

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

Convenor: केनरा बैंक  Canara Bank

Ref: SLRM/MARCH23/Minutes/78/AJS

01st July 2023

(All Members of SLBC)

Dear Sir,


Sub: Minutes of the SLRM March 2023 of SLBC, Kerala

We are forwarding herewith the minutes of the SLRM March 2023 of SLBC, Kerala held on 27th June 2023 at Hotel Residency Tower, Thiruvananthapuram.

Developments on action points initiated/to be initiated at your end may please be intimated to us so as to apprise the next meeting of SLBC, Kerala.

Thanking you,

Yours faithfully,


S Premkumar
Convenor, SLBC Kerala
& General Manager, Canara Bank

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**MINUTES OF THE STATE LEVEL REVIEW MEETING FOR MARCH 2023 OF
STATE LEVEL BANKERS' COMMITTEE, KERALA**

Held on 27.06.2023 (Tuesday) at
Hotel Residency Tower,
Trivandrum

The SLRM meeting commenced at 2.00 pm. The List of participants is as per annexure.

Shri. S. Premkumar, Convenor, SLBC & General Manager, Canara Bank welcomed the dignitaries and participants to the SLRM March 2023 of SLBC Kerala and touched upon the following:

- The banking sector in the State has achieved good progress under almost all fronts during last year including Deposits, Advances and CD Ratio. The total deposits of banks in the State grew by 8% while total advances increased by 16%.
- The CD ratio of the State increased to 69% in March 2023 an increase of more than 2% during this year.
- Under Annual Credit Plan the primary and secondary sectors, being the backbone of our economy, play a crucial role in driving growth, creating employment opportunities, and fostering economic development. The achievement under primary, secondary sectors are 140% and 123% respectively. The fact that we have achieved our targets in these sectors is a testament to our collective determination and the effective strategies implemented by all those involved.
- Achievement under the tertiary Sector is only 51% primarily on account of Covid impact on Travel & Tourism. We are observing revival signals and hopefully next year our performance should improve in this area also.

Growth of business

- Total Business of Commercial Banks grew by 11 %, compared to last fiscal year. While the total Deposits grew by 8 %, Advances has grown by 16%.
- NPA figures has reduced by 15% compared to last year, moreover it has gone below the level of March 2020-21.
- CD ratio has increased by 2% compared to last quarter.
- Advances to Weaker section increased by 21% Y-o-Y.

- Banks in Kerala have never shied away from the responsibility of lending for education needs. We have assisted with Rs.1942 crore as education loans in the March quarter.

It is also gratifying to note that the state Govt. has been extending all possible support to the banking fraternity in the State. The MSME sector plays a vital role in driving economic growth, fostering innovation, and creating employment opportunities.

Convenor, mentioned the remarkable contribution of Shri. V P Joy to the State of Kerala as well as to the banking fraternity. Due to his constant guidance and motivation only the Banks of the state was able to achieve the Digitalization milestone.

Dr. V P Joy, Hon'ble Chief Secretary, Government of Kerala in his speech addressed the following:

- The Banking sector of Kerala has achieved new heights in the past two years under the leadership of SLBC.
- The investment scenario of the State of Kerala has improved and the unemployment rate of the state also decreased from 12% to 5% supporting the above statement.
- State of Kerala is ranked No.1 in the Sustainable Development Index, No.1 in the Start-up Segment. We have registered 1.5 lakhs MSMEs recently.
- Kerala Government is planning to attain paper free governance in the near future and we are very much advanced in this. All the interoffice communications will be made digitally. These will result in faster decisions and faster development of the state.
- Financial engine is an important system of any society. There should be a proper alignment of goals of the financial system and the goals of the society. It is an important responsibility on the shoulders of the Managers of the financial system and there should not be any divergence in the same.
- Kerala is fortunate to have such personalities leading the financial system. He applauded the activities of SLBC, RBI, NABARD and Banks of the State for the support provided for the growth of the State.

