## STATE LEVEL REVIEW MEETING 2017

### 1. ADOPTION OF MINUTES

The minutes of the 121st Meeting of SLBC, Kerala held on 24th March 2017 has already been forwarded to the members vide Convener's letter SLBC 35 50 2017 GN dated 31st May, 2017.

The House may adopt the said minutes.

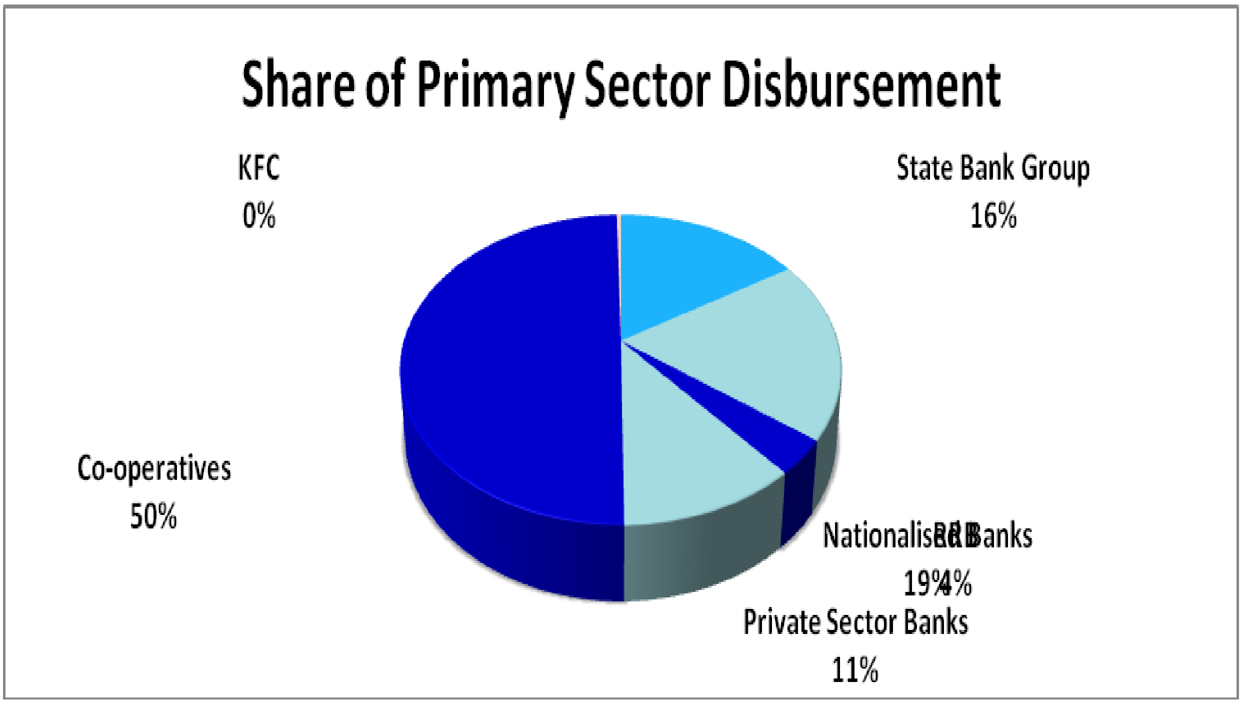
### 2. ISSUES FOR GROUP DISCUSSION ON PRIMARY SECTOR (GROUP I)

### 2.1. Review of Performance under Annual Credit Plan 2016-2017

#### 2.1.1. Bank wise Performance – Primary Sector

(Rs. in Crores)

| Parameter | 2015-2016 | 2016-2017 |
|---|---|---|
| **Target** | 47919 | 54266 |
| **Achievement** | 52374 | 54270 |
| **Percentage of Achievement** | 109% | 100% |

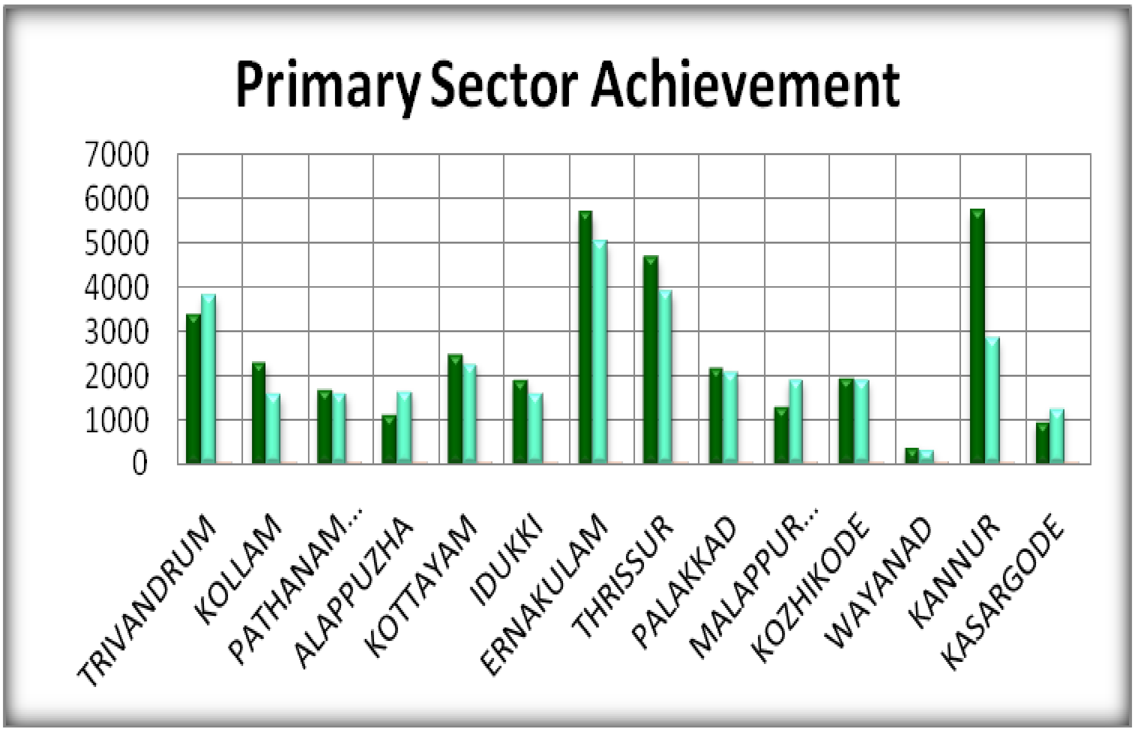


### 2.1.2. District wise Performance under Primary Sector

The District wise performance for the financial year 2016-17 details are furnished in **<u>Annexure-7.11.</u>**

(Rs in. Crores)

| Sl. No. | District | Target for 2016-17 | Achievement | % Achievement |
|---|---|---|---|---|
| 1 | ALAPPUZHA | 2648 | 3758 | 142% |
| 2 | THRISSUR | 4970 | 6032 | 121% |
| 3 | ERNAKULAM | 5262 | 6364 | 121% |
| 4 | KANNUR | 3142 | 3779 | 120% |
| 5 | MALAPPURAM | 4308 | 4911 | 114% |
| 6 | KASARGODE | 2230 | 2408 | 108% |
| 7 | PALAKKAD | 4862 | 4937 | 102% |
| 8 | TRIVANDRUM | 4312 | 4168 | 97% |
| 9 | KOZHIKODE | 4408 | 4152 | 94% |
| 10 | IDUKKI | 2839 | 2611 | 92% |
| 11 | WAYANAD | 2720 | 2442 | 90% |
| 12 | KOLLAM | 4383 | 3583 | 82% |
| 13 | PATHANAMTHITTA | 2801 | 1869 | 67% |
| 14 | KOTTAYAM | 5380 | 3256 | 61% |
| | **TOTAL** | **54266** | **54270** | **100%** |

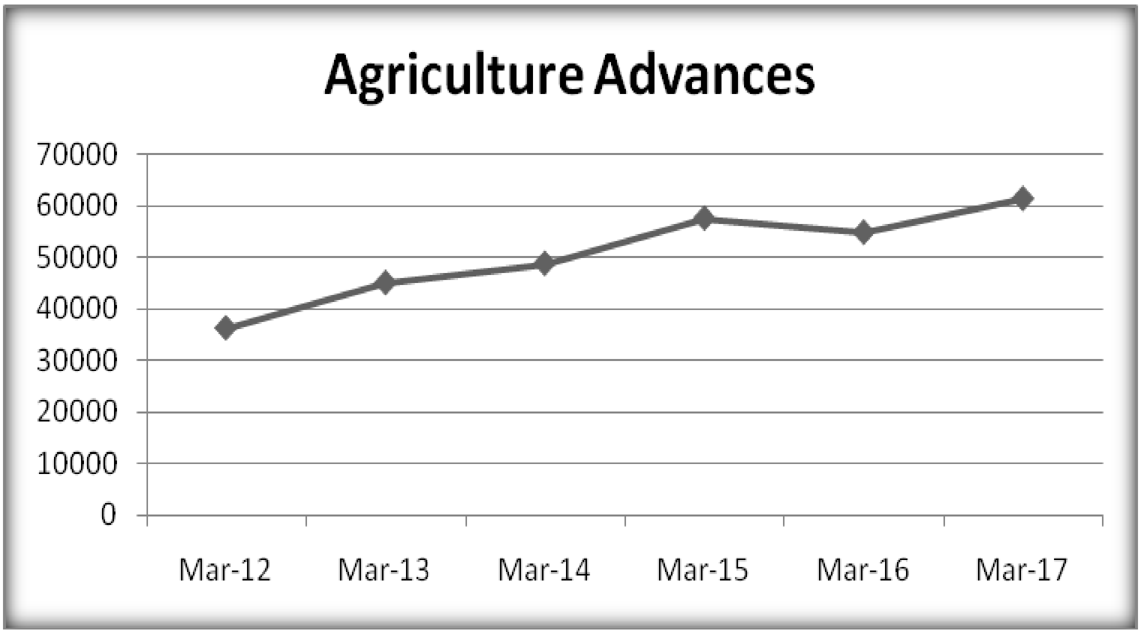


## 2.2. **Agriculture Advances** (Refer Annexure 7.5)

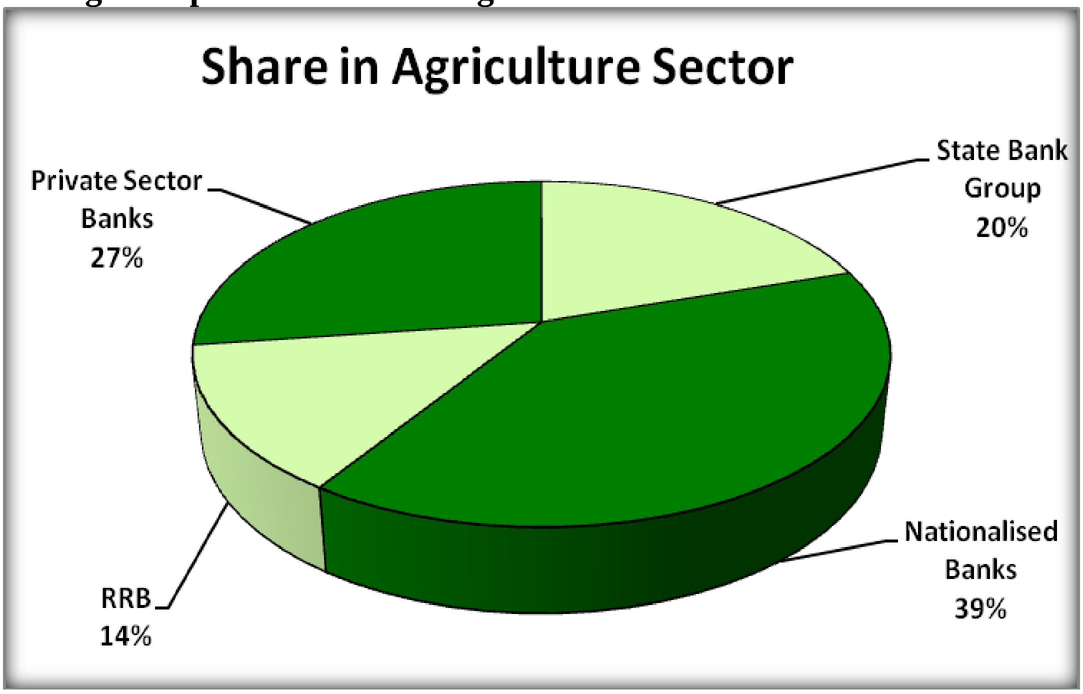
### A. Growth in Agriculture Advances

(Rs. in Crores)

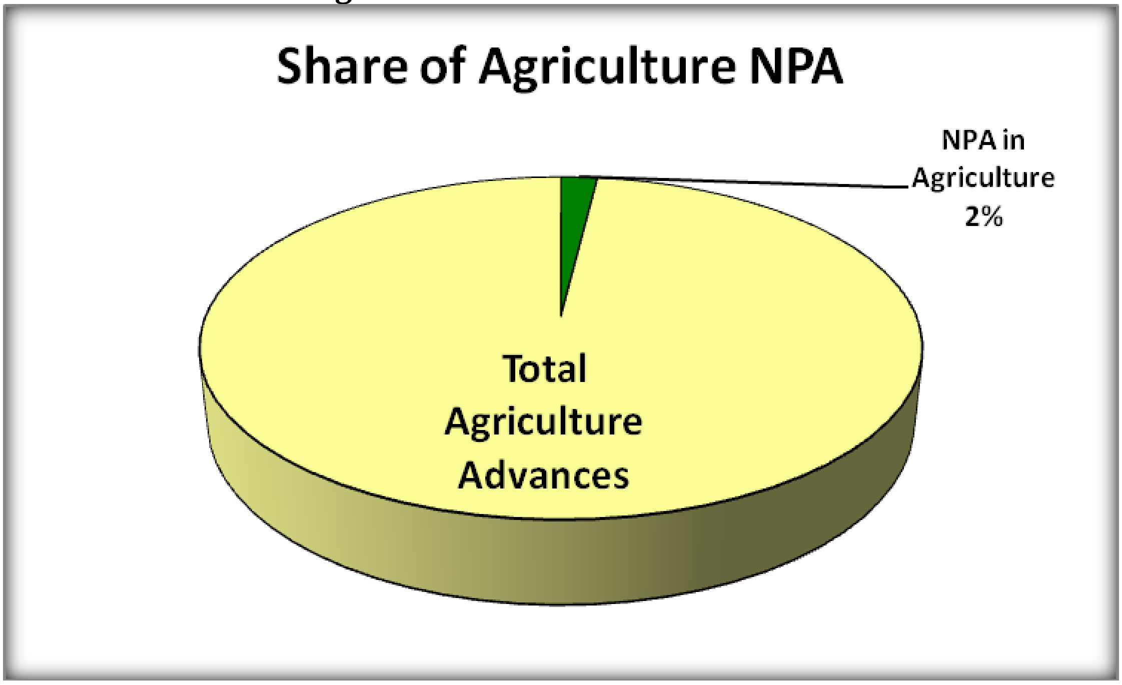
| Agriculture Advances over the years | | | | | |
|---|---|---|---|---|---|
| **Mar-12** | **Mar-13** | **Mar-14** | **Mar-15** | **Mar-16** | **Mar-17** |
| 36209 | 45055 | 48812 | 57656 | 54888 | 61457 |




### B. Banking Group wise Growth in Agriculture Advances



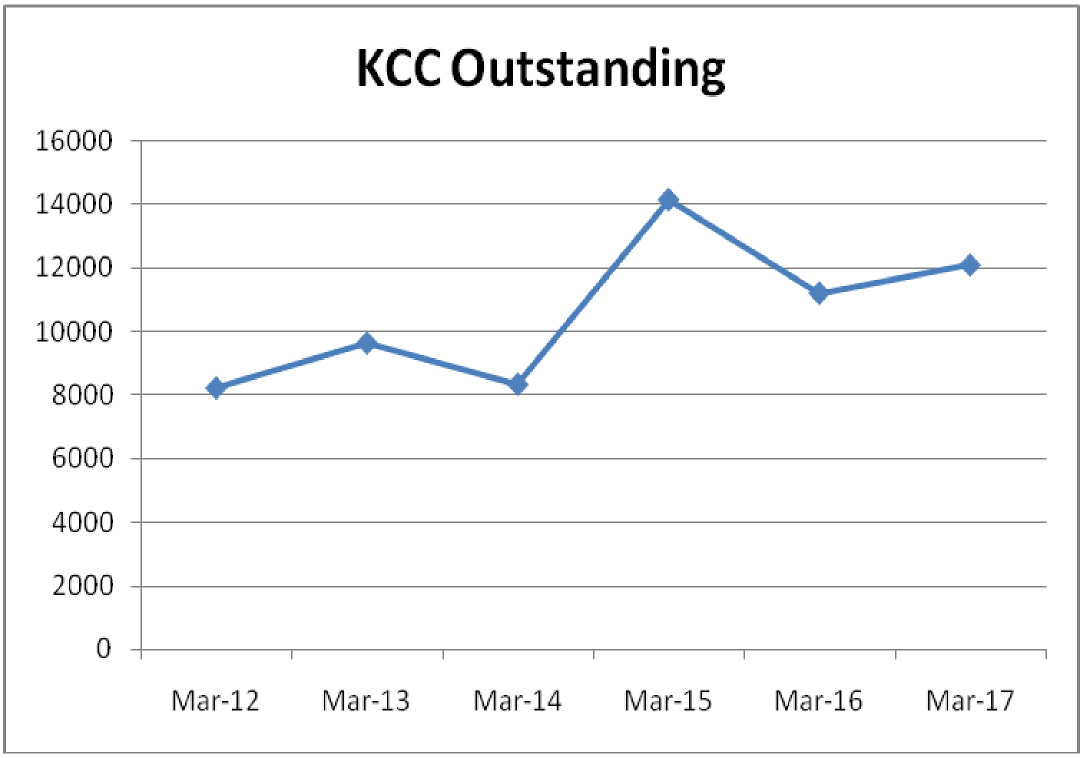
## C. % Share of NPA in Agriculture Advances




## 2.3. Performance under Kisan Credit Card Scheme (Refer Annexure 7.21)

(Rs. in Crores)

| KCC Outstanding | | | | | |
|---|---|---|---|---|---|
| **Mar-12** | **Mar-13** | **Mar-14** | **Mar-15** | **Mar-16** | **Mar-17** |
| 8219 | 9632 | 8332 | 14156 | 11211 | 12092 |



## 2.4. PENDING ISSUES

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

In the SLRM 2012, it was suggested that in view of the mounting NPA under Agriculture Term Loans after implementation of ADWDRS, banks were facing serious issues. It was decided to recommend to the Government of India for the introduction of a Guarantee Scheme similar to CGTMSE, particularly for Term Loans under Agriculture.

In response to the decision, recommendation, SLBC Cell has taken up with the GOI.

*121st Meeting of SLBC, Kerala held on 24.03.2017 at Trivandrum decided to pursue the matter with DFS, Government of India with the details.*

### 2.4.2. SAMIS - recasting the data management system - LBR returns

The issues in reporting under SAMIS are being pointed out for last few SLBC meetings. The agenda is still pending for action.

The non availability of granular data on sector-wise / branch-wise disbursements, the efficacy of the BLBC / DCC as a forum for reviewing the progress of ACP has been seriously undermined for want of sufficient data. Further the continued uncertainty about the continuation of the present system of SAMIS data collection and consolidation is leading to the collapse of the existing arrangement without any specific alternative arrangement in place.

In view of this, it is imperative that we may discuss the matter and identify issues where modification / improvements are possible at local level and take up the policy level changes required with GOI.

*The Steering Committee of SLBC noted the above and recommended to constitute a task force for the same to expedite the process.*

*In the 121st Meeting of SLBC, Kerala held on 24.03.2017 at Trivandrum, Chief General Manager, NABARD pointed out that we need to have some system for authentic data sourcing or else our efforts will be in vain. We would not be able to make any meaningful review. Bankers themselves will face this problem in a later date in a very serious manner.*

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

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

*The SLRM Sub Group on Primary Sector may include the matter in their deliberations and give their suggestions, based on which the subcommittee shall have further discussions.*

## 2.5. FRESH ISSUES

### 2.5.1. Total GLC targets for the Country for 2017-18 - Ground Level Credit Target for Agriculture – 2017-18 (Suggested by NABARD)

In the Union Budget, it has been announced by GoI that the ground level credit target for agriculture during 2017-18 will be at Rs. 10,00,000 crore which is 11% more than the target fixed for 2016-17. The broad sector-wise and agency-wise allocation made by the Ministry of Finance is as under:

(Rs. crore)

| Agency | Crop Loan | Term Loan | Total |
|---|---|---|---|
| Commercial Banks | 4,43,000 | 2,61,000 | 7,04,000 |
| Cooperative Banks | 1,31,000 | 25,000 | 1,56,000 |
| Regional Rural Banks | 1,06,000 | 34,000 | 1,40,000 |
| **Total** | **6,80,000** | **3,20,000** | **10,00,000** |

The crop loan and term loan targets fixed for Kerala is as under:

**Agency wise targets** (Rs. Crore)

| Cooperative Bank | | | RRBs | | | Commercial Banks | | |
|---|---|---|---|---|---|---|---|---|
| **Crop loan** | **Term Loan** | **Total** | **Crop Loan** | **Term Loan** | **Total** | **Crop Loan** | **Term Loan** | **Total** |
| 3000 | 550 | 3550 | 6500 | 500 | 7000 | 20000 | 9000 | 29000 |

**Total GLC targets** (Rs. Crore)

| Total Crop Loan | Total Term Loan | Total Agri. GLC |
|---|---|---|
| 29500 | 10050 | 39550 |

The target for last year was Rs. 42880 crore under which the crop loan target was Rs. 28900 and term loan target was Rs. 13980.

