri. M. K. Rajmohan | Project Director, SFAC |
| 32. Sri. Reju Tom Lal | Manager, Akshaya |
| 33. Smt. Beena Philipose | Regional Chief, HUDCO |
| 34. Sri. Sivalal M | Research Officer, Planning & Economic Affairs Dept |
| 35. Sri. Sreekumar M. S | Tech. Expert, e-procurement, Kerala State IT Mission |
| 36. Smt. Devi Thankappan | Tech. Expert, e-procurement, Kerala State IT Mission |
| 37. Smt. Geetha D R | Senior Superintendent, Department of Coir Development |
| 38. Sri. Noushad P. | SRP, UIDAI |
| 39. Sri. B. Sunilkumar | Inspector, Coir Board |

RESERVE BANK OF INDIA

- | | |
|---------------------------------|---------------------------|
| 1. Sri. S. M. N. Swamy | Regional Director |
| 2. Sri. C. Saravanan | Deputy General Manager |
| 3. Sri. Sooraj S | Assistant General Manager |
| 4. Smt. Chaithanya Devi I | Manager |
| 5. Sri. Harlin Francis Chiramel | LDO |
| 6. Smt. Dhanya V | Assistant Adviser |

NABARD / SIDBI / NATIONAL HOUSING BANK

- | | |
|-----------------------------|---|
| 1. Sri. V. R. Raveendranath | Chief General Manager, NABARD |
| 2. Smt. Usha P. T. | 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. Sri. R. Mathialagan | Assistant General Manager, SBI |
| 6. Sri. George John | Chief Manager, SBT |
| 7. Sri. R. Ganesan | Chief Manager, SBBJ |
| 8. Sri. K. Venugopal | Manager, SBH |
| 9. Sri. Pathirupan | Branch Manager, SBM |

PUBLIC SECTOR BANKS

- | | |
|-------------------------------|--|
| 1. Sri. Rajesh Kumar Mathur | Chief Regional Manager, Indian Overseas Bank |
| 2. Sri. P. Karuppiah | Deputy General Manager, Syndicate Bank |
| 3. Sri. A. B. Vijaya Kumar | Deputy General Manager, Bank of India |
| 4. Sri. S. Sundararaj | Zonal Manager, Indian Bank |
| 5. Sri. Ramesh M. Kamath | Zonal Head, Corporation Bank |
| 6. Sri. G. V. Ramanamurthy | Deputy Regional Head, Union Bank of India |
| 7. Sri. Sandeep S. Nair | Assistant General Manager, IDBI Bank |
| 8. Sri. Niranjana Biswas | Assistant General Manager, Central Bank of India |
| 9. Sri. Reji Mathew | Assistant General Manager, Vijaya Bank |
| 10. Sri. D. Edwin Jaya Raj | Chief Manager, Punjab National Bank |
| 11. Smt. B. Nirmala | Chief Manager, Bank of Baroda |
| 12. Sri. Manish Pillay | Chief Manager, Allahabad Bank |
| 13. Sri. K. V. S. S. Prasad | Chief Manager, Andhra Bank |
| 14. Sri. Prasanth K | Chief Manager, Dena Bank |
| 15. Sri. Krishna Kumar P. G. | Chief Manager, UCO Bank |
| 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. Basanth V | Senior Manager, Oriental Bank of Commerce |
| 20. Sri. T. Srinath Kumar | Branch Manager, Bharatiya Mahila Bank |
| 21. Sri. Krishnan A | Officer, Punjab & Sind Bank |

CONVENOR BANK (CANARA BANK)

- | | |
|----------------------------|----------------------------------|
| 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 |

REGIONAL RURAL BANK

1. Sri. S. Radhakrishnan Nair

General Manager, Kerala Gramin Bank

PRIVATE SECTOR BANKS

1. Sri. Jose V Joseph

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. Hari Sankar S.

Assistant Vice President, Indus Ind Bank

8. Sri. Tony Thomas

Chief Regional Manager, ICICI Bank

9. Sri. Rohit Sharma

Relationship Executive, Jammu & Kashmir Bank

10. Sri. Balu G

Senior Manager, Karur Vysya Bank

11. Sri. Madhusoodana Sarma

Manager, Lakshmi Vilas Bank

12. Sri. Chandrakant Kamath

Manager, Axis Bank

13. Sri. T. S. Venkata Subramanian

Manager, City Union Bank

14. Sri. T. Bharath

Assistant Manager, Tamilnad Mercantile Bank

15. Sri. D. Deva Singh

Senior Officer, YES Bank

16. Sri. Rakesh V. G.

Officer, Karnataka Bank

CO-OPERATIVE BANKS

1. Sri. Saju Peter

Chief Inspecting Officer, KSCARD Bank

LEAD BANK OFFICES

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. Chandrasekharan C. V

LDM, SBT, Kottayam

5. Sri. M. V. Kunhi Kannan

LDM, Union Bank of India, Idukki

6. Sri. C. Satish.

LDM, Union Bank of India, Ernakulam

7. Sri. R. R. Kanakambaran

LDM, Canara Bank, Thrissur

8. Sri. P. Joseph Sam.

LDM, Canara Bank, Palakkad

9. Sri. K. Abdul Jabbar

LDM, Canara Bank, Malappuram

10. Sri. Sunil P. L.

LDM, Canara Bank, Kozhikode

11. Smt. M. D. Shyamala

LDM, Canara Bank, Wayanad

12. Sri. P. Santhosh

LDM, Syndicate Bank, Kannur

13. Sri. C. S. Remanan

LDM, Syndicate Bank, Kasaragod

14. Sri. Aju K S

Deputy Manager, Lead Bank Officer, Alappuzha