Shri. Thomas Mathew, Regional Director, Reserve Bank of India in his speech addressed the following:

- He discussed the monetary policy developments where the rates were kept unchanged, which was after taking care of all the macro economic factors. National Inflation levels have also softened from 4.7 to 4.3. Coming to the inflation levels in the state of Kerala it has reduced from 5.6 to 4.5.
- NPCI has cautioned the RBI regarding the inflation. The Governor of RBI has pointed out certain points that will affect the inflation i.e. Geo-Politics and advance of monsoon.
- The banks of state has achieved the ACP targets and congratulated all the bankers for their coordinated efforts for achieving the same. Ernakulam and Thiruvananthapuram are toppers in the achievement of ACP targets.
- There has been a 140% achievement in the agriculture sector and 123% in the MSME sector. He raised concerns regarding the Tertiary sector.
- The CD ratio of the state has reached 69% which is a commendable achievement considering the previous trends. The total advance has grown by 16% percent and deposits by 8%. MSME sector has grown by only 5%.
- The target for MSME is to achieve 1,00,000 lakhs crores. By coordinated efforts same is possible.
- Even though the deposits has grown by 8%, the NR deposit growth is a concern which can be attributed to the geopolitical situations around the world.
- We have been making a lot of progress in the Social Security schemes like. PMSBY, PMJJBY and APY. Lot of efforts has been put by RBI and banks of the state to disseminate the information regarding the above schemes. RBI and SLBC are monitoring the progress weekly. Total enrolment at the end of December quarter was 1.2 Cr which has increased by 1.8 cr by March 2023. The Noolpuzha panchayath under Wayanad has achieved saturation under these schemes.
- Wayanad has been selected has the 2nd best in the aspirational districts in financial inclusion and skill development.
- Banking system has a lot of unclaimed deposits. As per the information given by the Minister in the Parliament, there are around Rs.35,000 crore of unclaimed deposit has been transferred to RBI by the end of February 2023. Our Hon'ble Finance Minister in the last FSDC meeting asked all the agencies to take steps to return all the unclaimed deposits to the concerned. All the banks of the state has to identify top 100 depositors and try to return

the amount to them within 100 days of period. The general public is not aware regarding the procedures regarding unclaimed deposits, so building up awareness is the need of the hour.

- While concluding his speech he acknowledged the contributions of Dr. V P Joy to the State of Kerala and how much he supported the initiatives of RBI in the state.

Shri Gopa Kumaran Nair G, Chief General Manager, Regional Office, NABARD in his address congratulated all the bankers for achieving the targets under all major parameters and exhorted them to keep up the momentum. He lauded the efforts put in by bankers for achieving overall ACP achievement of 166% and primary sector achievement of 140%. He expressed his concern over the marginal decrease in KCC and emphasised the need to cover all eligible farmers under KCC. Though the CD ratio of the state has shown a positive trend, he exhorted bankers to accelerate lending in districts where CD ratio is low. The need to leverage loans under DRI and loans to weaker sections was highlighted.

Shri. S. Premkumar, Convenor, SLBC & General Manager, Canara Bank then proceeded to present the point wise Agenda for the SLRM Meeting.

1. Adoption of Minutes of 139th SLBC Meeting

The forum unanimously adopted the minutes of the 139th SLBC Meeting, held on 5th April 2023, which was forwarded to the members, vide SLBC letter no: SLBC/139/Minutes/74/AJS dated 31st March 2023.

2. Review of Performance under Primary Sector

2.1. Review of Performance under Annual Credit Plan 22-23

2.1.1 Bankwise performance - Primary Sector:

- For 2021-22, target was Rs.154961 Crores and Achievement was Rs.168642 Crores and percentage achievement for 2021-22 was 108%.
- For 2022-23, target is Rs.162192 Crores and 4th quarter achievement is Rs.191853 Crores and percentage achievement for 4th quarter 2022-23 is 118%.

Share of Primary Sector disbursement:

Public Sector Banks – 46.99%, Private Sector Banks – 30.01%, KGB – 9.78%, Cooperatives – 10.00%, Small Finance Banks – 3.21%.

District wise performance under primary sector:

Ten districts crossed 100% ACP target i.e, Ernakulam - 175%, Trivandrum - 173%, Kollam - 105%, Pathanamthitta - 117%, Alappuzha - 133%, , Kasaragod - 117%, Palakkad - 102%, Malappuram - 118%, Kozhikode - 104%, Wayanad - 89%, Kannur - 97%, Thrissur - 81%.

Agriculture Advances

A. Growth in Agriculture Advances

Growth of Agriculture advances in the year 2022-23 is about Rs.15863 Crores addition from Rs.94748 Crores to Rs.110611 Crores.

B. Banking Group wise Growth in Agriculture Advances

Public sector Banks constitute about 54.13% share in agriculture sector, 28.35% from Private Sector Banks, 13.51% from KGB and 4% from Small Finance Banks.

C. Share of NPA in Agriculture Advances

Agriculture NPA is 3.38 % out of total agriculture advances.