SLBC may concentrate on developing an action plan to improve Long term credit under agriculture, as suggested in the last SLBC meeting.

*The Steering Committee meeting of SLRM 2017 held on 13.06.2017 decided that the sub group on Primary sector may discuss and give their recommendations to the SLRM.*

### 2.5.2. Sub-Committee on Agriculture and Allied Sector (Suggested by NABARD)

A Sub-Committee on Agriculture and Allied sector may be constituted. The focus should be on giving due attention to Agriculture Term lending

*The Steering Committee meeting of SLRM 2017 decided to place the matter in SLRM for discussion in primary sector group.*

### 2.5.3. National Livestock Mission – Ensuring equitable distribution of Subsidy benefits – More loans and Subsidy benefits to SC, ST and BPL category (Suggested by NABARD)

The SLBC may create awareness among the banks in various fora like SLBC, DLRC, BLBC to ensure equitable representation to SC, ST and BPL people in National Livestock Mission Subsidy claim applications. This issue can be made a regular agenda for review in the meetings.

*In the Steering Committee meeting of SLRM 2017, DGM, NABARD said that banks have to give more focus in giving subsidy. She informed that there is a separate standing committee at state level headed by Secretary, Animal Husbandry.*

*The committee decided to place the matter in SLRM for information. The forum opined that the lending to weaker section is being regularly reviewed by SLBC.*

### 2.5.4. Capital Subsidy Scheme for Commercial Production Units of Organic Farming under National Project on Organic Farming – Inclusion of 'Establishment of Soil Testing Labs (Static & Mobile)/ Mini Labs and Soli Testing Projects at Village Level (Suggested by NABARD)

Ministry of Agriculture and Farmers Welfare (Fert Use Cell/ INM Division), GoI, has approved operational guidelines for Establishment of Soil Testing Labs (Static & Mobile)/ Mini Labs and Soli Testing Projects at Village Level, as additional components under the captioned scheme. The unit cost and rate of subsidy are given below:

| Sr. No. | Type of Unit | Unit cost (including WC for one operating cycle) | Rate of subsidy |
|---|---|---|---|
| 1 | Soil Testing Labs (Static & Mobile) | Rs.75.00 lakh | 33.33% of TFO or Rs.25 lakh whichever is lower |
| 2 | Soil testing lab at village level | Rs.10.00lakh | 40% of cost or Rs.4 lakh, whichever is lower |
| 3 | Mini Soil Testing Lab with ICAR Technology | Rs.0.86 lakh + applicable tax | 44 % of cost or Rs 0.44 lakh, whichever is lower |

All the loans financed by banks under the scheme from 01 February 2017 are eligible for subsidy.

*In the Steering Committee meeting of SLRM 2017, DGM, NABARD informed that scheme for soil testing has already in force .The applications need to be sponsored by state Department of Agriculture. The Additional Director of Agriculture who represented the Department informed that so far no applications have been received from public, probably because there is another scheme in the Department working with 60% and 40% share from Government of India and Government of Kerala respectively. The Committee decided to place the matter in SLRM for information of all banks.*

**2.5.5. Subsidy under DEDS - Submission of Compliance certificate in respect of loans sanctioned on or after 21 November 2016** (Suggested by NABARD)

Dept. of AH, Dairying & Fisheries, Ministry of Agriculture & Farmers Welfare, GoI, has advised that banks need to certify compliance to the following conditions while submitting subsidy claims to NABARD :

- Accord priority for component No.IV to IX of DEDS (i.e. purchase of milking machine / milk testers / bulk milk cooling units upto 5000 lit capacity, Purchase of processing equipment for manufacture of indigenous milk products, Establishment of dairy product transportation facilities and cold chain, Cold storage facilities for milk & milk products, Establishment of private veterinary clinics, Dairy marketing outlet / dairy parlours)
- Accord priority to categories like landless, SC/ ST, Small & Marginal farmers.

Though we had sent the details of the circular to all banks, vide our letter dated 11 January 2017, banks are still submitting the claims pertaining to Item No. I & II only. Also, banks are not submitting compliance certificate along with claims. Hence we are unable to process the subsidy claims submitted by banks.

*In the Steering Committee meeting of SLRM 2017, DGM, NABARD informed that the DEDS is continuing. This year the thrust is for mechanization. But in Kerala the field demand is for animal. Banks while forwarding the subsidy claim may endorse the fact that public demand is for animals. The committee decided to place the matter in SLRM advising all banks to submit a compliance certificate along with subsidy claims, in respect of loans sanctioned on or after 21 November 2016.*

**2.5.6. Water Campaign: 2017-18** (Suggested by NABARD)

A nation-wide Water Campaign 2017-18 was formally launched by Dr Harsh Kumar Bhanwala, Chairman, NABARD on 22 March 2017 at a function held in Mumbai coinciding with World Water Day. This is further to a nation-wide campaign launched by NABARD during May 2016. NABARD proposes to launch the campaign during 2017 also with focus on most vulnerable/ rain fed/ water scarcity and problem areas covering around 1,00,000 villages across almost 200 districts in the country.

a) The main objective of the campaign is to create mass awareness about the need for conservation/ preservation and efficient use of water through available technologies by the rural community. These initiatives will attract investments for creation of farm level infrastructure which would lead to productivity enhancement and famers' income besides addressing social issues.

b) The districts have be identified by the ROs based on vulnerability assessment report of CRIDA i.e. Rain fed Area Priority Index (RAPI) and other factors like watersheds, soil projects, climate proofing projects, seed development, SRI/ SSI, Lead Crops, etc. In Kerala 8 districts, viz., Thiruvananthapuram, Kollam, Idukki, Palakkad, Kannur, Kasargod, Wayanad and Kozhikode are being covered.

c) As per the strategy contents for creation of awareness on water conservation measures will be developed in local language. As per the strategy evolved one Master Trainer per district will received specialized training at Centre for Environment Education (CEE) at Bangalore. Specialized These Master Trainers will in turn train a group of JalDhoots in each district who will be assigned the task of creating awareness in the identified villages through conduct of one day awareness programmes in the identified villages. In Kerala it is proposed to conduct about 3500 such awareness programmes.

d) SLBC may convene special meetings of banks for requesting to issue advisory to all the branch managers for organizing at least 2-3 village meets in their operational areas.

*In the Steering Committee meeting of SLRM 2017 held on 13.06.2017, DGM, NABARD requested all banks to support water campaign. The committee requested NABARD to organise campaigns through their District Offices. Banks shall ensure their participation.*

**2.5.7. Commercial Dairy Milk and Milk Shed Development Programme [MSDP]**
(Suggested by Directorate of Dairy Development)

As per the Kerala state government budget provisions for the year 2017-18, Rs 4179 lakh has been included under the Scheme : Commercial Dairy Milk and Milk Shed Development Programme (MSDP). The MSDP implemented under the State Plan (2017-18) of GOK, is intended to assist the dairy farmers of state for purchase of milch animals, heifers, construction / renovation of modern cattle shed, mechanisation of dairy farms (like milking machine), establishing bio gas plant etc, establishing distinct DAIRY ZONES and implementation of Ksheera Gramam Project at 5 potential Grama Panchayats.

The programme is mainly intended for improving the herd strength and thereby attaining self-sufficiency as far as milk production is concerned.

The main schemes that are included in the MSDP programme are

01. Godhanam (One Cow unit) – additional single cow to beneficiaries who rear one milch animal
02. Two Cow Unit
03. Five Cow Unit
04. Ten Cow Unit
05. Gokulam Dairy Units
06. Five Heifer Unit
07. Ten Heifer Unit
08. Assistance for construction of Cattle Shed
09. Assistance for purchase of Milking Machine
10. Need based assistance to farmers
11. Establishing distinct Dairy Zones in the state
12. Assisting farmers for improving cow comfort factors

13. Conventional and low cost method for production and marketing of dried cow dung
14. Assisting vermi compost and silage making units

**Distinct Dairy Zones** will be established at selected 50 Dairy Extension Service units of the state.
**Ksheera Gramam** Scheme with a Total State Plan Outlay of Rs 100 lakh each will be implemented in selected 5 Grama Panchayats of Kerala.
The Beneficiary Panchayats for the implementation of Ksheera Gramam Project shall be

1. Chirayinkeezhu Grama Panchayat coming under Thiruvananthapuram District
2. Edamulackal Grama Panchayat coming under Kollam District
3. Mannanchery Grama Panchayat coming under Alappuzha District
4. Chazhoor Grama Panchayat coming under Thrissur District
5. Parali Grama Panchayat coming under Palakkad District

Out of the total cost, almost 33 % is given as plan fund assistance / subsidy to the selected beneficiaries. As per the approved Detailed Project Report, to the maximum extent possible, the above 10 scheme components shall be ***loan linked*** and the expenditure for completion of the scheme components over and above the subsidy component shall be availed as loan from banks.
The financial outlays of scheme components are as below

| COMMERCIAL DAIRY MILK AND MILK SHED DEVELOPMENT PROGRAMME : 2017-18 ::: FINANCIAL ASPECTS | | | | |
|---|---|---|---|---|
| SI.NO | Scheme Components | FINANCIAL ASPECTS PER UNIT | | |
| | | TOTAL COST | UNIT SUBSIDY | BEN. CONTR. |
| | | Rs | Rs | Rs |
| 1 | Godhanam (Single Cow) | 95000 | 32000 | 63000 |
| 2 | 2 Cow Unit | 189000 | 64000 | 125000 |
| 3 | 5 Cow Unit | 507000 | 175000 | 332000 |
| 4 | 10 Cow Unit | 1054000 | 350000 | 704000 |
| 5 | 5 Heifer unit | 226700 | 90500 | 136200 |
| 6 | 10 Heifer unit | 456400 | 181200 | 275200 |
| 7 | Assistance to Progressive Dairy farmers | 100000 | 50000 | 50000 |
| 8 | Assistance for purchase of Milking Machines | 50000 | 25000 | 25000 |
| 9 | Construction of cattle shed | 100000 | 50000 | 50000 |
| 10 | Support to Woman cattle care programme | 21600 | 21600 | 0 |
| 11 | GOKULAM Dairy Units | 504000 | 180000 | 324000 |
| 12 | Construction of modern and scientific cattle sheds in context of the climatic changes | 130000 | 100000 | 30000 |
| 13 | Assistance for measures to minimise environmental stress to milch animals | 50000 | 25000 | 25000 |
| 14 | Conventional and low cost method for production and marketing of dried cow dung | 31500 | 22000 | 9500 |
| 15 | Vermi Compost Pit | 26000 | 19500 | 6500 |
| 16 | Silage Units - Tank Silo | 16000 | 12000 | 4000 |

As far as milch animal units are concerned, existing NABARD guidelines for unit cost are being followed by the department.

Decision may kindly be taken to extend loan (for meeting the beneficiary contribution) to the selected beneficiaries under the MSDP programme (Item No 1 to 09 detailed above) coming under the state plan scheme 2017-18. The eligible list of beneficiaries will be handed over by Dairy Extension Officer of concerned Dairy Extension Service Unit

After releasing the full cost amount as loan, the Dairy Extension Officer of the concerned office shall credit the subsidy amount directly to the bank. At present, complaints have been received that certain banks are treating the subsidy amount in a back end manner as a result the beneficiary is forced to pay interest to the full loan amount extended. Decision may kindly be taken to treat the subsidy credited as Front End Subsidy, thus enabling the beneficiaries to pay interest for the Net loan amount after deducting the subsidy amount credited by the Officer on behalf of the beneficiary (i.e Total Loan amount – Subsidy Amount)

Some banks are at present reluctant to give loans to the beneficiaries of Heifer Rearing Units on the ground that the animals are non-productive in nature. But it may be noted that the future of the dairying sector is depending mainly on the quality heifer stock of the state. In view of the same, decisions may kindly be taken to extend loans to farmers who are beneficiaries of 5 heifer and 10 heifer units.

Component wise breakup of the milch animal / heifer unit components are given in **Annexure – 7.55.**

*The Steering Committee meeting of SLRM 2017 held on 13.06.2017, decided to place the scheme for discussion in SLRM.*

*The representative from Directorate Dairy Development informed that most of the banks are giving loan to milch animal and reluctant to give loans to heifer units. Regarding the acceptance of the Heifer schemes, the meeting observed that due to certain flaws in the cash flow model of a pure heifer rearing scheme, it is not getting promoted. The forum requested the department to formulate a composite scheme (combination of milch & heifer animals) suitable for Kerala, in consultation with NABARD and place it in SLBC*

**2.5.8. Recommendations to include Dairy as Agri activity and to extend loans to the rates as applicable to Agriculture farmers** (Suggested by Directorate of Dairy Development)

At present, for dairying activities the interest on loan availed is as high as 12-14%. This is causing a great set back to the sector and the farmers are finding it difficult to repay the amount.

At SLBC level, recommendations may kindly be taken to include Dairying as Agriculture activity instead of agriculture allied activity and steps may be taken to extend loans for dairying activity at a rate on par with the rates applicable to conventional agriculture farmer.

*The Steering Committee meeting of SLRM 2017 observed that the matter was clarified in the previous SLBC meetings that interest subvention if any is proposed, it has to be funded from either state or central government sources.*

### 2.5.9. Extending loans for Commercial Fodder Development activities taken up by individual/Dairy Co-operatives/SHGs/Women Gopalika Group (Suggested by Directorate of Dairy Development)

Dairy Development Department is the nodal agency for Fodder Development in the state. The department is taking all necessary steps to narrow the gap between fodder requirement and fodder availability in the step. The department is implementing commercial fodder development activities. The cost per hectre is calculated to be Rs 54,500 whereas Rs 20,000 is given as subsidy portion

Many banks are reluctant to extend loan for fodder development activities

Hence action may be taken to extend loan for meeting the beneficiary contribution for commercial fodder development programme. The eligible list of beneficiaries will be handed over by Dairy Extension Officer of concerned Dairy Extension Service Unit

*The Steering Committee meeting of SLRM 2017 held on 13.06.2017, decided to place the scheme for discussion in SLRM.*

### 2.5.10. Massive Fodder Development Programme in Baren Land/unutilized land in selected Panchayat (Suggested by Directorate of Dairy Development)

Fodder scarcity especially green fodder scarcity is a big hurdle as far as the Dairy Sector of Kerala is concerned. During the year 2017-18, It is proposed that the comprehensive and massive fodder production scheme be implemented in selected Panchayats of the state. The selected beneficiary / organization will have to establish fodder cultivation in minimum 1 hectre of barren cultivable land under its geographical premises. Minimum unit plot size shall be 1 acre. There will not be any upper limit for unit plot size or number of units permissible for a particular beneficiary including organization / institution.

| YEAR | UNIT COST (PER HA) | | | TOTAL COST - FOR 94 Ha | | |
|---|---|---|---|---|---|---|
| | COST PER HA. | DCS CONTRIBUTION | PLAN ASSISTANCE | TOTAL COST | DCS CONTRIBUTION | PLAN ASSISTANCE |
| YEAR 1 | **1.5512** | **0.62048** | **0.93072** | **145.8128** | **58.32512** | **87.48768** |
| YEAR 2 | 0.8862 | 0.35448 | 0.53172 | 83.3028 | 33.32112 | 49.98168 |
| YEAR 3 | 0.8862 | 0.35448 | 0.53172 | 83.3028 | 33.32112 | 49.98168 |
| **GRAND TOTAL** | **3.3236** | **1.32944** | **1.99416** | **312.418** | **124.96736** | **187.451** |

Subsidy per hectre is Rs 93,072/- whereas the DCS contribution per hectre will come to Rs 62,048/-. The Beneficiary DCS/individual requires financial support from bank by virtue of extending loans at reasonable interest rate.
Hence request for directing the commercial/nationalised/scheduled/Co-operative banks for extending loan to beneficiary Dairy Co-operative Society of this scheme is placed before the consideration of SLBC.

*The Steering Committee meeting of SLRM 2017 held on 13.06.2017, decided to place the scheme for discussion in SLRM.*

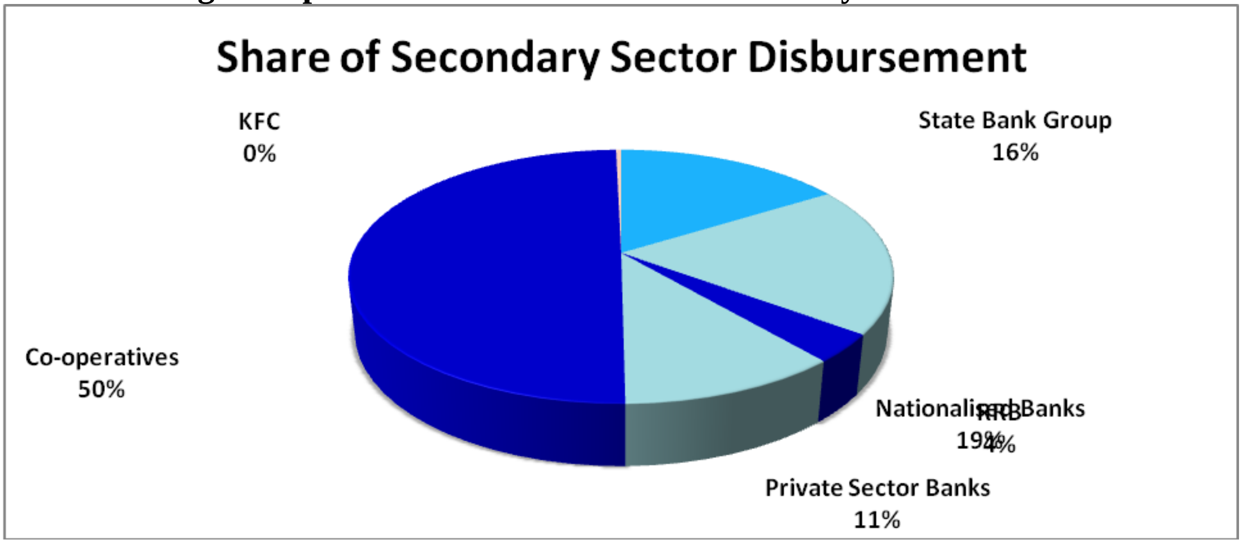
## 3. ISSUES FOR GROUP DISCUSSION ON SECONDARY SECTOR & GOVERNMENT SPONSORED SCHEMES (GROUP II)

### 3.1. Performance of Secondary Sector under Annual Credit Plan (ACP)

(Rs. in Crores)

| Parameter | 2015-2016 | 2016-2017 |
|---|---|---|
| **Target** | 19180 | 26921 |
| **Achievement** | 19277 | 21737 |
| **Percentage of Achievement** | 101% | 81% |

### 3.1.1. Banking GroupWise Performance under Secondary Sector

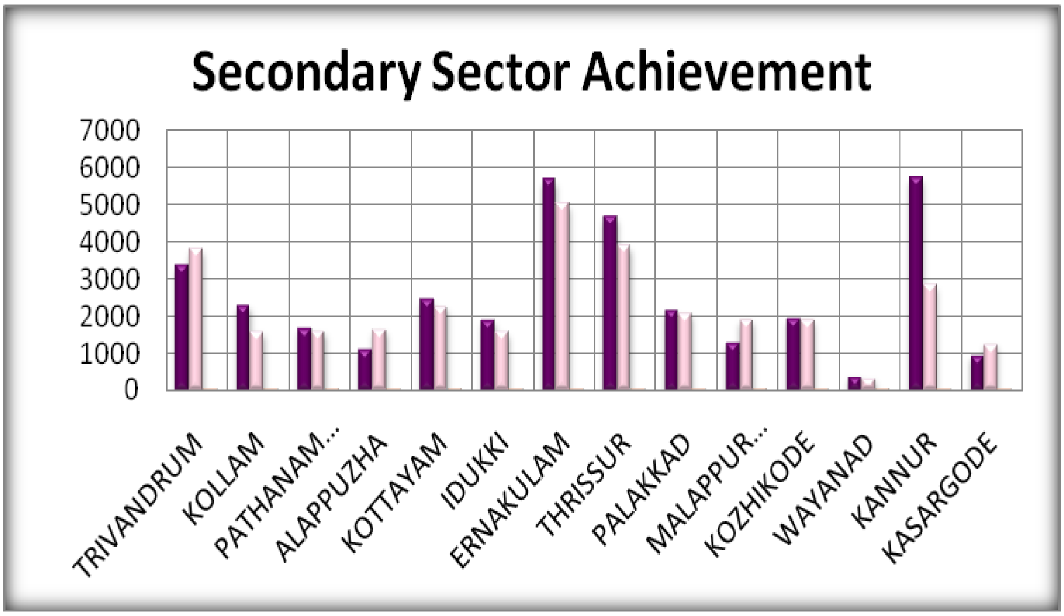



### 3.1.2. District wise Performance under Secondary Sector

The District wise performance details are furnished in **Annexure-7.11.** Toppers of the financial year 2016-17 are listed below:

(Rs. in Crores)

| Sl. No. | District | Target for 2016-17 | Achievement | % Achievement |
|---|---|---|---|---|
| 1 | KASARGODE | 517 | 563 | 109% |
| 2 | MALAPPURAM | 1319 | 1336 | 101% |
| 3 | KOLLAM | 1932 | 1905 | 99% |
| 4 | WAYANAD | 480 | 463 | 96% |
| 5 | PALAKKAD | 3798 | 3538 | 93% |
| 6 | ERNAKULAM | 5050 | 4594 | 91% |
| 7 | KOZHIKODE | 1301 | 1182 | 91% |
| 8 | IDUKKI | 648 | 578 | 89% |
| 9 | THRISSUR | 3030 | 2627 | 87% |
| 10 | PATHANAMTHITTA | 981 | 835 | 85% |
| 11 | TRIVANDRUM | 1705 | 1263 | 74% |
| 12 | KANNUR | 1476 | 973 | 66% |
| 13 | KOTTAYAM | 1779 | 960 | 54% |
| 14 | ALAPPUZHA | 2904 | 919 | 32% |
| **TOTAL** | | **26921** | **21737** | **81%** |



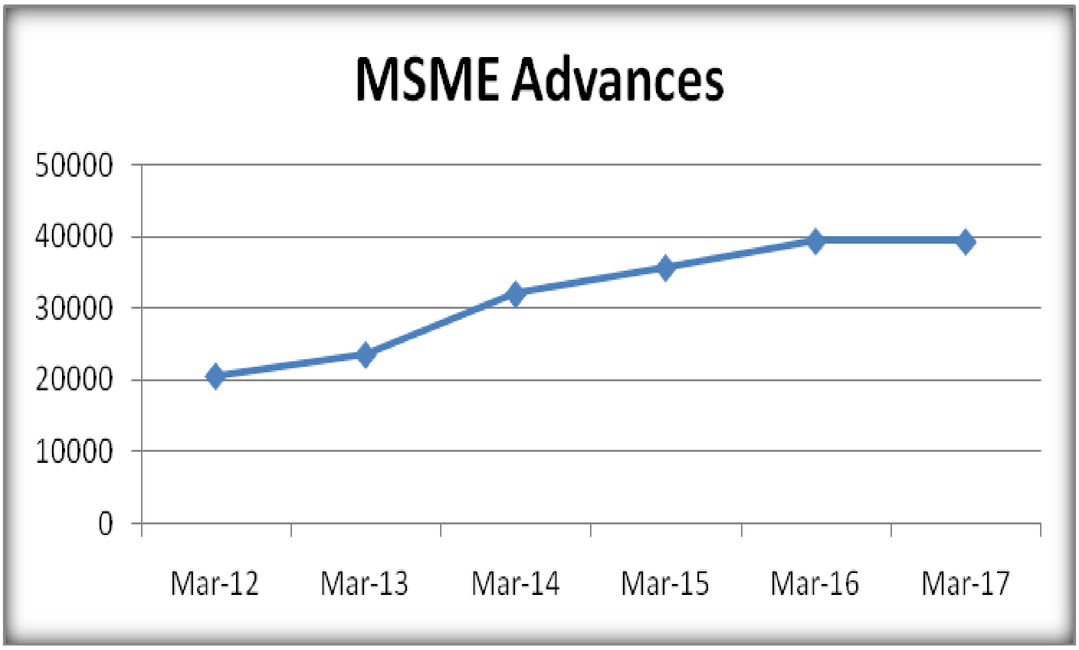

### 3.2. Performance under MSME Advances (Priority)

### A. Growth in MSME Advances

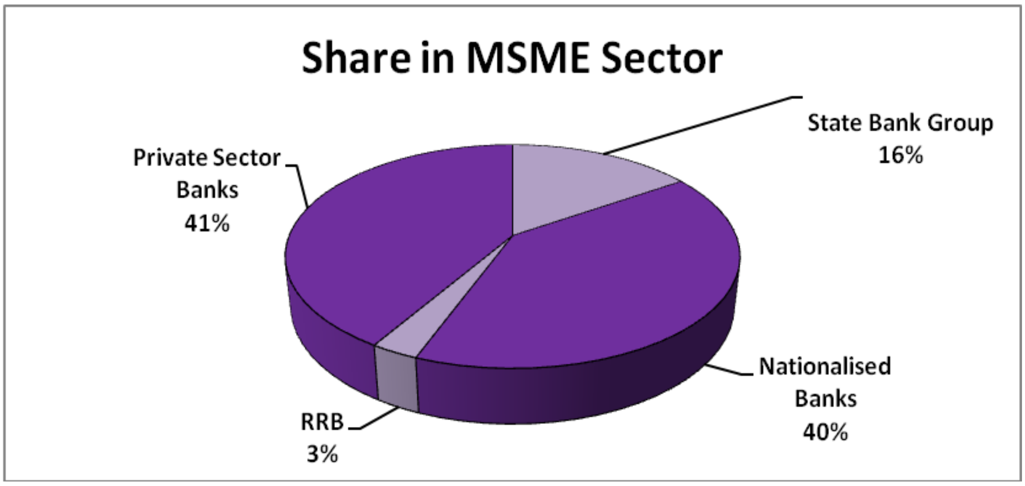
Micro, Small and Medium Enterprises are now part of the Priority Sector (MSME).

(Rs. in Crores)

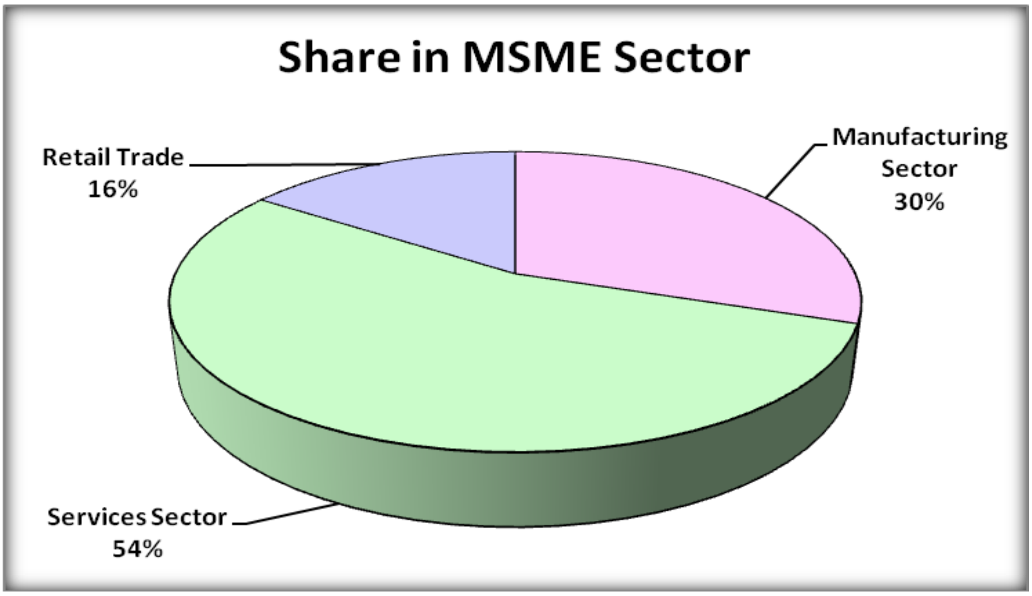
| MSME Advances over the years | | | | | |
|---|---|---|---|---|---|
| **Mar-12** | **Mar-13** | **Mar-14** | **Mar-15** | **Mar-16** | **Mar-17** |
| 20593 | 23563 | 32069 | 35730 | 39463 | 39408 |



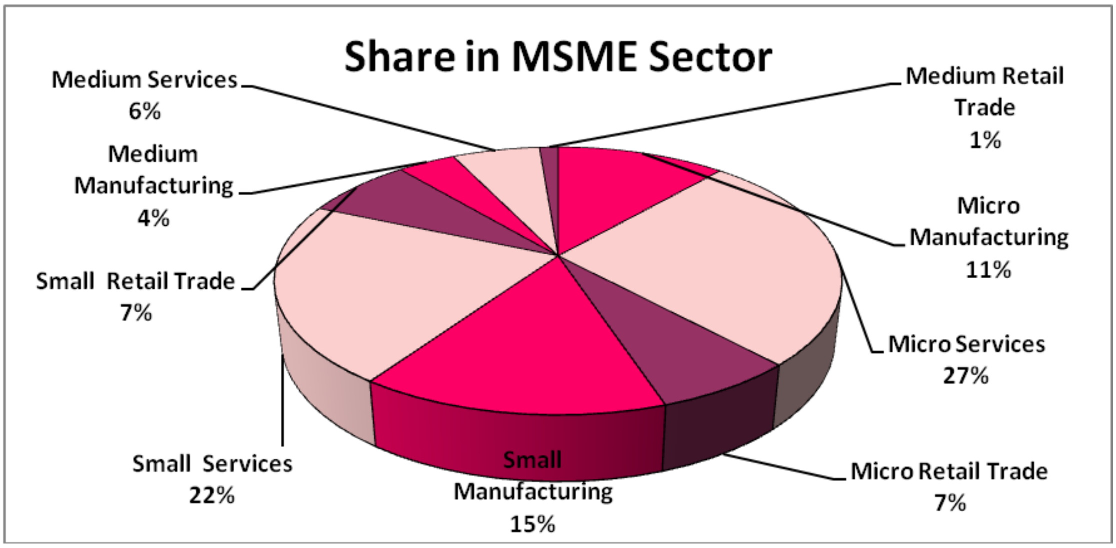
**B. Banking Group wise Growth in MSME (Priority) – Micro, Small & Medium Enterprises**



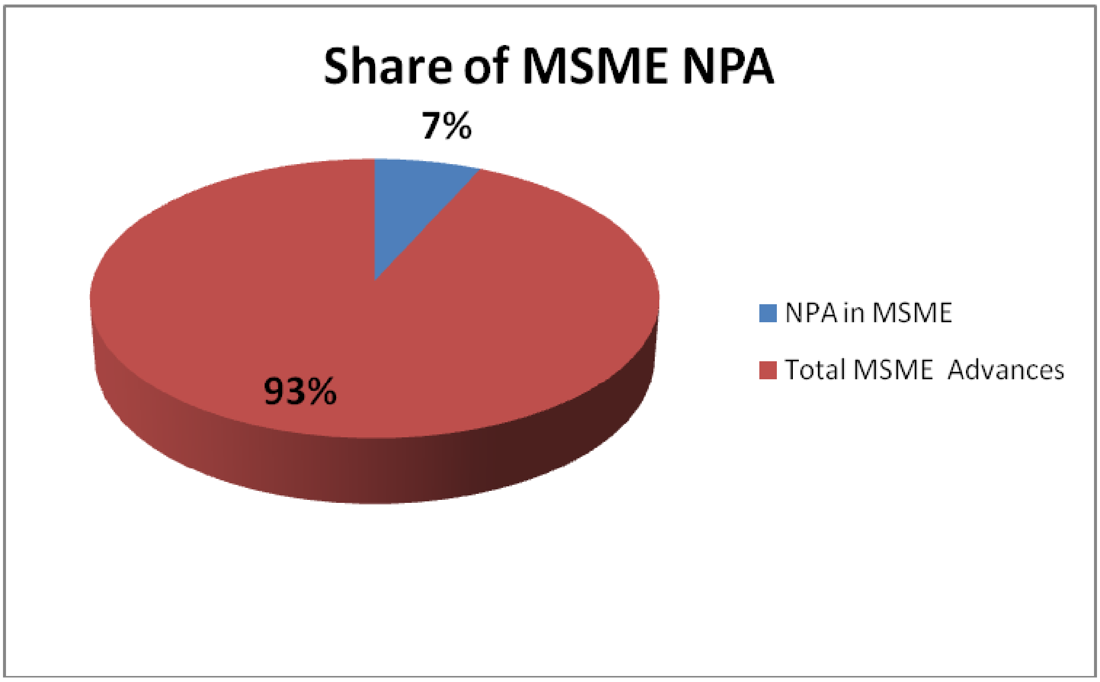

**C. Sectorwise classification of MSME**




**D. Sector wise performance under MSME**



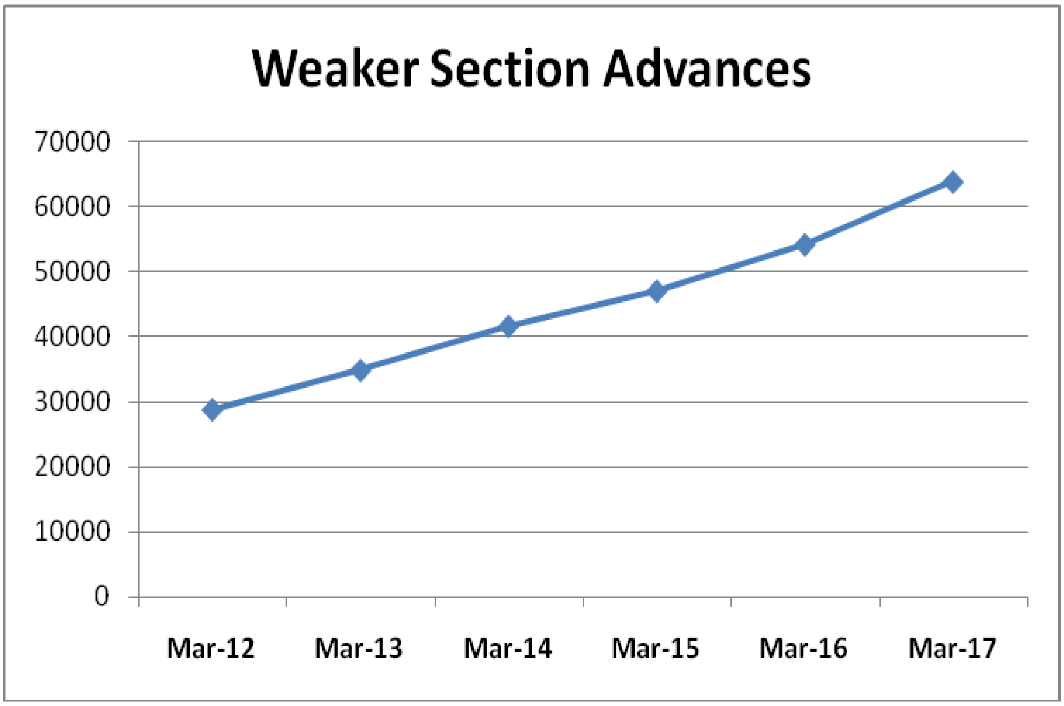
## E. % Share of NPA in MSME Advances




## 3.3. Advances to Weaker Section (Refer Annexure 7.9)

(Rs. in Crores)

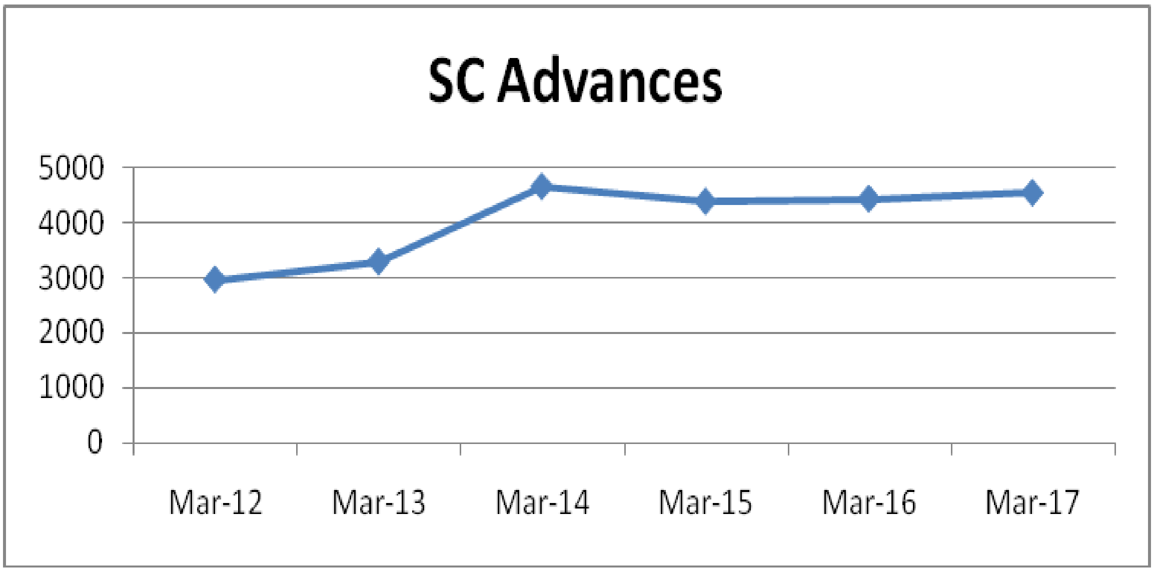
| Weaker Section Advances over the years | | | | | |
|---|---|---|---|---|---|
| **Mar-12** | **Mar-13** | **Mar-14** | **Mar-15** | **Mar-16** | **Mar-17** |
| 28865 | 34911 | 41701 | 47092 | 54243 | 63877 |

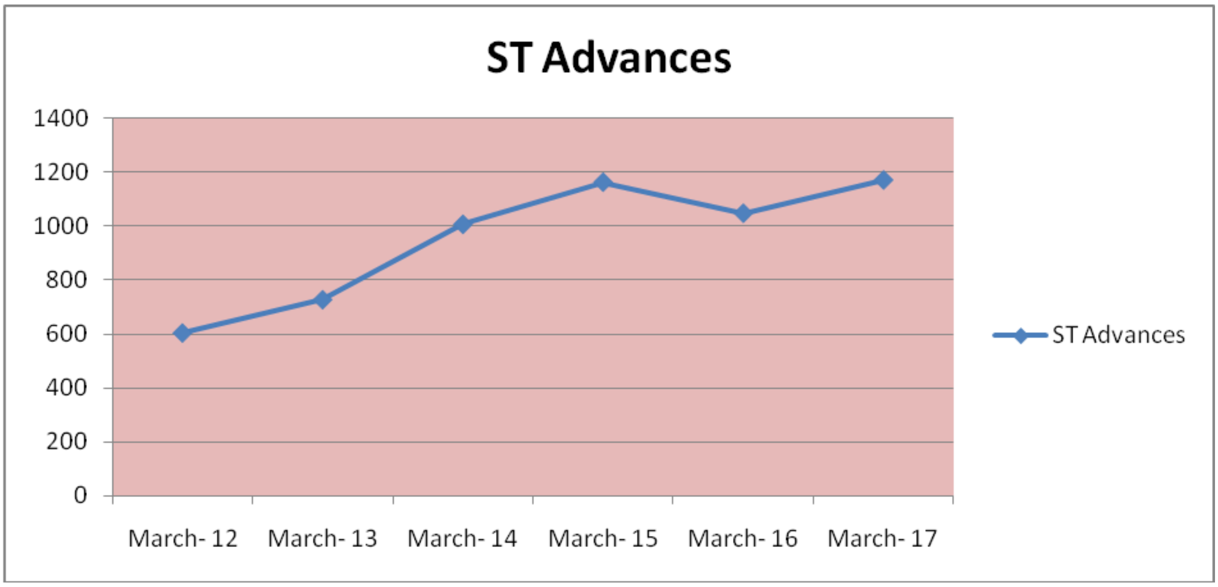


**3.4. Advances to SC/STs** (Refer Annexure 7.9)

(Rs. in Crores)

| Parameter | Outstanding SC/ST Advances | | | | | |
|---|---|---|---|---|---|---|
| | Mar-12 | Mar-13 | Mar-14 | Mar-15 | Mar-16 | Mar-17 |
| SC Advances | 2957 | 3284 | 4664 | 4390 | 4437 | 4549 |
| ST Advances | 606 | 729 | 1008 | 1164 | 1049 | 1172 |
| Total SC/ST Advances | 3563 | 4013 | 5672 | 5554 | 5486 | 5721 |




**3.5. DRI Advances** (Refer Annexure 7.10)

(Rs. in Crores)

| Parameter | Outstanding over the years | | | | | |
|---|---|---|---|---|---|---|
| | Mar-12 | Mar-13 | Mar-14 | Mar-15 | Mar-16 | Mar-17 |
| DRI Advances | 34 | 44 | 67 | 49 | 43 | 29 |

## 3.6. Credit Flow to Minority Communities (Refer Annexure 7.19)

As per RBI directions, credit flow to minorities in specified districts should be reviewed in all SLBC meetings. At present all the districts in the State of Kerala are notified for reporting under this head. In Kerala State without giving due share to minorities, credit expansion is not at all possible. The comparative position with regard to the previous year is given below. The data reveal that there is an increase in amount of loans granted to minorities in all these districts. It can be seen from the table given below that **81%** of the total Priority sector advances has gone to the minority communities as at March 2017.

**Data on Minority Sector Advances in the State of Kerala**

(Rs. in Crores)

| Year | Total Priority Sector Advances | Minority Sector Advances | Percentage |
|---|---|---|---|
| 31.03.2012 | 85606 | 46247 | 54 |
| 30.06.2012 | 87751 | 52877 | 60 |
| 30.09.2012 | 91253 | 48177 | 53 |
| 31.12.2012 | 92844 | 51466 | 55 |
| 31.03.2013 | 99318 | 55248 | 56 |
| 30.06.2013 | 99515 | 55874 | 56 |
| 30.09.2013 | 101468 | 61290 | 60 |
| 31.12.2013 | 105160 | 69998 | 67 |
| 31.03.2014 | 113555 | 67406 | 59 |
| 30.06.2014 | 115246 | 63647 | 55 |
| 30.09.2014 | 119436 | 63858 | 53 |
| 31.12.2014 | 121360 | 68135 | 56 |
| 31.03.2015 | 128655 | 72431 | 56 |
| 30.06.2015 | 132733 | 80372 | 61 |
| 30.09.2015 | 133659 | 80600 | 60 |
| 31.12.2015 | 130645 | 85014 | 65 |
| 31.03.2016 | 132256 | 86853 | 66 |
| 31.06.2016 | 135888 | 100457 | 74 |
| 30.09.2016 | 141707 | 98811 | 70 |
| 30.12.2016 | 138059 | 83646 | 61 |
| **31.03.2017** | **142102** | **115297** | **81** |

## 3.7. Total Outstanding Under MUDRA Loans (PMMY) as at March 2017
(Refer Annexure 7.34)

(Rs. in crores)

| Banking Group | Of Total outstanding under MUDRA loans | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | SHISHU | | KISHORE | | TARUN | | Total MUDRA Loans | |
| | No. | Amount | No. | Amount | No. | Amount | No. | Amount |
| State Bank Group | 17695 | 43 | 13209 | 310 | 4854 | 369 | 35758 | 722 |
| Nationalized Banks | 69897 | 234 | 44703 | 811 | 7445 | 470 | 122045 | 1516 |
| RRB | 195641 | 315 | 109452 | 1037 | 2446 | 146 | 307539 | 1497 |
| Private Sector Banks | 76317 | 187 | 34193 | 368 | 3861 | 211 | 114371 | 766 |
| **State total** | **359550** | **780** | **201557** | **2526** | **18606** | **1195** | **579713** | **4502** |

### 3.8. Loan Outstanding under Pradhan Mantri Awas Yojana as at March 2017(Refer Annexure 7.37)

(Rs. in Lakhs)

| Banking Group | PMAY Scheme | |
|---|---|---|
| | A/cs | Amount |
| State Bank Group | 127 | 708 |
| Nationalized Banks | 722 | 2918 |
| RRB | 441 | 1813 |
| Private Sector Banks | 613 | 3067 |
| State Total | **1903** | **8506** |

### 3.9. Cumulative enrolment under Pradhan Mantri Jan Suraksha Yojana as at March 2017(Refer Annexure 7.35)

| Banking Group | PMJJBY | PMSBY | APY | Total No. |
|---|---|---|---|---|
| State Bank Group | 161979 | 702652 | 39876 | 904507 |
| Nationalized Banks | 322441 | 1277418 | 39938 | 1639797 |
| RRB | 85810 | 419394 | 23519 | 528723 |
| Private Sector Banks | 103042 | 329183 | 16807 | 449032 |
| Co-operative Banks | 1285 | 2181 | 186 | 3652 |
| State Total | **674557** | **2730828** | **120326** | **3525711** |

## 3.10. PENDING ISSUES

### 3.10.1. Issues involved in the implementation of PMEGP Scheme
(*Pending since March 2014*)

Panchayats are issuing licenses only after installation of machinery and banks insists for Panchayat licenses/NOC before disbursement of loans. Citing this reason many PMEGP applications are getting returned.

A common direction is necessary for minimizing beneficiary grievances in this front.

The State Level Review Meeting of SLBC, Kerala held on 27th & 28th June, 2016 recommended that:

- *Licensing to be simplified by routing all the applications through single window system of DIC so that delay in getting licenses from line department could be reduced.*
- *Issue of license to install machinery and running permit to be clubbed into one step.*

Vide letter SLBC /SLRM 2016 / 191/ GN /2016 dated 06.08.2016, SLBC Cell has submitted a speaking note to Chief Secretary. The substance of the note is:

- The present three stages licensing, may be merged into a single comprehensive license which may be issued at the beginning itself listing out the conditions to be satisfied.
- The Licensing authority can always inspect the factory at any stage and verify the violations of the license terms and take appropriate action.
- The financing banker can also ensure that at each stage, the project is implemented on the licensed terms Government may also think of a single window clearance system similar to states like Tamil Nadu, Karnataka and Gujarat.

The Chief Secretary 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.

*121st Meeting of SLBC, Kerala held on 24.03.2017 at Trivandrum decided to pursue the matter with the Government.*

## 3.11. FRESH ISSUES

### 3.11.1. Implementation of Coir Udyami Yojana of Coir Board (Suggested by Coir Board)

The Central Sector Scheme ‘Coir Udyami Yojana’ (earlier known as REMOT Scheme) has been under implementation during the XI and XII Five Year Plan periods. This flagship scheme of Coir Board provides for financial assistance to the tune of 40% of the investment in Building and Plant & Machinery for setting up of coir production units. The remaining amount towards investment is funded through term loan (55%) from Banks and financial institutions and 5% through beneficiary contribution. The Scheme was revamped during the XII Plan period with enhancement in investment ceilings to Rs.10.00 lakhs per unit and provision to extend Market Support Assistance to the beneficiaries. The modified Scheme envisages the provision for working capital, as a composite loan from the lending institutions, which shall not exceed 25% of the project cost.

#### (1) Review of implementation of Coir Udyami Yojana (CUY) during 2016-17

The target fixed for implementation of Coir Udyami Yojana in the State of Kerala during the year 2016-17 was Rs.290.00 lakhs for assisting 140 coir units. Out of which Board could have released only an amount of Rs.179.12 lakhs to the banks as subsidy for assisting 243 coir units under the Scheme. Though the Board could have achieved the physical target, due to the non-consideration of CUY applications on priority basis by the Banks in Kerala, 61.72% of the financial target could have only been achieved during the financial year 2016-17. Bank-wise details of subsidy released under the Scheme during 2016-17 are given in **Annexure – 7.51.**

### (2) Reconciliation of the funds released under CUY during 2015-16 and 2016-17

Coir Udyami Yojana, as per the modified operational guidelines is under implementation w.e.f. 1st April 2015. As per the stipulations in the modified operational guidelines of the Scheme, the Coir Board had executed MoU with the State Bank of India, Broadway Branch, Ernakulam on 13th October, 2014 and designated the Bank as the Nodal Bank for the disbursement of the Margin Money (subsidy), eligible to the beneficiaries of the Scheme. Accordingly, from 1st April, 2015, the disbursement of the Margin Money (Subsidy), eligible to the beneficiaries of the Scheme, has been made to the various Financing Bank Branches, through the SBI, Broadway Br. Since 1st April, 2015, the Board has released a total of Rs.3.66 Crores to the Banks in Kerala for assisting 535 coir units through the SBI, Broadway Br. Bank-wise details of subsidy released under CUY during 2015-16 and 2016-17 are given in **Annexure – 7.52.**

As per Clause 14 of the MoU executed, *the State Bank of India as the Nodal Bank shall, on a quarterly basis render accounts to the Coir Board on reconciliation of the lump sum Margin Money (subsidy) placed with them indicating the branch-wise details of number of units assisted, interest accrued, Margin Money (subsidy) admissible, Margin Money (subsidy) refund due to Coir Board etc. The consolidated statement (beneficiary-wise) shall be supported by the loanee-wise details furnished by each branch.*

The Board has already furnished the details of the units assisted under the Scheme, in the prescribed format, to the SBI, Broadway Branch for reconciling the funds released during the above periods. However, the Nodal Bank could able to reconcile the funds only on receipt of the beneficiary-wise details from the financing banks. The SBI, Broadway Branch will approach the financing banks for the loanee-wise details of the funds disbursed to them.

The Committee may kindly give necessary directions to the Banks concerned for furnishing the beneficiary-wise reconciliation statements of the funds received under the Scheme to the SBI, Broadway Br., in the prescribed format, so that they could furnish a consolidated reconciliation statement of the funds released under the Scheme during 2015-16 and 2016-17 to the Coir Board.

### (3) Reconciliation of the funds released to the Banks in Kerala under pre-revised Scheme of CUY

Under the earlier REMOT Scheme, during the period from 2007-08 to 2014-15 the Board had released subsidy to the tune of Rs.3214.67 lakhs to various Nodal Banks designated for implementation of the Scheme in Kerala. In the wake of the implementation of modified Scheme, the Ministry has directed the Board to settle the accounts of the funds released under the pre-revised Scheme. Accordingly, Board has requested all the Nodal Banks to furnish beneficiary-wise reconciliation statement of the funds released under the Scheme. All the Nodal Banks have responded to Board's request and furnished reconciliation statements. However on verification of the reconciliation statements received from the Banks, it is observed that still there are non reconciled figures as the Banks have not furnished reconciliation statement of the entire funds released to them. Year-wise breakup of subsidy released by the Board to different Banks in Kerala with details of funds reconciled, non-reconciled funds lying with the Bank etc. is enclosed as **Annexure - 7.53.**

The Committee may kindly give necessary directions to the Banks concerned for furnishing the beneficiary-wise reconciliation statements of the entire funds released under pre-revised Scheme of CUY to the Coir Board, without any further delay.

**(4) Action Plan for implementation of Coir Udyami Yojana during the year 2017-18**

The Ministry of MSME, Govt. of India has earmarked an outlay of Rs.10.00 crores for setting up of 450 coir units under Coir Udyami Yojana during 2017-18. Out of which a financial target of Rs.1.00 crores has been fixed for the State of Kerala for setting up of 110 coir units under the Scheme.

It is noted in the CUY portal that 142 applications are pending with various banks in Kerala for considering loan sanction under the Scheme. The details of CUY applications pending with the Banks are given in **Annexure - 7.54.**

The Committee may give necessary directions to the Banks concerned for considering the applications pending with them for sanctioning loan and release of first installment of loan and to extend their support and cooperation to consider and process the Coir Udyami Yojana applications for achieving the physical and financial targets fixed for Kerala for the current year.

*The Steering Committee meeting of SLRM 2017 held on 13.06.2017 observed that pending list circulated to all banks for follow up. The Committee decided to place the matter in SLRM.*

**3.11.2. Promoting Cluster Approach** (Ssuggested by Directorate of Industries & Commerce)

The following points are proposed for the consideration of the SLRM of SLBC scheduled for 13.06.2017

LDMs may give priority

- To the financial requirements of members of clusters, that is coming up under various cluster development programmes in the state.
- to promote Stand up India Scheme to help the beneficiaries from SC, ST and Women categories.
- to effectively implement CGTMSE & Mudra schemes
- Effective dissemination of Technology upgradation schemes of Government of India

*In the Steering Committee meeting of SLRM 2017 held on 13.06.2017, representative from Directorate of Industries & Commerce informed that government is promoting industrial clusters and requested the banks to give preference to applicants operating in these clusters*

### 3.11.3. NULM SEP – Pending Banks (Suggested by Kudumbashree)

| NULM SEP Pending applications - April 2017 | |
|---|---|
| **Bank** | **Number of cases** |
| Canara Bank | 36 |
| Union Bank of India | 30 |
| State Bank of India | 27 |
| Indian Overseas Bank | 10 |
| Syndicate Bank | 3 |
| Central Bank of India | 2 |
| Vijaya Bank | 1 |
| Federal Bank | 1 |
| Corporation Bank | 1 |
| Oriental Bank of Commerce | 1 |
| **Total** | **112** |

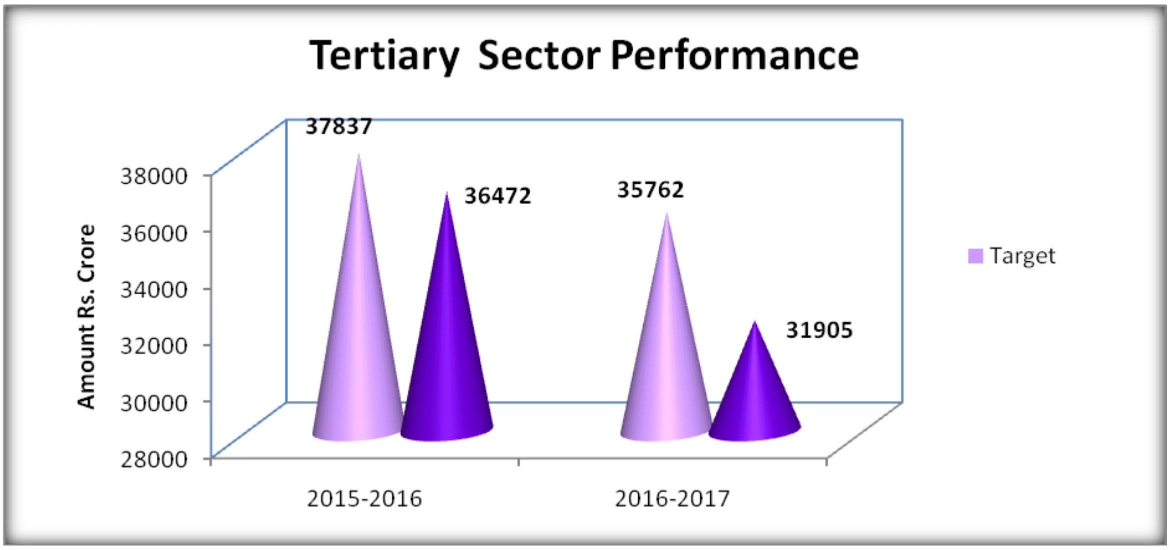
*The Steering Committee meeting of SLRM 2017 held on 13.06.2017 noted that the pending list has been forwarded to the banks. The committee requested the banks to process the applications without delay*

## 4. ISSUES FOR GROUP DISCUSSION ON TERTIARY SECTOR (GROUP III)

### 4.1. Performance under Tertiary Sector of ACP

(Rs. in Crores)

| Parameter | 2015-16 | 2016-17 |
|---|---|---|
| **Target** | 37837 | 35762 |
| **Achievement** | 36472 | 31905 |
| **Percentage of achievement** | 96% | 89% |

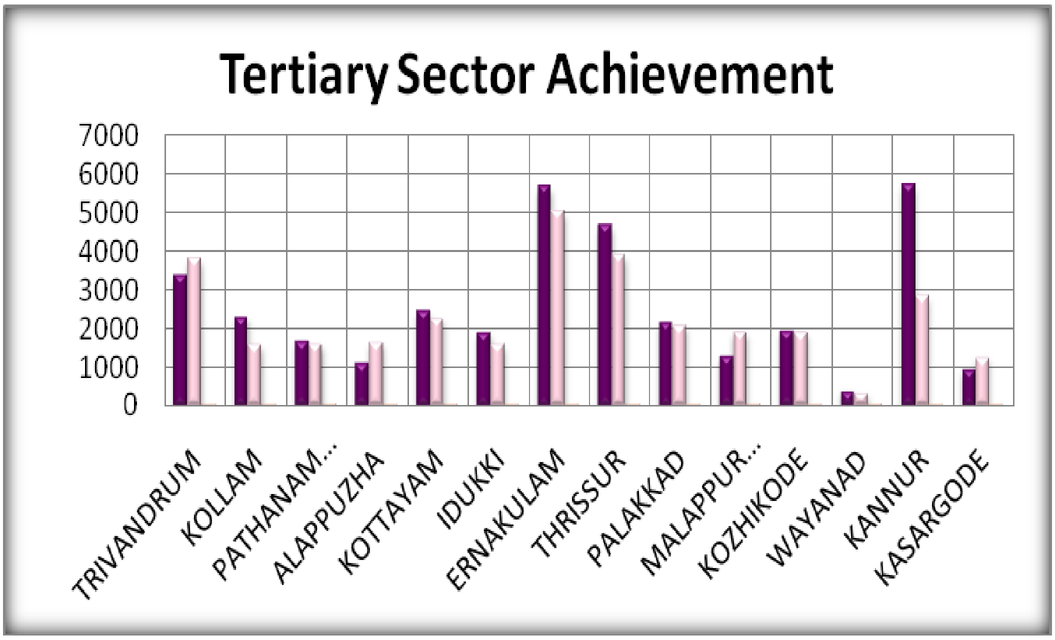


### 4.1.1. District wise Performance under Tertiary Sector

The District wise performance details are furnished in **Annexure-7.11.** Toppers of the financial year 2016-17 are listed below:

(Rs. in Crores)

| Sl. No. | District | Target for 2016-17 | Achievement | % Achievement |
|---|---|---|---|---|
| 1 | ALAPPUZHA | 1109 | 1662 | 150% |
| 2 | MALAPPURAM | 1289 | 1926 | 149% |
| 3 | KASARGODE | 956 | 1275 | 133% |
| 4 | TRIVANDRUM | 3373 | 3823 | 113% |
| 5 | KOZHIKODE | 1952 | 1924 | 99% |
| 6 | PALAKKAD | 2171 | 2093 | 96% |
| 7 | PATHANAMTHITTA | 1693 | 1619 | 96% |
| 8 | KOTTAYAM | 2457 | 2269 | 92% |
| 9 | ERNAKULAM | 5680 | 5042 | 89% |
| 10 | WAYANAD | 400 | 340 | 85% |
| 11 | THRISSUR | 4700 | 3908 | 83% |
| 12 | IDUKKI | 1914 | 1586 | 83% |
| 13 | KOLLAM | 2317 | 1591 | 69% |
| 14 | KANNUR | 5752 | 2847 | 49% |
| **TOTAL** | | **35762** | **31905** | **89%** |

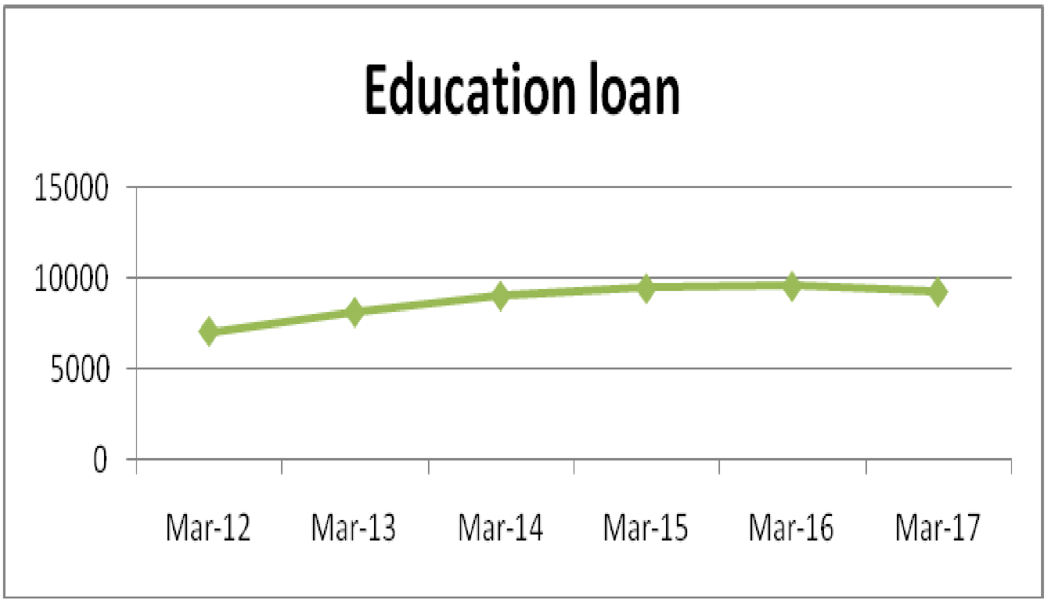


**4.2. Outstanding Performance under Education Loan** (Refer Annexure 7.29)

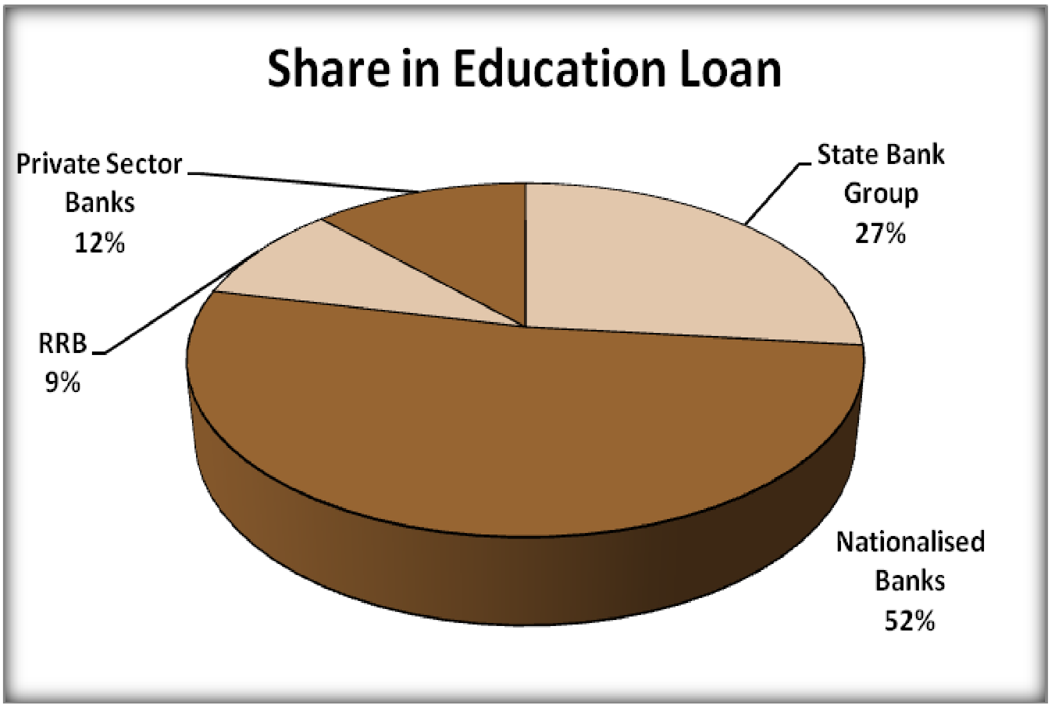
**A. Growth in Education Loan**

(Rs. in crores)

| Education loan Outstanding | | | | | |
|---|---|---|---|---|---|
| **Mar-12** | **Mar-13** | **Mar-14** | **Mar-15** | **Mar-16** | **Mar-17** |
| 7058 | 8139 | 9053 | 9462 | 9586 | 9282 |