2.2 Performance under Kisan Credit Card Scheme

The outstanding amount under KCC has increased by Rs.8690 Crores year on year.

2.3. Pending Issues in Primary Sector

2.3.1. Doubling of Farmers Income

Convenor SLBC informed the forum that there has been a growth of 27% in the KCC in the state of Kerala. The scheme proposed by SLBC for fallow land cultivation is pending for approval with the State Government; once the approval is received the agriculture portfolio of the state will show good improvement. Moreover, the KCC to agriculture and allied activities to be promoted by the banks on priority as the same will help in improving the income of the farmers of the state. Claim settlement by the Agriculture Insurance Companies also was discussed, where the claim rejection was highlighted as the main reason for the reduction in enrollments under these schemes.

The Convenor also urged the banks of the State to support the Agriculture Infrastructure Fund Scheme as the performance under the same to be improved as at present only Canara Bank and State Bank of India is doing the major sanctions.

(Action: Banks and Department of Agriculture)

2.3.2. Credit Delivery Framework for Tenant Farmers (Agenda by Reserve Bank of India)

Once the final approval is received from the State Government for the fallow land cultivation, the banks shall be in a position to lend towards lease land farming.

(Action: Department of Agriculture)

2.3.3 Extension of Kisan Credit Card (KCC) Scheme for Animal Husbandry Farmers and Fisheries

It was appraised to the forum that, as per the letter dated 31st March 2023 vide letter F.No. 30035-01/2018- Fy.(T1)(Pt.) from the Ministry of Fisheries, Animal Husbandary and Dairying the KCC campaign has been announced from 01/05/2023 to 31/03/2024. In association with this The Convenor informed that several camps has been conducted for canvassing the KCC fisheries application in Thrissur, Kozhikode, Palakkad, Kasaragoe etc recently. The LDMs were also instructed to invariably punch the weekly data and the same should tally with the data submitted by the Fisheries Department. Banks were instructed to sanction the application received on priority basis as the performance of the state under the campaign period is not upto the mark.

(Action : All banks and LDMs)

2.3.4 Agenda Suggested by Reserve Bank of India

2.3.4.1 Enhancing Credit Delivery to Agriculture Logistics and Supply Chain Ecosystem

RBI, GM, informed the forum that as registration is mandatory for the warehouses, an encouragement from State Government to promote the same. Convenor, announced the forum regarding the positives of having e-NWR receipts. With the increase in warehouses, the farmers of the state can store their produces, presently there is a shortage of the same. Other states like Maharashtra and Tamilnadu are taking advantage of this scheme as the farmers store their produces when the rates are down in these. Moreover, they can avail finance by way of produce loans.

RBI, GM also instructed the banks to ensure registration of the warehouses once they receive proposals under AIF scheme.

(Action: Banks and Dept of Agriculture)

2.3.5 Agenda Suggested by Director Agriculture

2.3.5.1. Credit under Agriculture Infra Structure Fund

The Convenor informed the forum that State Bank of India and Canara Bank are sanctioning the highest number of applications under AIF scheme. In relation with the convergence of AIF scheme with other schemes was also discussed.

Shri. Shaji George, Team Leader, AIF has raised some concerns regarding Bank of Baroda, Union Bank and IOB as they are not promoting convergence of AIF schemes. And also he pointed out the approach of Kerala Gramin Bank to AIF and the staff of KGB is having only limited knowledge regarding this scheme. In reply to his Shri. Sreejith Kottarathil, GM, Bank of Baroda assured the same will be discussed and issues will be resolved.

Shri. Jayaprakash C, informed the AIF team that around 100 Managers of Kerala Gramin Bank has been provided with training related to AIF. He also requested the AIF team to inform the controlling office once the proposal is forwarded to the branches so that the same can be followed up.

Convenor stressed the importance of having DPR clinics as the farmers are unaware how the same to be prepared for availing loan. He urged the LDMs and Banks of the state to continue the initiative of DPR clinics as the Khariff season is approaching the demand for credit will be high.

(Action: Banks and Dept. Of Agriculture)

2.3.5.2 Agenda suggested by Directorate of Agriculture regarding recovery of ineligible beneficiaries under PM-KISAN Scheme

Shri. Salin Thapasi, Assistant Director Agriculture, informed the forum the SOP has been finalized and the officers are serving notices regarding the same to the ineligible farmers. But there are cases where, farmers who have filed ITR for the purpose of availing loans from bank for which the Central Government has agreed to revoke those income tax payers. The list of ineligible farmers will be shared with the BLBC and DLCC.