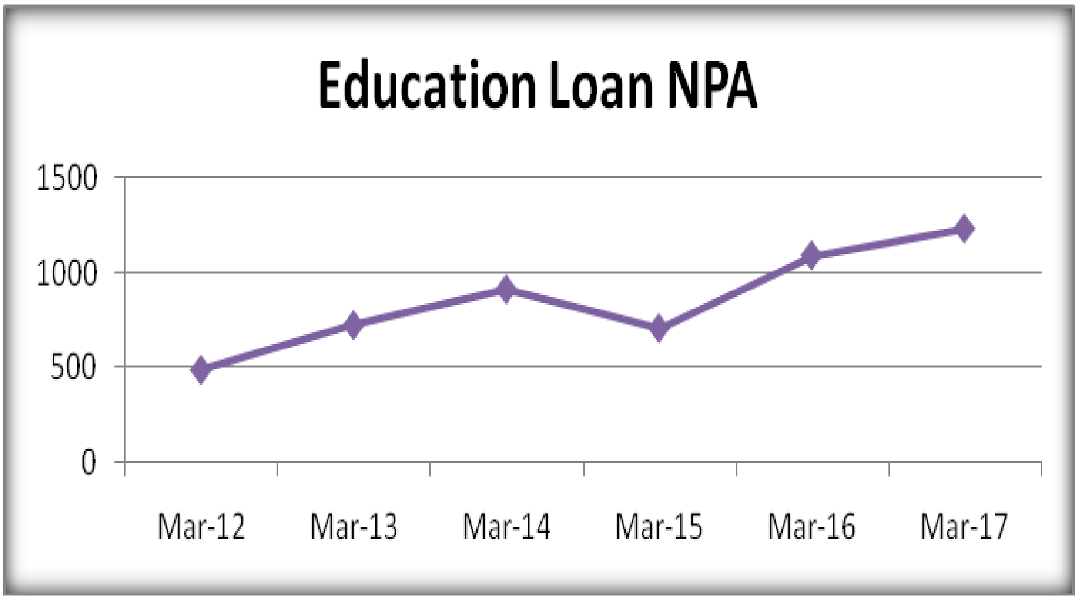

**B. Banking Group wise Growth in Education Loan**



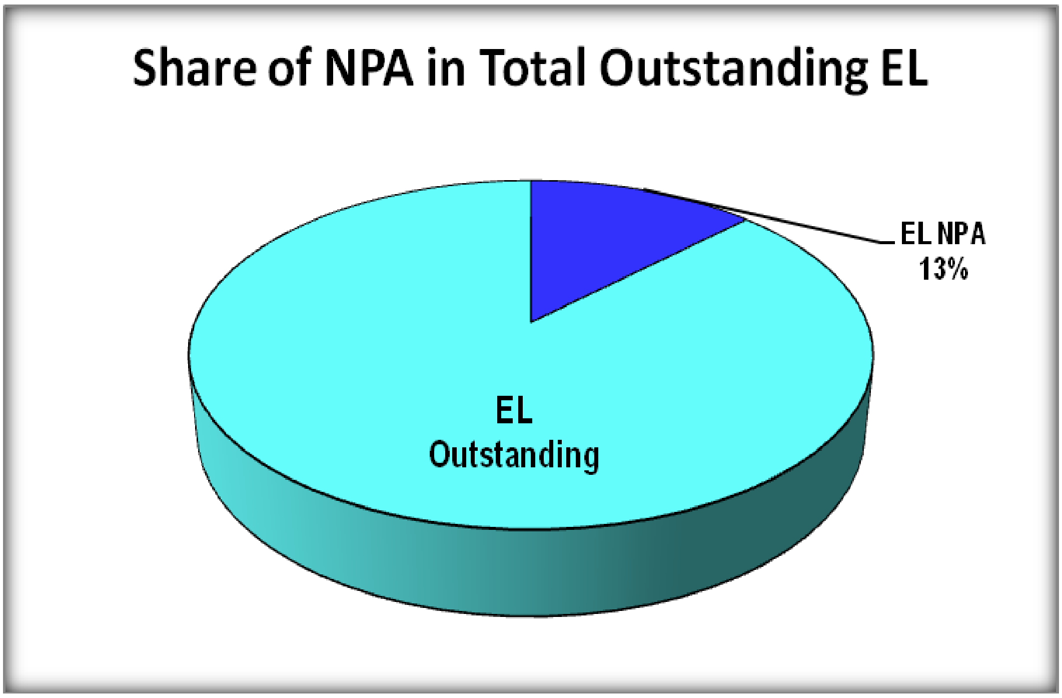
## C. Education Loan NPA over the years

(Rs. in crores)

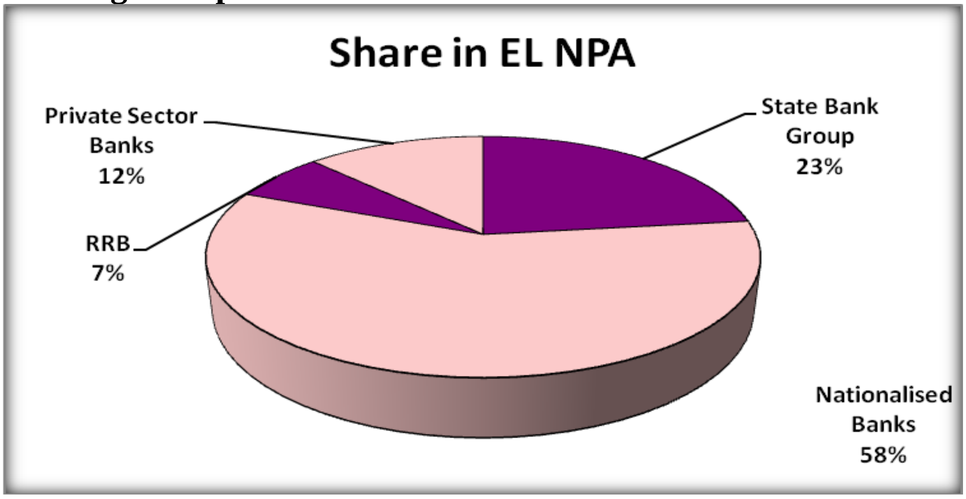
| Education Loan NPA | | | | | |
|---|---|---|---|---|---|
| Mar-12 | Mar-13 | Mar-14 | Mar-15 | Mar-16 | Mar-17 |
| 490 | 726 | 915 | 710 | 1094 | 1235 |




## D. % Share of EL NPA in Total EL Outstanding



**E. Banking Group Wise Share Education Loan NPA**

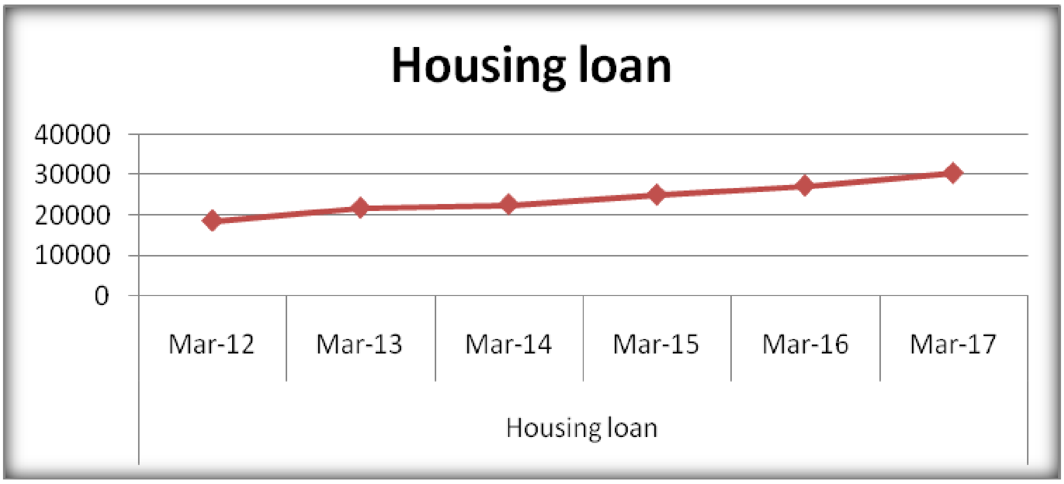



## 4.3. Outstanding Performance under Housing Loan (Refer Annexure 7.7)

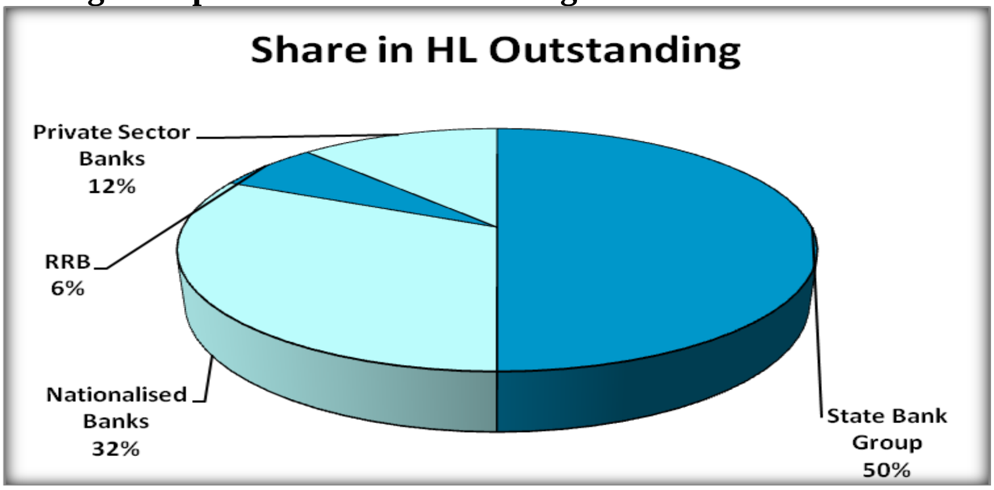
### A. Growth in Housing Loan

(Rs. in crores)

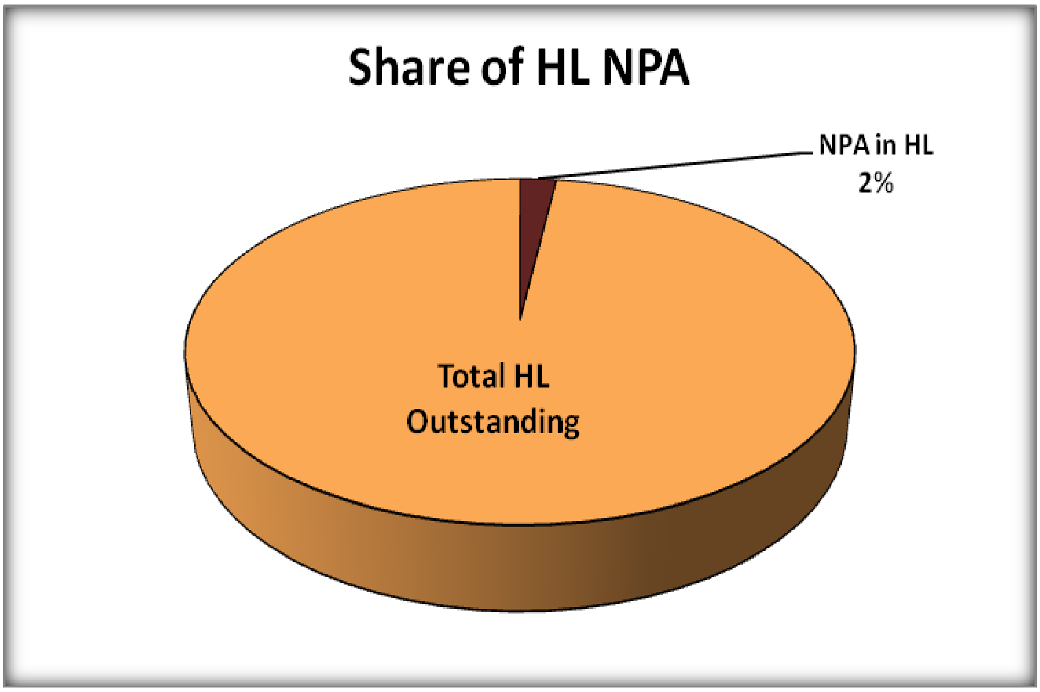
| Housing loan Outstanding | | | | | |
|---|---|---|---|---|---|
| Mar-12 | Mar-13 | Mar-14 | Mar-15 | Mar-16 | Mar-17 |
| 18615 | 21832 | 22697 | 25121 | 27379 | 30530 |




**B. Banking Group wise Growth in Housing Loan**



## C. % Share of NPA in Housing Loan



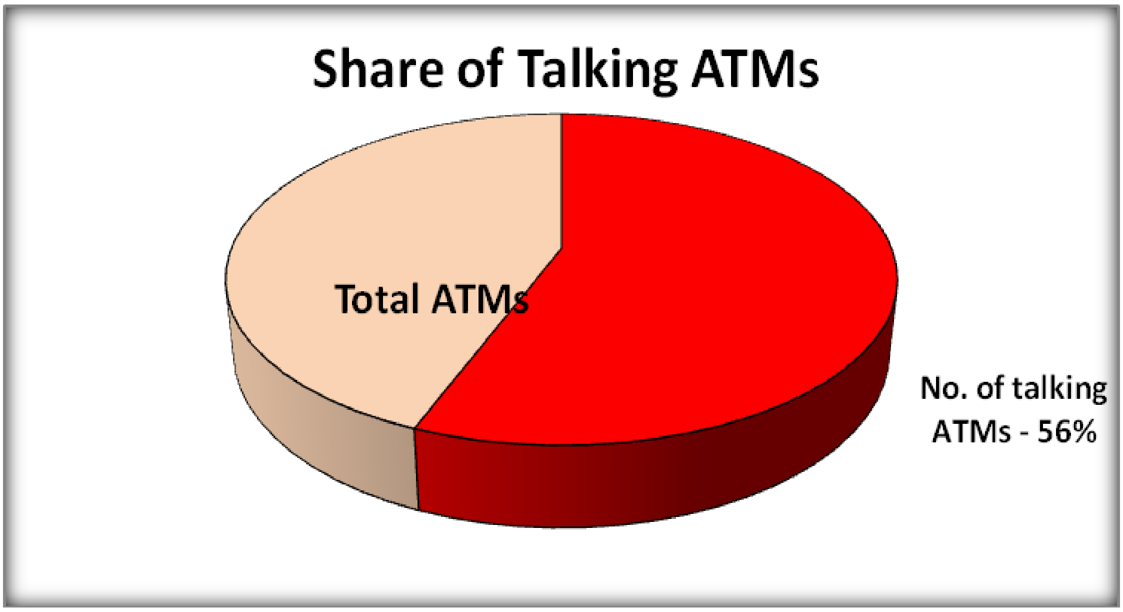

## 4.4. Progress under Road Map for opening Brick & Mortar branches in villages with population more than 5000 without a bank branch

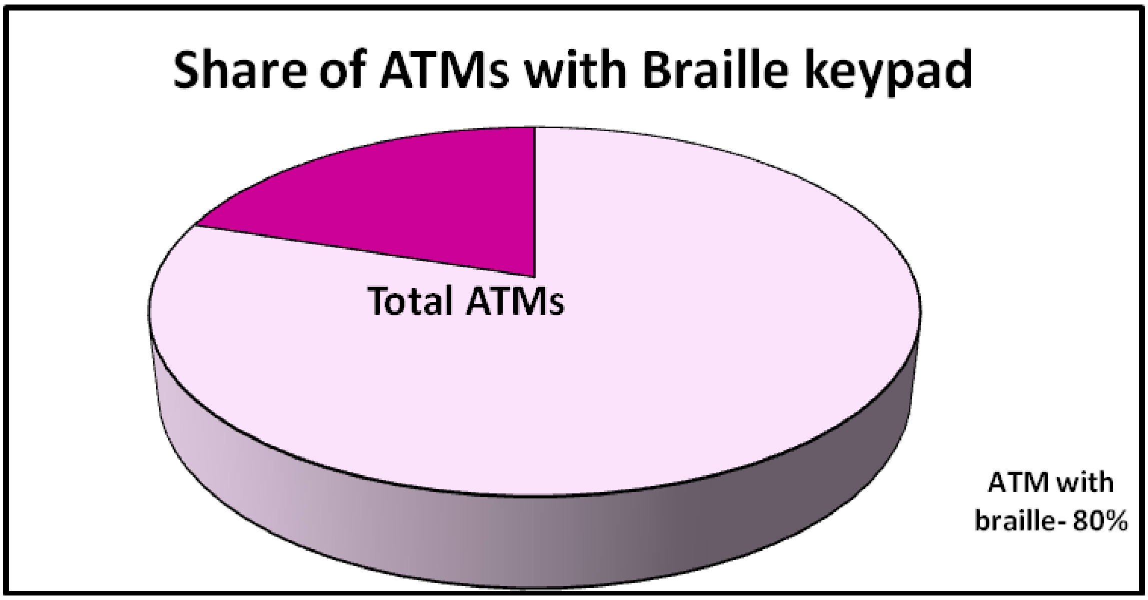
**Roadmap - Progress in opening brick and mortar branches in villages with population more than 5000 as at the end of March 2017**

| Sl. No. | District | **Commercial Bank** | Sub-Dist Name | Village Name | Number of allotted villages | No. of brick and mortar branches | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | Opened during the Q | Opened upto March 2017 | **Pending** |
| 1 | Pathanamthitta | **KGB** | Kozhenchery | Iravan | 1 | 0 | 1 | **0** |
| 2 | Thrissur | **KGB** | Talappilly | Vadakkethara | 1 | 1 | 1 | **0** |
| 3 | Kozhikkode | **KGB** | Kozhikode | Neeleswaram | 1 | 1 | 1 | **0** |
| 4 | Wayanad | **SBT** | Vythiri | Thrikkaipatta (Pt) | 1 | 0 | 0 | **1** |
| 5 | Wayanad | **KGB** | Vythiri | Vellarimala | 1 | 0 | 1 | **0** |
| 6 | Wayanad | **KGB** | Mananthavady | Thirunelly | 1 | 1 | 1 | **0** |
| **Total** | | | | | **6** | **3** | **5** | **1** |

**4.5. Status of Creating Banking environment for the visually challenged** (Refer Annexure 7.27)

| Banking Group | No. of talking ATMs | No. of ATMs with Braille keypad |
|---|---|---|
| **State Bank Group** | 2371 | 2954 |
| **Nationalized Banks** | 1683 | 1496 |
| **RRB** | 296 | 296 |
| **Private Sector Banks** | 798 | 2600 |
| **State Total** | **5148** | **7346** |



## 4.5. PENDING ISSUES

### 4.5.1. Land Allotment for construction of RSETI Buildings

*(Pending since July 2012)*

*In the State of Kerala 14 RSETIs are now established and 3 of them have own land & building and they are in Malappuram, Kannur and Kasaragod District respectively. As on date 9 RSETIs are functioning in rented buildings. For four of them land allocation formalities are completed. The other five have different other reasons for not constructing /shifting to the constructed building.*

| | |
|---|---|
| ***Land allotment procedure not complete*** | |
| *Kozhikode* | *42 cents land in Vadakara Panchayat (on Back side of Vadakara Block Panchayat Office) Local body has given no objection But demarcation of the property & its boundaries is necessary for signing MOU. The basic tax records of the property are not traceable. So Village officer is not in a position to do it without this record. Support from District administration is needed for locating this basic record. In the steering committee meeting the Representative of Rural development informed that the records have been traced out and Revenue Department is taking further steps.* |
| *Palakkad* | *87 cents land at Thenoor in Parli Gram Panchayath is identified and the order/proceedings are awaited. Now the panchayath have taken a decision not to give this land for RSETI construction. The Director and LDM are on the lookout for new site within a radius of 25 kms.* |
| *Kollam* | *Land has been measured and boundaries marked in Extension Training Center campus of State Institute of Rural Development at Kottarakkara. Final clearance from RD commissioner is awaited for signing MOU. Government Order will be issued shortly.* |
| *Pathanamthitta* | *50 cents Alternate land in lieu of Pandalam Land has been alloted Elanthoor Block Panchayth compound around 8 kms from Pathanamthitta. CPWD has been assigned the work for repairing the plan and estimate. Once this is received other formalities will follow.* |
| ***Other reasons for not constructing or shifting to constructed building*** | |
| *Alappuzha* | *In Alappuzha there was a dispute with the Veterinary department on the land allotted. This has been solved now bank has asked for an unconditional custodial right over this property enabling them/contractor to do the work without any further claims or controversies.* |
| *Ernakulam* | *Building is complete. But there is issue of water supply .Hence the RSETI has not shifted to the new location. The water Authority MD has offered to provide water @ Rs.60 per 1000 KL with a condition that RSETI to make arrangement to lift the water.* |
| *Wayanad* | *Land is allotted in Block Panchayath Bathery and the Bank is proceeding with the steps for construction.* |
| *Kottayam* | *Land has been allotted in Pallom Block Panchayat premises and steps are being initiated by the bank for commencing the process.* |

| | |
|---|---|
| *Idukki* | *Construction in the allotted land in Block Panchayath Thodupuzha is tendered since last 6 months but work could not be commenced due to objections raised by the Block Panchayath. Simultaneously there is objection from Nedungandom Block (where the present RSSETI is temporarily located) against shifting the RSETI. A meeting was held by the Hon'ble Minster of LSGD on 2017 June 15th with the Bank, CRD, Block Panchayat members of Thodupuzha and Nedumgandom The block Panchayat of Nedumgandom strongly protested the shifting of RSETI from their area , while the Thodupuzha block Panchayat did not favour the instuitute in Thodupuzha. The Nedumgandom block panhayat offered to give adequate land adjacent to its office A committee consisting of CRD, LDM, Union Bank of India and State Director RSETI has been advised to make a visit to the site offered by Nedungadom block panchayath Further steps will be initiated based on the feedback from this committee.* |

*The forum may discuss on the resolution of the issues.*

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

(a) To computerise land records in the State of Kerala – This will enable financing banks to make online noting, regarding their lien and help to bring down the transaction cost for getting various certificates from village office.
(b) To establish a National Mortgage Repository (NMR) in the State that will function in a similar manner as vehicle registration where hypothecation is marked on the Registration Book of the owner or a Search made in Registrar of Companies Office to ascertain certain details pertaining to companies.

This is aimed at bringing in more transparency and prevention of frauds on property transactions.

*In the 121st Meeting of SLBC, Kerala held on 24.03.2017 at Trivandrum, the representative from* ***Revenue Department*** *informed that actually computerization is going on and in the final stage. Majority of the districts have achieved above 75 %. The process will be completed within a short period.*

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

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

**(i)** At present there is no practice of noting/recording the Equitable Mortgage (EM) transactions (i.e. Mortgage by deposit of title deeds) in the revenue records of the State Government. Also there are no provisions for the same in the revenue regulations of the State of Kerala.

In a recent judgment of the Hon'ble Supreme Court of India in State of Haryana v. Narvir Singh & another, reported in (2014) 1 Supreme Court Cases 105, wherein it has been held that banks and financial institutions who accept a mortgage by deposit of title deeds can request the Revenue Authorities to enter the factum of such mortgage in the revenue records. In the facts of the aforesaid case, the Revenue Authorities had taken the stand that only a registered mortgage can be noticed in the revenue records. The view taken by the Revenue Authorities has been held to be unsustainable.

Now that the law has been settled by the Hon'ble Supreme Court, it is requested that when the bank accepts mortgage by deposit of title deeds (Equitable Mortgage), provision shall be enabled for the bank to request the Revenue Authorities to note the same in the revenue records.

*The 116th Meeting of SLBC, Kerala held on 22.09.2015 at Trivandrum proposes that the Government may introduce a reasonable fee for this facility and suggested the following fee tariff:*

| | |
|---|---|
| *Loan up to Rs. 10 lakhs* | *: Rs. 500* |
| *Loans above Rs. 10 lakhs up to 25 lakhs* | *: Rs.1000* |
| *Loans above Rs. 25 lakhs* | *: Rs.2500* |
| *Fee for releasing the charge* | *: Rs. 200* |

As of now, there is no legal obligation on the part of the Village authorities to do so. If noting in Thandaper Register is made legally mandatory, it will help to prevent fraudulent transactions.

*In the 121st Meeting of SLBC, Kerala held on 24.03.2017 at Trivandrum, the representative from **Revenue Department** informed that the matter is under the active consideration of Revenue Department and at present the matter is placed before the Law Department for their advice and expected to sort out the issue shortly.*

*The forum decided to pursue the matter with Revenue Department.*

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

Government of Kerala has amended certain provisions of the Registration Act, 1908, vide the Registration (Kerala Amendment) Act, 2012, which came into effect from 13.09.2013. Pursuant to the amendment, Sub clauses (g), has been inserted in Section 17 of the Registration Act, 1908, making compulsorily registrable, the "Power of attorney creating any power or right of management, administration, development, transfer or any other transaction relating to immovable property of the value of one hundred rupees and upwards other than those executed in favour of father, mother, wife, husband, son, adopted son, daughter, adopted daughter, brother, sister, son-in-law or daughter-in-law of the executant". This requirement has adversely affected lots of NRI customers. They are necessitated to come to India for registering the power of attorney if it is executed in the name of the any person other than the relatives mentioned above. We are of the view that we may seek exclusion of NRIs from the purview of registration of Power of Attorneys as above. Moreover, in-laws, ie father-in-law, mother-in-law, brother-in-law and sister-in-laws can also be suggested to be included in the list of the relatives mentioned above.

*The 121st Meeting of SLBC, Kerala held on 24.03.2017 at Trivandrum decided to pursue the matter with Taxes Department.*

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

(i) Education Loans granted by KSCARD Bank also to be provided with interest subsidy extended

Vide letter No.6042/F(RO)/2015/Plg dated 01.06.2015 of Planning & Economic Affairs (F) Department, Government of Kerala informed that *"the matter regarding Inclusion of District Cooperative Banks and Primary Agriculture Credit Societies under the Education Loan Interest Subsidy Scheme of State Government has been examined by the State Government thoroughly. In the current financial situation, the State Government is not in a position to take on such huge financial liability. Hence it is not possible for the State Government to include District Cooperative Banks and Primary Agriculture Credit Societies under the Education Loan Interest Subsidy Scheme of the State Government".*

The forum requested the KSCARD Bank to take up the matter with Ministry of Finance, Government of India.

*In the 120th Meeting of SLBC, Kerala held on 30.12.2016, 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 121st Meeting of SLBC, Kerala held on 24.03.2017 at Trivandrum decided to pursue the matter with Planning & Economic Affairs Department, Government of Kerala.*

### 4.5.6. Loan Waiver Scheme of Scheduled Tribes Development Department

As per the GO (P) No.71/2015/SCSTDD dated 01.10.2015, Government have accorded administrative sanction to implement the Loan Waiver Scheme for the scheduled tribe beneficiaries of Kerala. The project has been designed to write off the debts of the members of scheduled tribes availed from Co-operative institutions, Government Departments, Nationalized Banks, Kudumbashree units amounting up to Rs. 1,00,000/- (Including principal amount, interest, penal interest and other charges) of which the repayment period had expired on 31.03.2014. As per the GO (Ms) No.54/2015/SCSTDD dated 14.07.2015 Kerala State SC/ST Development Corporation Ltd. has been entrusted as the disbursing agency for the implementation of loan waiver scheme.

*The department further placed a renewed request in the Steering Committee meeting held on 2017 March 09th, as follows:*

സർക്കാർ ഉത്തരവ് (അ) നം.71/2015/പജപവവിവ തീയതി 01.10.15 പ്രകാരം പട്ടികവർഗ്ഗക്കാർ സഹകരണ സ്ഥാപനങ്ങൾ, കോർപ്പറേഷനുകൾ, സർക്കാർ വകുപ്പുകൾ, ദേശസാൽകൃത ബാങ്കുകൾ, സർവ്വീസ് സഹകരണ ബാങ്കുകൾ, കുടുംബശ്രീ യൂണിറ്റുകൾ എന്നിവടങ്ങളിൽ നിന്നും എടുത്തിട്ടുള്ളതും 01.04.2006 മുതൽ 31.03.2014 വരെ കുടിശ്ശികയായിട്ടുള്ളതുമായ ഒരു ലക്ഷം രൂപ വരെയുള്ള വായ്പകൾ പലിശയും പിഴ പലിശയും അടക്കം എഴുതി തള്ളുന്നതിന് സർക്കാർ ഉത്തരവായിട്ടുള്ളതാണ്. ആയതിൻ പ്രകാരം സംസ്ഥാനത്തൊട്ടാകെയുള്ള ടി ധനകാര്യ സ്ഥാപനങ്ങളിൽ നിന്നും പട്ടികവർഗ്ഗക്കാരുടെ വായ്പാകുടിശ്ശിക നിശ്ചിത പ്രൊഫോർമയിൽ ശേഖരിച്ച് പട്ടികവർഗ്ഗ ജില്ലാ ഓഫീസർമാർ സൂക്ഷ്മ പരിശോധന നടത്തി തുടർ നടപടികൾക്കായി ശുപാർശ ചെയ്ത് ലഭ്യമാക്കുന്നു. നിലവിൽ അപ്രകാരം കടം എഴുതിതള്ളുന്നതിനായി വിശദാംശം ലഭ്യമാക്കിയിട്ടും, ആയതിന്മേൽ നടപടി സ്വീകരിക്കാത്തവയുടെ വിശദാംശം ബന്ധപ്പെട്ട ബാങ്കുകൾ ഒരിക്കൽകൂടി നിശ്ചിത പ്രൊഫോർമയിൽ നൽകുന്നത് പദ്ധതിയുടെ സുഗമമായ നടത്തിപ്പിന് ഉതകുന്നതായിരിക്കും.

*The 121st Meeting of SLBC, Kerala held on 24.03.2017 at Trivandrum decided the following:*

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

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

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

### 4.5.7. Making suitable modifications/ amendments in 'Kerala Land Conservancy Act 1957' to include the properties owned by Public Sector Banks also in the purview of the Act

Kerala Land Conservancy Act 1957 was enacted to protect Government lands from unauthorized occupancy. The Act was amended in 2009, adding Penal provisions and fine to illegal occupants. The Amended Act came into force from 07.10.2009 (Notification No.20457/legA1/2008/Law dated 07.10.2009).

The Property of Government is defined under the Kerala Land conservancy Act, 1957 as "All public roads, streets, lanes, and paths, the bridges, ditches, dykes and fences on or beside the same, the bed of the sea and of harbours and creeks below high water mark, the beds and banks of rivers, streams, irrigation and drainage channels, canals, tanks, lakes, backwaters and water courses, and all standing and flowing water, and other lands including the Lands belonging to the Government of any other state in India or to the Kerala State Electricity Board or to a University established by law or **to a corporation owned or controlled by the Government of Kerala** or to (any Panchayat as defined in the Kerala Panchayat Raj Act, 1994 [7] (13 of 1994) or any municipality as defined in the Kerala Municipality Act 1994 (20 of 1994)) shall be deemed to be the property of Government within the meaning of this section).

State Bank Group and other Public Sector Banks are owned by the Government of India and hence come under the purview of Article 12 of the Constitution of India. The Supreme Court of India has held in a number of decisions that Public Corporations and Undertakings fall within the inclusive definition of 'State'. Therefore these Corporations and Undertakings are subject to Part-III of the Constitution. Consequently, the Supreme Court and the High Courts have interfered with the affairs of Public Corporations and Undertakings.

All Public Sector Banks are "Public Authorities" for the purpose of the Right to Information Act 2005. Further all Public Sector Banks comes under the purview of the Central Vigilance Commission Act 2003.In totality, Public Sector Banks are at par with either Government institutions/ undertakings coming under the purview of "Kerala Land Conservancy Act 1957" and The Kerala Land Conservancy (Amendment Act) 2009.

A bank cannot acquire or sell assets as its usual business, but come to get the ownership of certain properties in the nature of non banking assets

At present the provisions of the Act are not applicable to the properties owned by Public Sector Banks, since bank properties are not included in the definition "Government Properties", under the Act.

The SLBC forum , decided to request the Government to,***" amend the "Explanation IV" of the Kerala Land conservancy Act 1957 to include the lands held as non banking assets by the Public sector banks also as in the coverage of the act."***

*Vide our letter No. SLBC 121.59 2017 GN dt 6th June, 2017, the matter has been taken up with Revenue Department.*

## 4.6. FRESH ISSUES

### 4.6.1. Issues faced by Financial Literacy Counsellors [FLCs] (Suggested by Reserve Bank of India)

FIDD, Thiruvananthapuram had conducted a special training for FLCs on UPI & *99# (USSD) and various other aspects of Digital Literacy at Regional Office, Thiruvananthapuram and Sub Office, Kochi in three batches during March 28 – 30, 2017. About 150 FLCs from all districts of Kerala attended the training.

In a close interaction with FLCs as part of the training, a few widely prevalent issues as under were voiced as hindrances. RBI Letter FIDD.FLC.BC.No. 27/12.01.018/2016-17 dated 12.04.2017 is provided in **Annexure – 7.48.**

*In the Steering Committee meeting of SLRM 2017 held on 13.06.2017, General Manager, Reserve Bank of India informed that RBI has taken initiatives in conducing workshops covering all the FLCs in the State of Kerala and lot of grievances emerged. Problems facing by FLCs have to be overcome only with the support of banks. Banks have to get in touch with NABARD for actual sanction of programmes. FLCs are not able to get adequate funding as well as infrastructure support.*

**a. Lack of acceptability among the general public.**

Some sponsoring banks have not issued any ID Cards, authorization letter, etc. to their FLCs to prove their authenticity in conducting FL Camps due to which school authorities, Panchayats, various government establishments, NGOs, etc., are not permitting them to conduct FL Camps for different target groups.

*The Steering Committee meeting of SLRM 2017 held on 13.06.2017 requested that Banks should issue ID cards and decided to place the matter in SLRM.*

**b. Banks shirking the responsibility to appoint Financial Literacy Counsellors**

Some banks are shirking away from their responsibility to appoint and sponsor Financial Literacy Counsellors. FLCs have not been appointed by banks in certain blocks despite being continuously followed up over many years by LDMs and LDOs. In case of Corporation Bank, they have expressed their inability to appoint FL Counsellors in Ochira Block of Kollam District and Karadka block of Kasargode District.

*The Steering Committee meeting of SLRM 2017 held on 13.06.2017 observed the following.*

- *When FLCCs were launched, it was on a limited scale (1 per district).*
- *One of the pillars of PMJDY was to establish FLCs in all blocks*
- *But Kerala had FLCs in all blocks much before that*
- *Of late a few banks are withdrawing from FLC responsibilities non Lead Districts, quoting various reasons*
- *The forum recommended that If an allotted bank is unable to open or continue an allotted , FLC , the bank has to take prior permission from RBI and also find alternate takers for the FLC in consultation with LDM*

### c. Funding constraints in conducting FL Camps.

FLCs reported that they are promptly submitting their calendar of proposed FL programmes for the upcoming quarter to their respective controlling banks for their approval / sanction. However, controlling offices are making inordinate delay in forwarding these proposals to NABARD for financial sanction which in turn end up in their rejection by NABARD. Some banks were reportedly forwarding the proposals after the proposed dates. Instances where expenses of FL Camps borne by FLCs themselves were also reported.

Guidelines in the latest NABARD circular may be kept in mind. (NABARD Circular No.107 / DFIBT - 24 / 2017 dated 04 May 2017 on Grant Assistance under Financial Inclusion Fund (FIF) for conduct of Financial Literacy Programmes – Support for "Going Digital".

*In the Steering Committee meeting of SLRM 2017, General Manager, Reserve Bank of India said that,*

- *Some banks submit proposals to NABARD HO through their Head offices ,*
- I*n some banks the proposal goes from their state/regional office to the concerned RO of NABARD*
- *Whatever be the practice followed in each bank , the state controlling office of the Bank has to follow up with the concerned offices to see that the proposals are submitted and got approved well in advance .*
- *She reminded that itis the duty of the State head of the bank to ensure that the functioning of FLCs goes uninterrupted*

*The Committee decided to place the matter in SLRM for discussion.*

### d. Lack of infrastructure provided by controlling banks to FLCs

As per Circular FIDD.FLC.BC.No.18/12.01.018/2015-16 dated January 14, 2016 on Financial Literacy Centres (FLCs) – Revised Guidelines, controlling banks are advised to provide FLCs with minimum infrastructure requirements like separate room/space with a minimum of 10 member seating capacity, computer/laptop, printer, furniture, fixtures, vehicular support, etc. But the controlling banks are not providing these basic amenities to FLCs for discharging their duties.

*The Steering Committee meeting of SLRM 2017 held on 13.06.2017 observed that this matter needs to be addressed for which a study has to be conducted.A data collection format has been circulated to all FLCs. On the basis of this a study will be made*

### e. Remuneration and other allowances fixed for FLCs are not sufficient

As per Circular FIDD.FLC.BC.No.18/12.01.018/2015-16 on Financial Literacy Centres (FLCs) – Revised Guidelines dated January 14, 2016, controlling banks are advised to offer FLCs with fixed remuneration at market rates with incentives for better performance. But the emoluments provided to FLCs, as reported by them, are not even adequate to meet their commuting expenses. Many FLCs voiced their disappointment over the inadequate remuneration provided to them for travel expenses.

*The Steering Committee meeting of SLRM 2017 held on 13.06.2017 suggested that individual banks have to take a call and place the matter in SLRM.*

**4.6.2. Problems faced by Plantation Sector** (Suggested by Reserve Bank of India)

The plantation managements are facing an acute problem in providing payments to workers in tea estates in view of the new government directions mandating payments above Rs. 10000 per month to be strictly made via banks. Owing to lack of adequate presence of ATMs &banks, certain plantation estate workers are facing a situation wherein they are required to travel far to access ATMs or banks to get cash for their day today expenses often sacrificing their one day's pay in the process. Effective implementation of BC model and making these workers aware about this facility would be an ideal remedy for the problem, in addition to opening of branches / ATMs, wherever found feasible.

*The Steering Committee meeting of SLRM 2017 held on 13.06.2017 observed the following:*

- *The plantation belt in Kerala is spread across 9 districts of Kerala covering Tea , Rubber , Coffee , Cardamom and Cashew crops*
- *Thee major plantation companies include Private Sector Co.s (like Tata Tea , AVT , Harrison Malayalam etc) .and PSUs ( like Plantation corporation of Kerala Ltd ,Oil Palm India Ltd , Rehabilitation Plantations Ltd , Aralam Farming Corporation (K) Ltd ,State Farming Corporation etc),*
- *Till now , the wages of the plantation workers were being paid in cash*
- *With the recent changes in IT Act, the wage payments exceeding Rs.10000 is required to be paid through the account of the worker. Otherwise such a payment will not be allowed as an expense in the Income Tax assessments.*
- *All the permanent workers in the Plantations have bank accounts with scheduled banks for their EPF.*
- *But the shortage of banking outlets for withdrawal of the wages is an issue faced, because many estates are located in hilly and difficult terrain*
- *The Labour Commissioner had held two rounds of meeting with the Association of Planters of Kerala, Trade Unions, Reserve Bank of India, SLBC and banks with major presence in the Plantation Belt.*
- *In the meeting , the Labour Commissioner had conveyed that the issue has reached the attention at the highest levels in the State Government and it is imperative to find a solution at the earliest*
- *This meeting was being held in continuation of the same, to workable suggestions from the banks' side to solve the issue.*
- *The Association of Planters have forwarded a list of centres (nearly 70) suggested for providing banking channels , which would be circulated to the participants by email from SLBC*
- *We examined the centres. Many have facilities in close call. Many are on locations like National Highways where we can have ATMs. But there are some places that really need banking support (like Ambanad in Punalur, Vaguvarai in Munnar etc)*
- *RBI called a meeting of banks with major presence in Plantation belts on 2017 May 30th*

- *The meeting discussed the following options*

| Options discussed | Views of the forum |
|---|---|
| Cash delivery at the estate site | Due to logistical issues and man power shortage , this is ruled out issues |
| Fixed ATMs | Out of the list, the banks may identify those locations where a fixed ATM is viable and may work on that as a medium term solution An equitable sharing responsibility among the banks may also be thought of<br>Such identified locations may be intimated to RBI and SLBC |
| Mobile ATMs | Operating a mobile ATM is costlier than that of a fixed ATM<br>Currently only Canara Bank, KGB and SBI have mobile ATMS in the state (in limited numbers only). They are currently deployed in other needy places<br>So an immediate deployment in the area may not be possible .But it is one of the options, that banks may consider |
| Appointing APK as a Corporate BC | This can be further explored as an immediate measure |
| Appointing individual BCs | This also can be explored as an immediate measure. The existing BCs especially in the Idukki District need to be better equipped and strengthened |
| Opening Extension counters | In the long term perspective banks may explore opening extension counters/branches in viable centres |
| Opening new branches | |
| Improving Digital transactions through POS & other devices in the Co operative stores, PDS outlets, shops etc in Estate area | There is urgent need to reduce the cash dependency in the plantation areas. So these options are to be explored |

**The following action plan was made**

| | Action Point |
|---|---|
| 1 | Banks to forward the details of BC model of each bank and the contact details of the officers handling BC to SLBC |
| 2 | SLBC to chalk out a draft model & place in the meeting of these officers |
| 3 | Banks shall examine the list attached and inform the locations which they voluntarily propose to install ATMs |
| 4 | SLBC shall place these proposals in a meeting of banks to evolve a common understanding |

*The Steering committee decided to go ahead with the action plan*

**4.6.3. Issues confronting Business Correspondents** (Suggested by Reserve Bank of India)

A Business Correspondents' conference was organized at Kattappana, Idukki on May 17, 2017with the objective to ensure the effective working of BC model so as to serve the customers who do not have adequate access to bank branches. The major issues that emerged are as under:

a) Inadequate supply of Kiosk Machine and other accessories to BCs. Also, technical support is not being provided to them to ensure the serviceability of these machines.
b) Real time updation of transactions done by BCs is not carried out which erodes credibility of the transactions undertaken by BCs.
c) Undue delay in providing passbooks and other facilities at the bank branches to customers availing services through BCs.
d) Lack of technological upgradation – BCs are still using 2G modems resulting in significant transaction time compounded by the difficult terrain in which they sometimes operate.
e) BCs are not provided with identity cards by banks.
f) Banks are generally insensitive to the fact that many BCs attached to them are not paid in time for the services provided.
g) Banks may consider extending the range of banking services that are provided by BCs to include Aadhaar seeding, Mobile seeding, etc.
h) Customers are not aware of the BCs functioning in their region. Display of information about BCs working in the region in bank branches may help in enhancing their credibility and popularizing BCs.

*The Steering Committee meeting of SLRM 2017 decided that banks have to address such ground level issues which affect the efficiency of the BC functioning . The forum decided to place this in the SLRM*

**4.6.4. E-Shakti – Digitization of SHGs** (Suggested by NABARD)

E-Shakti, the project for digitization of SHGs was piloted in two districts, viz, Ramgarh in Jharkhand and Dhule in Maharastra. Encouraged by the success of the pilot the programme was extended to another 22 districts including Kasargode district in Kerala from 2016-17. Out of the 13850 SHGs mapped originally in the district, the data regarding 12500 has been migrated to the digital platform.