(Action: Directorate of Agriculture)

2.3.6 Agenda Suggested by NABARD - ACP

The ACP has been fixed as per the directions from NABARD

3. Performance under Secondary Sector

The percentage achievement is 120%. Target for the year 2021-22 was Rs.39912 Crores and the Achievement is Rs.47953 Crores.

3.1 Banking GroupWise Performance under Secondary Sector

Share of secondary sector disbursement is as follows:

Private Sector Banks –37.70%, Public Sector Banks – 50.49%, Cooperatives – 6.9%, KGB – 2.55%, Small Finance Banks – 2.36%

3.2 District wise Performance under Secondary Sector

Nine districts had crossed 100% achievement and they are: Trivandrum – 179%, Kollam – 104%, Alappuzha – 162%, Idukki –128%, Ernakulam –202%, Wayanad – 127%, Idukki – 128%, Pathanamthitta – 123% , Kannur – 106% and Malappuram – 106%.

However, Five districts could not achieved the target viz. Thrissur - 76%, Kottayam – 97%, Palakkad – 66%, , Kozhikode – 78% and Kasaragod – 97%.

3.3 MSME Advances (Priority)

A. Growth in MSME Advances

MSME advances increased by Rs.3494 Crores i.e, from Rs.64957 Crores in March 2022 to Rs.68451 in March 2023.

B. Banking Group wise Growth in MSME (Priority) – Micro, Small & Medium Enterprises

Bank wise share in MSME sector is as follows:

Public Sector Banks – 45.16%, Private Sector Banks – 50.90%, KGB – 2.38%, Small Finance Banks – 1.56%

C. Sector wise classification of MSME

Manufacturing sector – 28.25%, Services Sector –58.14%, Retail Trade – 12.76%.

E. Share of NPA in MSME Advances

NPA in MSME is 8.26% of total MSME advances which amounts to Rs. 5654 Crores

3.4 Advances to Weaker Section

There has been an increase in advances to weaker section. ie, an addition of Rs.21353 Crores year on year.

3.5 Agenda Suggested by the Director of Industries and Commerce - Review of MSME Schemes part of Atma Nirbhar Bharath

The forum reviewed the performance of Banks under ECLGS scheme as the scheme was till March 2023.

Verifying the pendency list attached with the agenda item it is seen that some of the banks are keeping the PMFME proposals pending for more than 30 days. The Convenor urged the banks to clear the pending applications urgently as there are several applications are pending at several levels. Banks to take a decision of the proposal within 15 days.

(Action: Banks)

3.6 Agenda suggested by KVIC - Review of PMEGP

The KVIC Director appraised the forum that the target for the FY 22-23 has 69 cr where as the state has achieved 73 Cr. He also congratulated the bankers for the efforts they have put in for achieving the same. He also pointed out that Canara Bank and State bank of India are sanctioning the highest number of loans under this scheme and requested the support of all the banks in the coming FY for achieving the FY 23-24 target.

The Convenor pointed out the issues related to PMEGP subsidy as inspection is pending from 2018 and final subsidy adjustment letter has not been received from KVIC.

Shri. Jayaprakash C, Chairman, PMEGP, requested the agency to confirm the basic requirements and then only forward the proposal to the banks.

DGM, SBI added to the above saying that PMEGP scheme is one of the best schemes but unfortunately it is having many glitches. There are 200 applications pending with SBI where the applications has not undergone training yet. Even after sending letters and notices the applicants has not turned up. He informed the forum that these kind of due diligence has to be done at the initial stages itself. He also pointed out that claims are getting returned and banks are unaware of the same. GST invoices are to be made mandatory.

The Convenor informed a special meeting will be convened for discussing the issues related to PMEGP and also informed the agency that a minimum level of scrutiny to be done at the initial stage to reduce the rejection levels.

3.7 Agenda Suggested by Reserve Bank of India – Bringing Kerala State Government PSU into TrEDS Platform

RBI, GM, requested the support of State Government for getting progress in the agenda.

DGM, SBI also added by saying that they have started a special branch for TrEDS business, it is beneficial for the State Government also as their working capital cycle get reduced and they get better liquidity. One of the major issues of State PSUs is liquidity which can be solved by TrEDS and requested for the support from industries department for the same.

Additional Secretary Industries Department informed the forum that State Government has already given permission to PSU to participate in TrEDS platform. Some PSUs are reluctant in participating in the scheme.

The Convenor requested the Industries Department to make that same mandatory to PSUs.