Uploading the day to day transactions through mobile handsets / tabs is the next phase of the project. Training of animators in the software for mobile upload by the Application Service Provider (ASP) is being conducted and so far up to date data in respect of 1700 SHGs have been captured.

From the current fiscal 8 more districts are to be covered under the Phase III of E-Shakti Project. The districts to be covered are Kottayam, Alappuzha, Idukki, Palakkad, Thrissur, Malappuram, Wynad and Kannur. We request the bankers to extend whole hearted support to the third Phase of E-shakti project.

*The Steering Committee meeting of SLRM 2017 held on 13.06.2017 decided that banks may extend support subject to the compliance of the RBI guidelines on sharing of personal information of customers.*

**4.6.5. Installation of solar powered V-SAT Connectivity to Kiosk / Fixed CSPs – Support under Financial Inclusion Fund (FIF) – Monitoring Mechanism in SLBC** (Suggested by NABARD)

Please refer to our Agenda on the captioned subject which was placed as Table Agenda in the previous SLBC meeting. In this connection, we are forwarding herewith the latest guidelines in this regard (**Annexure- 7.49**) for information and necessary action.

*The Steering Committee meeting of SLRM 2017 held on 13.06.2017 decided to place the matter in SLRM for information.*

**4.6.6. Support under Financial Inclusion Fund (FIF) – Conduct of Financial Literacy Programmes – Review of the ongoing schemes** (Suggested by NABARD)

We invite your attention to RBI Circular FIDD.FLC.BC.No.22/12.01.018/2016-17 dated 02 March 2017 advising banks (rural branches and FLCs) to conduct special camps every month for a period of one year beginning 01 April 2017 on “Going Digital”.

On a review, it has been decided to keep on hold sanction of grant assistance for FLAPs, FLAPs in schools, dFLAPs and “Going Digital” with effect from 01 April 2017 till further review by Advisory Board in terms of quantum of support for various training programmes and other issues. However, in case of sanctions already accorded to banks for conduct of FLAPs, FLAPs in schools, dFLAPs and “Going Digital” in 2016-17, the same will be honored provided the sanction letter to this effect have been issued by NABARD on or before 31 March 2017.

The supporting circular has already been forwarded to all banks. The same is given in **Annexure - 7.50** for the information of SLBC.

*The Steering Committee meeting of SLRM 2017 held on 13.06.2017 decided to place the matter in SLRM for discussion.*

**4.6.7. Norka Department Project for Returned Emigrants** (Suggested by NORKA)

1. Government of Kerala have introduced Norka Department Project for Returned Emigrants (NDPREM) which is a back end subsidy and interest subsidy linked loan scheme for comprehensive rehabilitation of return emigrants. However support from banking sector to this scheme is still not promising. Many banks are reluctant to associate with NORKA-ROOTS in implementation of the scheme. Considering the socio-economic impact of the private remittances by the NRKs in the State, Banks should extend more positive approach towards returned NRKs under this scheme. Presently only Union Bank, State Bank of India and South Indian Bank are associating with NORKA-ROOTS in the implementation of the project. Ideally every Nationalised bank may take interest to associate with NORKA-ROOTS in implementation of the project, taking into consideration the contributions of the NRKs for welfare of the state.
2. Applications under NDPREM Project are to be screened by a committee comprising of officials from the bank and NORKA-ROOTS representatives. Representatives from the bank concerned is mandatory in the meeting to ascertain preliminary viability of the project and ability of the entrepreneur to carry out the project. Associating banks may be requested to spare an official to the screening committee of NORKA-ROOTS.
3. The banks associating with NORKA-ROOTS (Union Bank, State Bank of India and South Indian Bank) may be requested to furnish details of loans disbursed as per NDPREM Project once in a month so as to consolidate reports and processing the subsidy claims.

4. NDPREM Project was implemented in NORKA-ROOTS in the financial year 2013-14 and Canara Bank associated with NORKA-ROOTS for the project and details of the agreements signed with Canara Bank are as noted below:

Signing agreement with Canara Bank
(Taxi Service alone) - 11$^{th}$ November 2013 – 31$^{st}$ August 2014
(9 months)

Signing agreement with Canara Bank
(Trading/Services) - 8$^{th}$ July 2014 – 31$^{st}$ March 2015 – (8 months)

Renewal agreement with Canara Bank
- 23$^{rd}$ November 2015– 31$^{st}$ March 2016
(4 months)

Though agreement was signed with Canara Bank from November 2013 onwards, services of the bank were extended to the beneficiaries only for a period of total 12 months for all sectors and only nine months for Taxi service under this project. Presently the agreement was not renewed since March 2016 and there is no satisfactory response for non-renewal of agreement despite repeated requests. In the circumstances Canara Bank may be requested to renew the agreement with NORKA-ROOTS for smooth implementation of NDPREM Project.

5. Presently there is a great confusion in the field as to the branch of a particular bank to which the application needs to be addressed. There are several instances wherein applications are rejected by different branches stating that it is not within their serviceable area leading to delays, avoidable workload and administrative inconvenience. Therefore it may be decided that applications shall only be sent to the lead bank of the district for appropriate transmission to the branch concerned.

6. At present though subsidy is back end, it is released to the bank at the time of sanction and disbursement of loan itself. Subsidy will be

released to loanee only on completion of 4 years of successful operation of business to negate possibility of intentional fraud or natural failure of business. The applicant is not eligible for subsidy before 4 years. As the subsidy is released to the banks initially itself along with loan component, banks are not entitled to charge interest for the subsidy portion so released. Therefore banks may be requested not to charge interest on subsidy portion and to ensure creation of assets or other security as per banks rules entirely for the amount including loan component and subsidy component.

7. The importance of projects like NDPREM Project is increasing in view of the nationalisation policy adopted by Gulf Countries (NITAQAT)

*The Steering Committee meeting of SLRM 2017 held on 13.06.2017 decided the following.*

- *Regarding participation, individual banks may take a call*
- *Operational issues have to be addressed by Norka and participating banks*
- *Regarding subsidy it is observed that:*
    - *4 years backend period is too long. May be reduced to 3*
    - *Subsidy should not be denied for failure due reasons beyond control of beneficiary*
    - *In mis-utilization , NORKA should support bank with joint filing of FIR*
    - *Instead of asking the banks to refund the subsidy in-toto, it may be proportionately shared from recoveries as in the case of PMAY*
    - *Where interest is charged on back end subsidy , specific cases may be brought to our notice*

*The forum decided to place in SLRM*

### 4.6.8. Progress of Aadhaar & mobile seeding in Operative accounts

Pursuant to the review held by the Director (DFS) , on 2017 May 26th at Trivandrum, he had requested us to make it as an agenda in the SLRM and request banks to complete the seeding by June 30th .The progress as on 2017 June 2nd is given below.

| As on 02/06/2017 | Accounts | Seeded with Aadhaar | | Seeded with mobile | |
|---|---|---|---|---|---|
| | | Number | Percentage | Number | Percentage |
| Kerala | 330 | 221 | 67% | 302 | 91.4 % |
| India | 9051 | 6017 | 66% | | |

*Progress of Aadhaar/Mobile seeding of SB a/c in Kerala as on 02.06.2017 is given in* ***Annexure-7.56***

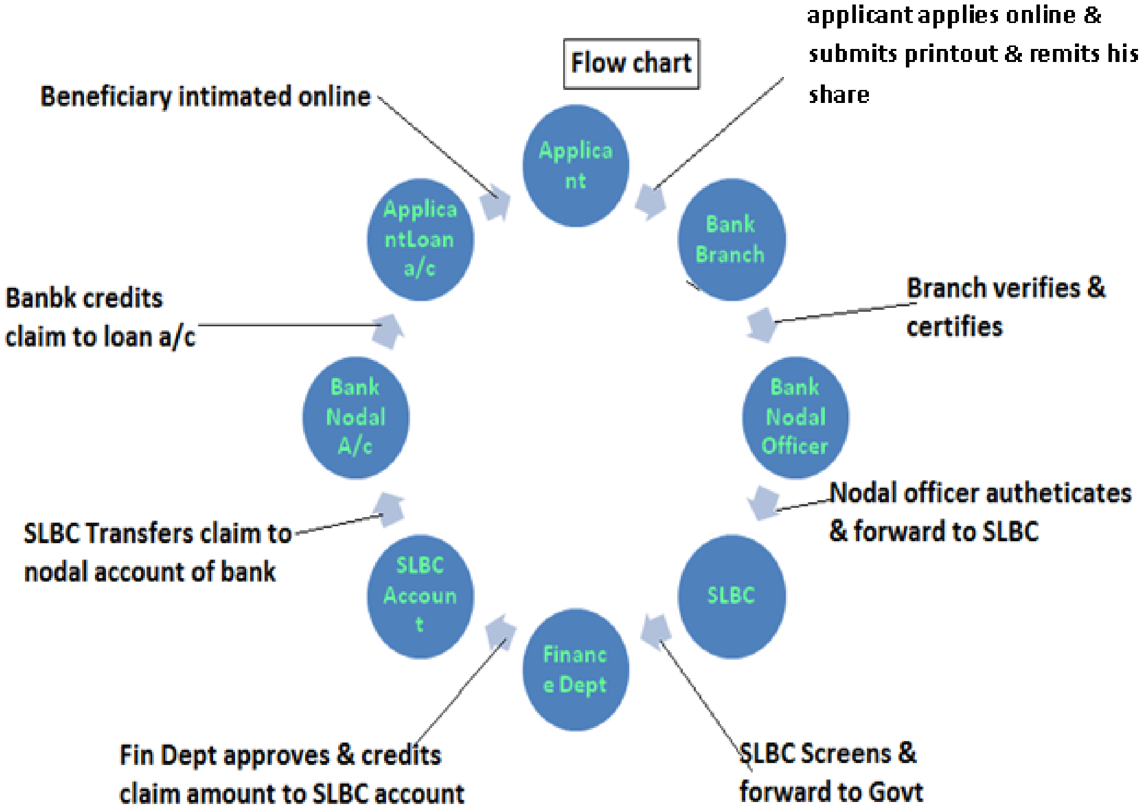
*The Steering Committee meeting of SLRM 2017 held on 13.06.2017 requested banks to complete the task by 2017 June 30th. The forum also request the banks that are lagging behind have to double up their efforts*

**4.6.9. Education Loan Repayment support scheme (**Suggested by SLBC Cell)

The Government of Kerala has brought out Government order detailing the Education loan repayment support Scheme. The GO is already circulated.

The Government is in the process of devising a web package for the scheme. From application to the approval of claims will be through the web portal and will be transparent.

Based on the discussions, the banks had with the Secretary (Finance Resources) on 2017 May 30th, we have suggested the following process flow for the scheme




*The Steering Committee meeting of SLRM 2017 held on 13.06.2017 observed the following. In the meeting with the Secretary (Finance Resources) held on 30.05.2017, banks had requested for clarifications on certain matters like applicability of Revenue Recovery , Options available under the scheme for loans above Rs 4 lakhs to Rs 9 lakhs and regarding the right of banks to resume legal recovery procedures in the event of non settlement , etc.*

*The representative from the Finance department informed that a web portal for the scheme is under construction. The operational guidelines will be issued by the Government once the portal becomes operational*

*The Steering Committee decided to place the matter in the SLRM for discussion*

**4.6.10. Information Note – Minutes of the Meeting chaired by Joint Secretary (DFS) to discuss issues regarding Vidya Lakshmi Portal (VLP) on Education Loan at 11.00 a.m. on 12.04.2017 in the Conference Room of Department of Financial Services (Annexure – 7.57)**

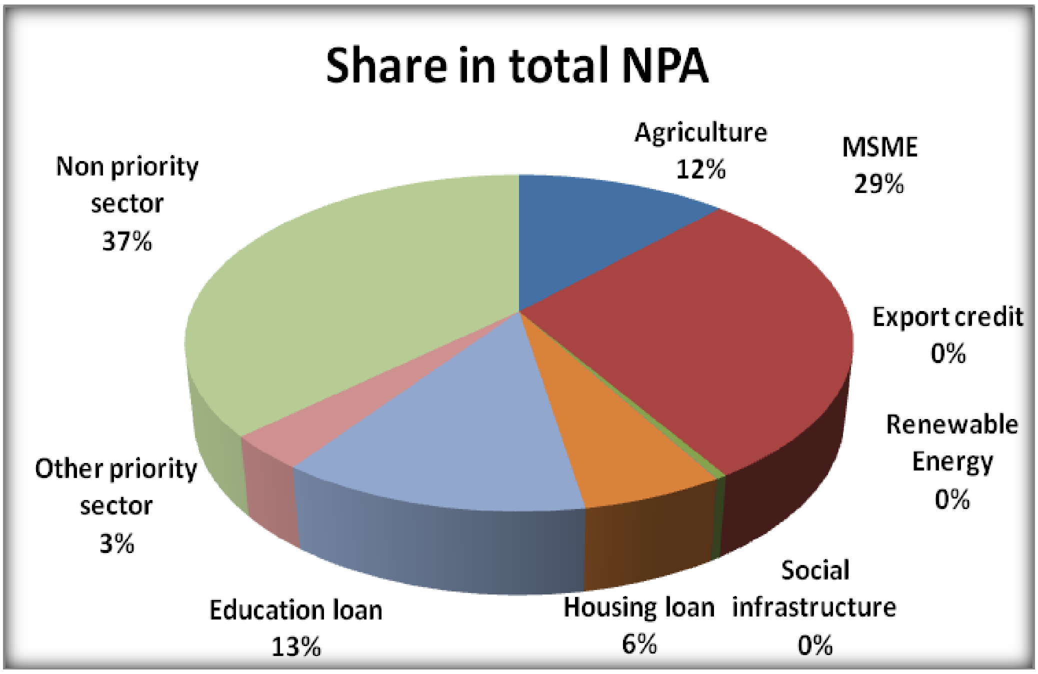
## 5. Review of Performance under various Segments

### 5.1. NPA Position of Commercial Banks (Refer Annexure 7.36)

**Sector wise NPA outstanding**

(Rs. in crores)

| Gross NPA Outstanding as at March 2017 | | |
|---|---|---|
| **Parameter** | **No of Accounts** | **Amount Outstanding** |
| **Priority Sector** | **275180** | **5898** |
| (1)Agriculture | 84719 | 1139 |
| (2)MSME | 104385 | 2696 |
| (3)Export credit | 91 | 40 |
| (4)Social infrastructure | 6 | 2 |
| (5)Housing loan | 16687 | 540 |
| (6)Education loan | 48028 | 1170 |
| (7)Other priority sector | 21264 | 311 |
| **Non priority sector** | **81979** | **3428** |
| **Total NPA** | **357159** | **9326** |



## 5.2. Performance of the Banking sector inclusive of Co-operatives (excluding PACs) as at March 2017

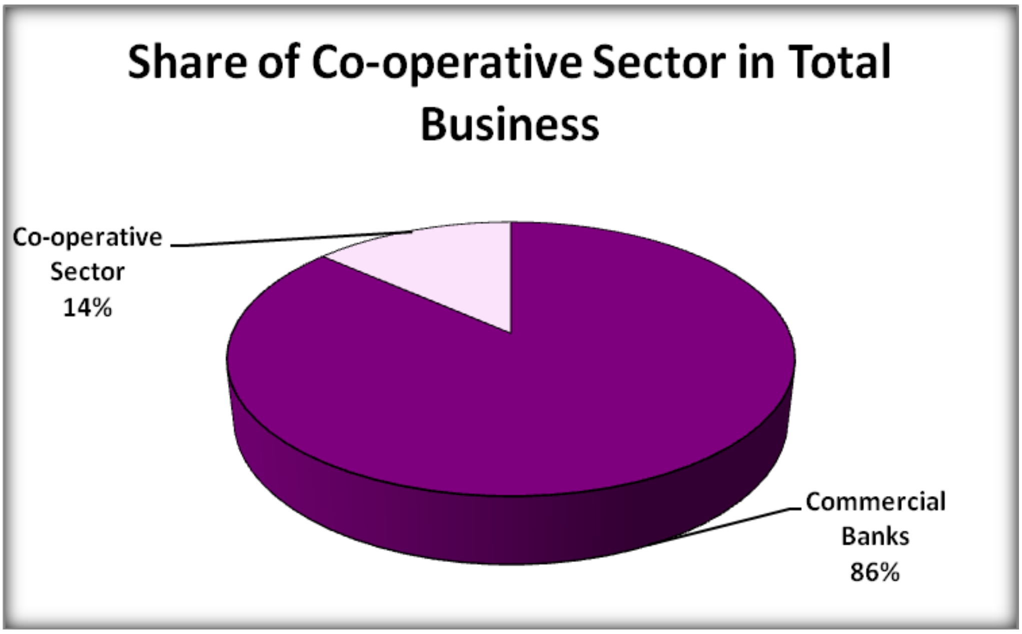
The performance of the banking sector inclusive of Co-operatives is summarized as follows:

### A. Performance of Co-operative Sector under Vital Banking Statistics

(Rs in. Crores)

| Parameter | Mar-17 | | | Share of Co-operatives to Total |
|---|---|---|---|---|
| | Co-operative Sector | Commercial Banks | Commercial Banks + Co-operatives | |
| Branches | 980 | 6332 | 7312 | 13% |
| Total Deposits | 64134 | 410492 | 474626 | 14% |
| Total Advances | 42018 | 256075 | 298092 | 14% |
| Total Business | 106152 | 666566 | 772718 | 14% |
| Priority Sector Advances | 26366 | 142102 | 168469 | 16% |
| % Priority Sector Advances | 63% | 55% | 57% | XX |
| Agriculture Advances | 7330 | 61457 | 68787 | 11% |
| % Agriculture Advances | 17% | 24% | 23% | XX |
| SME Advances | 963 | 39408 | 40371 | 2% |
| % SME Advances | 2% | 15% | 14% | XX |
| CD Ratio | 66 | 62 | 63 | XX |

### B. Performance of Co-operative Sector in Total Business of the state



## 6. Review of Performance of the Banking Sector

### 6.1. Banking Statistics as at March 2017 (Refer Annexure 7.1 to 7.3)

The detailed banking statistics Commercial banks for the State as at March 2017 is furnished in the Annexure. A comparative analysis of the data over the previous fiscals is presented below.

(Rs. in Crores)

| Parameter | Outstanding | | | Variation | |
|---|---|---|---|---|---|
| | Mar-15 | Mar-16 | Mar-17 | Mar'16-Mar'15 | Mar'17-Mar'16 |
| No. of Branches | 5984 | 6186 | 6332 | 3% | 2% |
| Total Deposits | 319890 | 361593 | 410492 | 13% | 14% |
| Domestic Deposits | 210287 | 225984 | 258143 | 7% | 14% |
| NR Deposits | 109603 | 135609 | 152349 | 24% | 12% |
| Total Advances | 218706 | 232418 | 256075 | 6% | 10% |
| Investments | 8989 | 10300 | 13240 | 15% | 29% |
| Adv. + Investment. | 227695 | 242718 | 269315 | 7% | 11% |
| C: D Ratio | 68 | 64 | 62 | -5 | -3 |
| C+I: D Ratio | 71 | 67 | 66 | -3 | -2 |

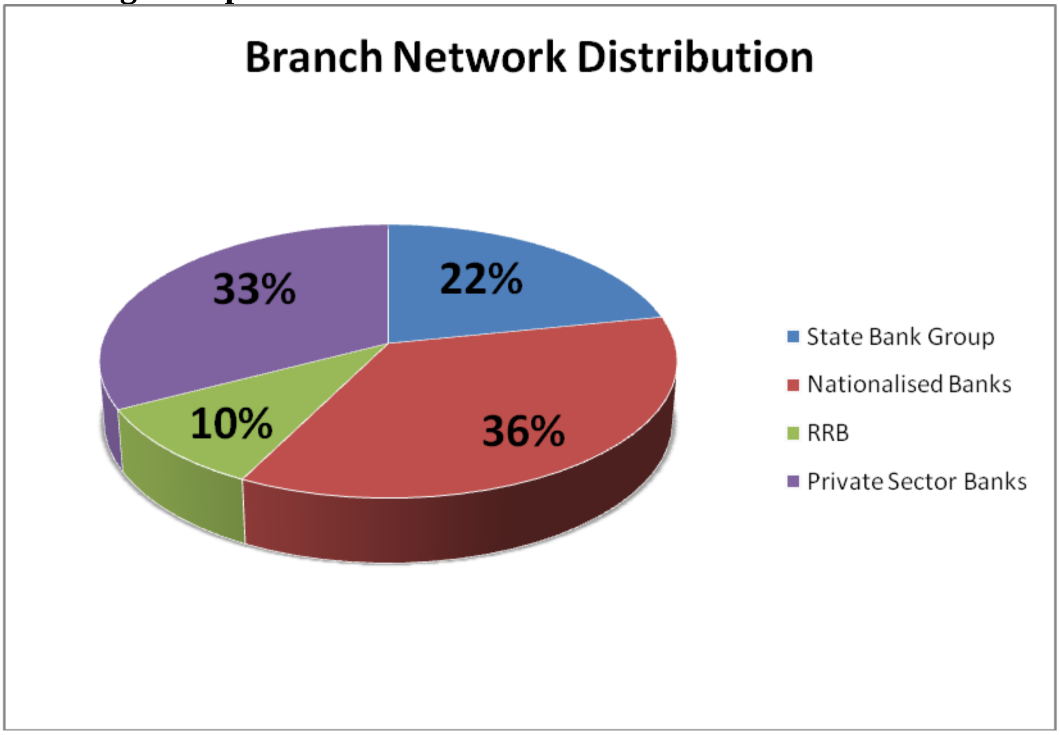
### 6.2. Branch Network

As at the end of March 2017, the total number of branches of Commercial Banks in the State was 6332**.**

### A. Branch network - Population group wise breakup

| Banking Group | Number of Branches | | | | Percentage distribution | | | |
|---|---|---|---|---|---|---|---|---|
| | Rural | S.Urban | Urban | Total | Rural | S.Urban | Urban | Branch Network |
| State Bank Group | 77 | 967 | 326 | 1370 | 1% | 15% | 5% | 22% |
| Nationalized Banks | 101 | 1545 | 609 | 2255 | 2% | 24% | 10% | 36% |
| RRB | 51 | 525 | 39 | 615 | 1% | 8% | 1% | 10% |
| Private Sector Banks | 148 | 1469 | 475 | 2092 | 2% | 23% | 8% | 33% |
| Commercial Banks | 377 | 4506 | 1449 | 6332 | 6% | 71% | 23% | 100% |

**B. Banking Group wise Growth in Branch Network**

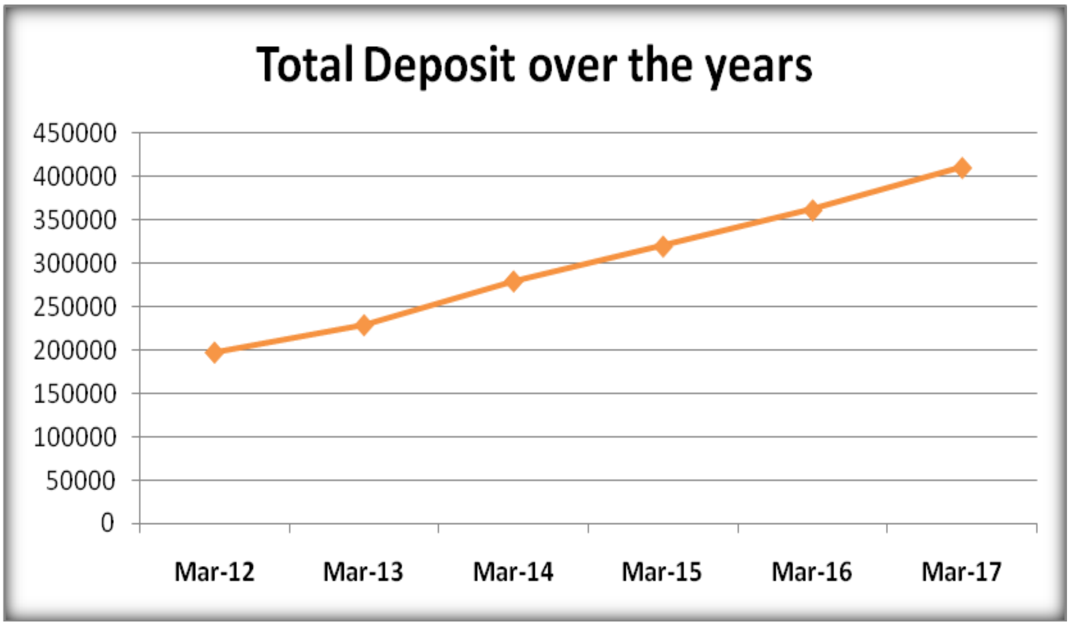



## 6.3. Deposit growth

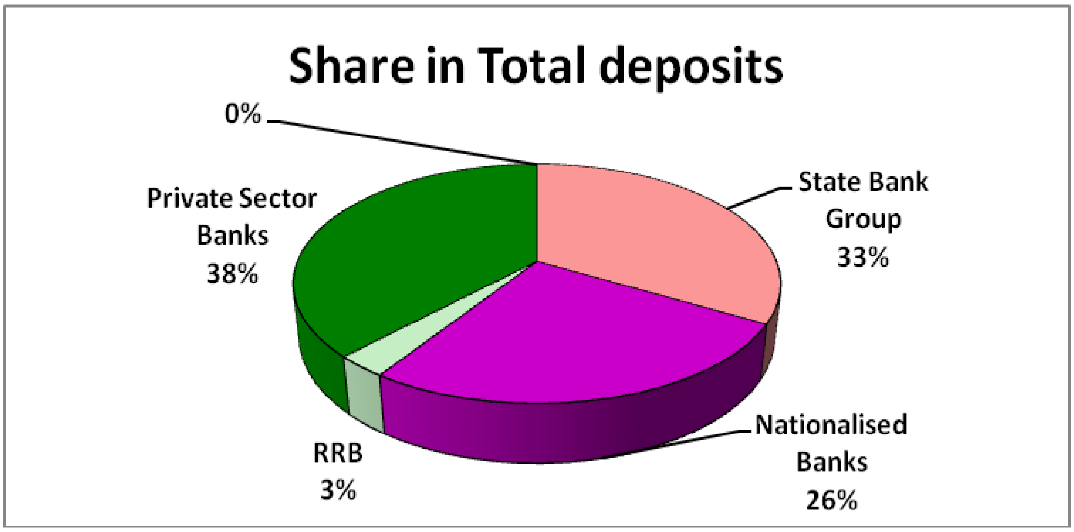
**A. Growth in total Deposits of commercial banks**

(Rs. in Crores)

| Outstanding Total Deposit over the Years | | | | | |
|---|---|---|---|---|---|
| **Mar-12** | **Mar-13** | **Mar-14** | **Mar-15** | **Mar-16** | **Mar-17** |
| 197557 | 229148 | 279655 | 319890 | 361593 | 410492 |



## B. Banking Group wise Growth in Total Deposits




## C. Total Deposits - Population group wise breakup

(Rs. in Crores)

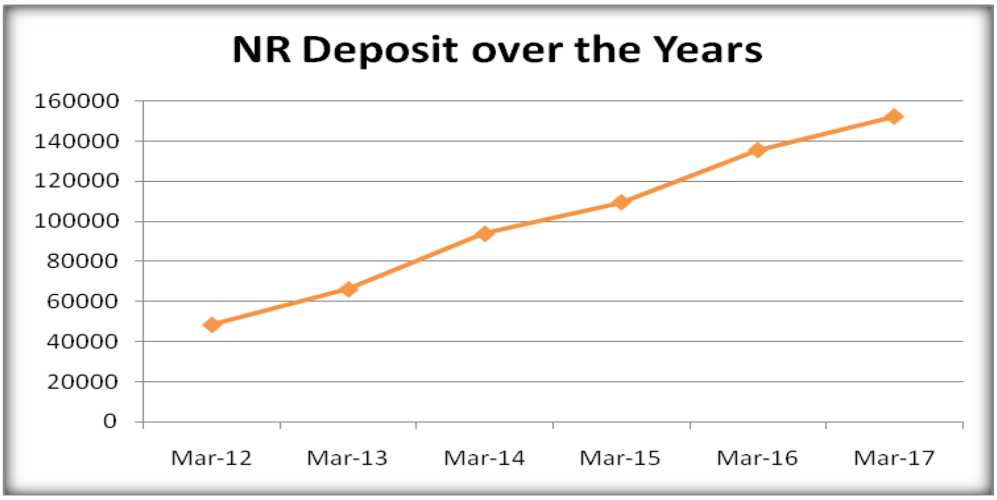
| Banking Group | Total deposits | | | | Percentage Distribution | | | |
|---|---|---|---|---|---|---|---|---|
| | Rural | Semi-Urban | Urban | Total | Rural | Semi-Urban | Urban | Total |
| State Bank Group | 3363 | 86002 | 47057 | 136422 | 1% | 21% | 11% | 33% |
| Nationalized Banks | 3066 | 60097 | 44003 | 107166 | 1% | 15% | 11% | 26% |
| RRB | 552 | 9494 | 2100 | 12146 | 0% | 2% | 1% | 3% |
| Private Sector Banks | 4248 | 94704 | 55806 | 154758 | 1% | 23% | 14% | 38% |
| Commercial Banks | 11228 | 250297 | 148967 | 410492 | 3% | 61% | 36% | 100% |

## 6.4. NR Deposits of Commercial banks (Refer Annexure 7.2)

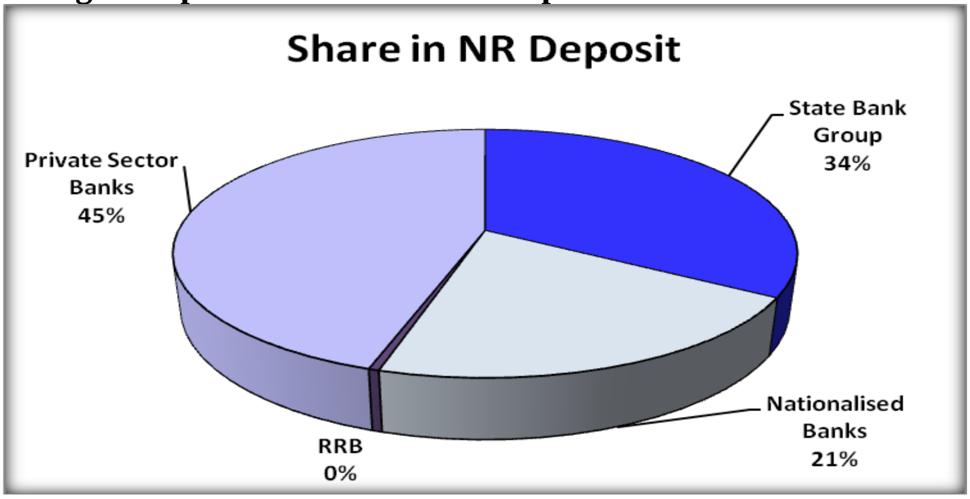
## A. Growth in NR Deposits

(Rs. in Crores)

| NR Deposit over the Years | | | | | |
|---|---|---|---|---|---|
| Mar-12 | Mar-13 | Mar-14 | Mar-15 | Mar-16 | Mar-17 |
| 48454 | 66190 | 93883 | 109603 | 135609 | 152349 |



**B. Banking Group wise Growth in NR Deposits**




**C. NR Deposits - Population group wise breakup**

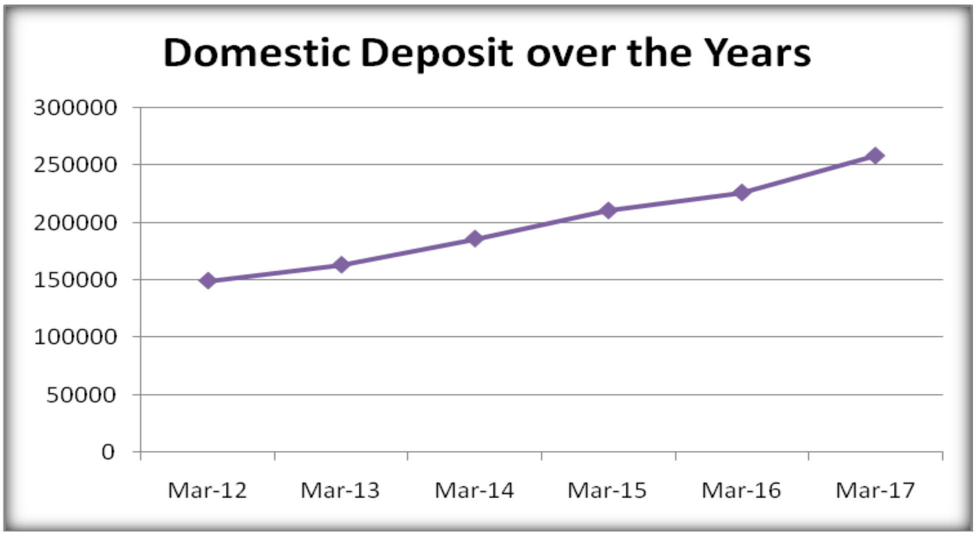
(Rs. in Crores)

| Banking Group | N R Deposits | | | | Percentage Distribution | | | |
|---|---|---|---|---|---|---|---|---|
| | Rural | Semi-Urban | Urban | Total | Rural | Semi-Urban | Urban | Total |
| State Bank Group | 1105 | 35557 | 14411 | 51073 | 1% | 23% | 9% | 34% |
| Nationalised Banks | 728 | 21176 | 10181 | 32085 | 0% | 14% | 7% | 21% |
| RRB | 35 | 610 | 52 | 697 | 0% | 0% | 0% | 0% |
| Private Sector Banks | 1902 | 47579 | 19012 | 68493 | 1% | 31% | 12% | 45% |
| GRAND TOTAL | 3770 | 104922 | 43656 | 152349 | 2% | 69% | 29% | 100% |

**6.5. Domestic Deposits of commercial banks**

**A. Growth in Domestic Deposits** (Rs. in Crores)

| Domestic Deposit over the Years | | | | | |
|---|---|---|---|---|---|
| Mar-12 | Mar-13 | Mar-14 | Mar-15 | Mar-16 | Mar-17 |
| 149103 | 162958 | 185772 | 210287 | 225985 | 258143 |



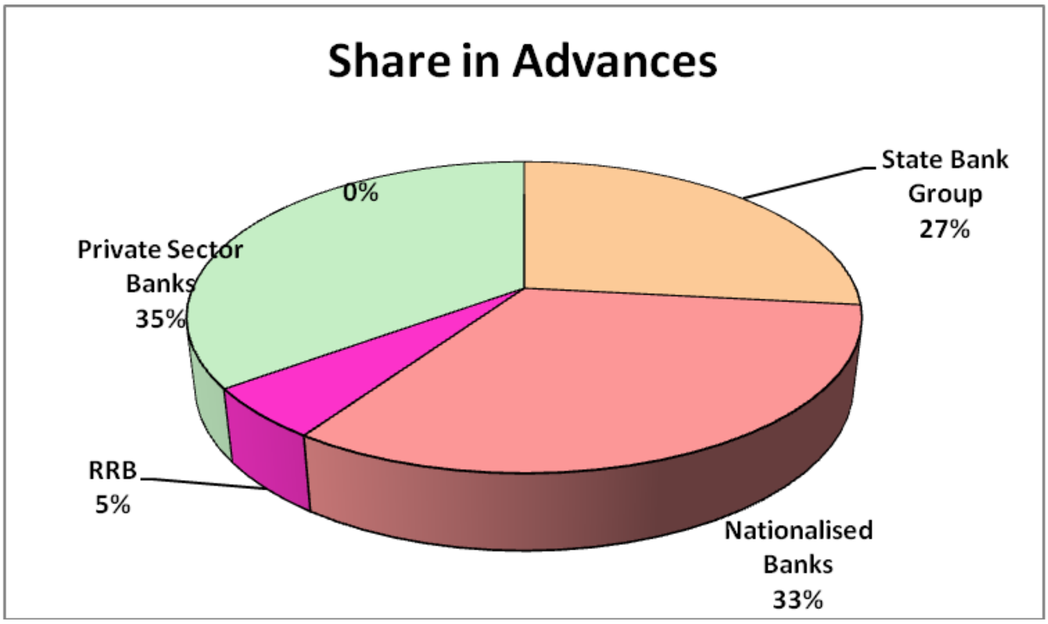
## 6.6. Credit Expansion of commercial banks (Refer Annexure 7.2)

### A. Growth in Advances

(Rs. in Crores)

| Total Advances Outstanding over the Years | | | | | |
|---|---|---|---|---|---|
| Mar-12 | Mar-13 | Mar-14 | Mar-15 | Mar-16 | Mar-17 |
| 149293 | 175087 | 192010 | 218706 | 232418 | 256075 |

### B. Banking Group wise Growth in Total Advances

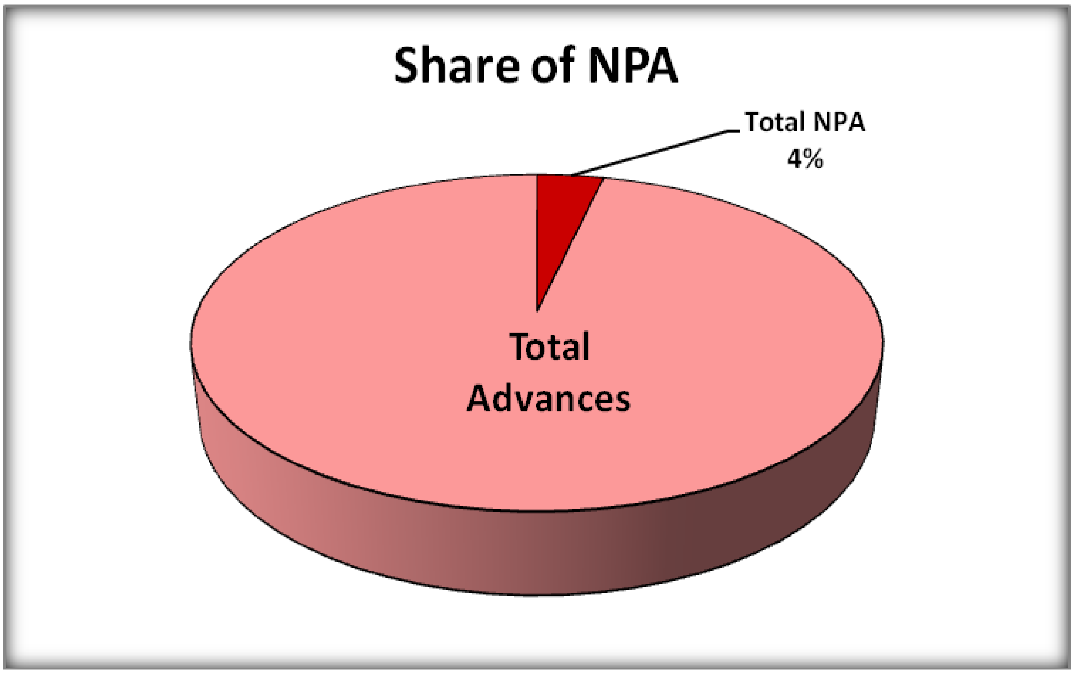



### C. Total Advances - Population group wise breakup

(Rs. in Crores)

| Banking Group | Total Advances | | | | Percentage Distribution | | | |
|---|---|---|---|---|---|---|---|---|
| | Rural | Semi-Urban | Urban | Total | Rural | Semi-Urban | Urban | Total |
| State Bank Group | 2399 | 36255 | 29761 | 68415 | 1% | 14% | 12% | 27% |
| Nationalized Banks | 2283 | 38774 | 42829 | 83886 | 1% | 15% | 17% | 33% |
| RRB | 795 | 11738 | 1209 | 13741 | 0% | 5% | 0% | 5% |
| Private Sector Banks | 1442 | 41735 | 46855 | 90032 | 1% | 16% | 18% | 35% |
| Commercial Banks | 6919 | 128502 | 120654 | 256075 | 3% | 50% | 47% | 100% |

**D. % Share of NPA in Total Advances**




### 6.7. Credit-Deposit Ratio of Commercial banks (C D Ratio) (Refer Annexure 7.3)

| Reporting Quarter | Deposits (Rs. in crores) | Advances (Rs. in crores) | CD Ratio |
|---|---|---|---|
| Mar-14 | 279655 | 192010 | 68.66 |
| Jun-14 | 283928 | 192561 | 67.82 |
| Sep-14 | 292709 | 204405 | 69.83 |
| Dec-14 | 303065 | 207974 | 68.62 |
| Mar-15 | 319890 | 218706 | 68.37 |
| Jun-15 | 328763 | 218739 | 66.53 |
| Sep-15 | 338902 | 222791 | 65.74 |
| Dec-15 | 349043 | 225405 | 64.58 |
| Mar-16 | 361593 | 232418 | 64.28 |
| Jun-16 | 370412 | 237551 | 64.13 |
| Sep-16 | 379675 | 248802 | 65.53 |
| Dec-16 | 402393 | 251207 | 62.43 |
| **Mar-17** | **410492** | **256075** | **62.38** |

### 6.8. District-wise Credit Deposit Ratio in the State

As per the recommendations of the Expert Group, headed by Sri. Y.S.P. Thorat, which studied the nature and magnitude of the problem of low CD Ratio across States/Regions and suggested steps to overcome the problem, the Government of India examined and accepted their recommendations with certain modifications. Accordingly it has been decided that districts having CD Ratio less than **40 %** should be monitored by a special sub-committee of District Level Co-ordination Committee (DLCC).

**District-wise C D Ratio in the State as on 31.03.2017**

(Rs. in Crores)

| Sl. No. | District | Deposits | Advances | CD Ratio (%) |
|---|---|---|---|---|
| 1 | **Trivandrum** | 72030 | 45636 | 63.36 |
| 2 | **Kollam** | 29841 | 19337 | 64.80 |
| 3 | **Pathanamthitta** | 36248 | 10717 | 29.57 |
| 4 | **Alappuzha** | 29151 | 13598 | 46.65 |
| 5 | **Kottayam** | 36193 | 18894 | 52.20 |
| 6 | **Ernakulam** | 87920 | 74090 | 84.27 |
| 7 | **Idukki** | 6983 | 8063 | 115.46 |
| 8 | **Thrissur** | 54478 | 30189 | 55.42 |
| 9 | **Palakkad** | 24055 | 15063 | 62.62 |
| 10 | **Malappuram** | 25216 | 14734 | 58.43 |
| 11 | **Kozhikode** | 29764 | 20724 | 69.63 |
| 12 | **Kannur** | 29703 | 15338 | 51.64 |
| 13 | **Kasargode** | 9132 | 7073 | 77.46 |
| 14 | **Wayanad** | 3912 | 4636 | 118.51 |
| **Total for State (including Co-operative banks)** | | **474626** | **298092** | **62.81** |