(Action: Industries Department and SLBC)

4. Performance under Tertiary Sector

The Convenor opined that this is the only area where banks could not perform well.

4.1 Outstanding Performance under Education Loan

The Convenor said education loan is progressing, most banks are showing superior performance and NPA in education loan has reduced due to the ELRS Scheme. Convenor requested to process all pending applications under ELRS scheme. The percentage of NPA has come down to 7.43%.

4.2 Growth in Housing Loan

The Convenor said that the Housing loan is showing a better performance even though the growth is not upto the expected level. NPA is only 1.61% in housing loan.

(Action: Banks)

4.3. Pending Issues under Tertiary Sector

4.3.1 Noting of Equitable Mortgage created in favor of the banks in Revenue Records (Pending since March 2014)

Shri. Madhu, Nodal Officer, State IT cell representing the State Land Revenue Commission rate appraised the forum that SOP has been finalized and NIC is working on the same. The site will be fully functional within a week or so.

(Action: Land and revenue and All Banks)

In addition to the above, the Nodal Officer raised concerns regarding the bankers not attending the Taluk level meetings related to the revenue recoveries. He requested the forum to provide instructions to the bankers to attend the Taluk level meetings. The lapses in the **one-time** collection schemes were also pointed out.

In reply to the points mentioned above, Convenor requested the banks of the State to attend the Taluk level meetings related to Revenue Recovery.

Also added that cases where RC cases has been filed if banks are settling the same under OTS, banks have to pay 1% of the same and withdraw the case and instructed the bankers to follow the correct steps while doing one time settlement for RC filed cases.

4.3.2 Agenda Suggested by Reserve Bank of India

4.3.2.1. Revamp of Lead Bank Scheme standardized system for data flow

Kerala bank appraised the forum that CBS merger has been completed.

(Action: Kerala Bank)

4.3.2.2 PRAGATI Meeting: Review of Social Security Schemes - PMJJBY and PMSBY

The Convenor urged the bankers to cover all the eligible persons under the Social Security Schemes in a time bound manner. Since the premium is negligible bankers can easily convince the customers for availing the schemes. Some villages in our state has been 100% covered under Jan Suraksha Schemes.

RBI, GM added that the performance of the banks having head office in Kerala is not up to the mark. During the campaign period the bulk of the numbers has been done by State Bank of India, Canara Bank, Kerala Bank and Kerala Gramin Bank. Other banks also to gear up their performances for achieving the target.

(Action: Member Banks, SLBC, LDMs)

4.3.2.3. Review of CD Ratio -Suggested by RBI

The state of Kerala as a whole has shown a good growth in CD ratio. If the Banks having CD ratio below 60 % put a little more effort, the CD ratio of the state in the coming FY will Crs 75%.

RBI, GM pointed out that Kerala based banks are taking good imitative in sanctioning high ticket MSME loans, they should focus on low ticket MSME loans also. The turnover time also to be improved.

(Action: Banks)

4.3.3. Education Loan Repayment Support Scheme

The forum reviewed the status of ELRS Scheme. Application pending in the portal to be cleared immediately.

(Action: Banks)

4.3.4 Rural Self Employment Training Institutes (RSETIs) - Reimbursement of Training Expenses of BPL Candidates to "AA" Rated RSETIs

The RSETI Director informed the forum that the SLRM Department has submitted the claims to the Ministry and informed that claims will be sanctioned within a month.

The SLRM Department added that a claim of Rs. 16.71 Crs has been submitted to the Ministry.

(Action: SLRM, Kudumbasree and RSETI Director)

4.3.5 Status of Land allotment for RSETIs buildings

The RSETI Director raised concern regarding the land allotment in four districts: Wayanad, Palakkad, Kottayam and Pathanamthitta.

The land allotment of Palakkad is in the final stage.

(Action : Revenue Department, SDR, Kudumbasree and Banks)

4.3.6 Agenda suggested by Higher Education Department - Central Sector Interest subsidy Scheme

Banks to advice the controlling office to follow up regarding the same.

(Action: Member Banks)

4.3.7 Agenda suggested by Reserve Bank of India - Issues of Inactive Banking Correspondents.

GM, RBI informed that the inactive Banking Correspondents has come down to around 70. RBI also receiving several complaints from BC regarding the remuneration and software supports, banks to take immediate intervention in these matters and support the Banking correspondents. Moreover, the number of BCs in KGB is very less, KGB to rework the same. All banks should ensure that there is no inactive BCs.

(Action: Banks)