STATE LEVEL BANKERS' COMMITTEE, KERALA

(Under Lead Bank Scheme)

Convenor: केनरा बैंक Canara Bank सिंडिकेट Syndicate

Ref: SLBC/KL SLRM/2021/AJS **13th September, 2021**

(All Members of SLBC)

Dear Sir,

Sub: Minutes of the State Level Review Meeting (SLRM) of SLBC, Kerala

We are forwarding herewith the minutes of the State Level Review Meeting (SLRM) of SLBC, Kerala held on 22nd July, 2021at Board Room 6th Floor Canara Bank Building M G Road, Trivandrum by Video Conference.

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

Thanking you,

Yours faithfully,

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

All communicationsto be addressed to:

General Manager
Canara Bank, **SLBC Cell**
Circle Office, Canara Bank Bldg.
P.B.No.159, M.G.Road
Thiruvananthapuram -695 001

Phone : 0471 2331302 (Direct),
0471 2331051 Ext .608,609
Fax : 0471 2338236 / 2331355
E-mail : slbckerala@canarabank.com
Website: www.slbckerala.com

Minutes of SLRM 2021 of State Level Bankers Committee, Kerala

Held on 22.07.2021 (Thursday)
Board Room, 6th Floor, Canara Bank, Circle Office,
M G Road, Thiruvananthapuram
&
Video Conferencing

The plenary session of the State Level Review Meeting of SLBC Kerala for 2021commenced at 11.30 a.m. with Dr. V P Joy IAS, Chief Secretary, Government of Kerala and Sri. Brij Mohan Sharma, Chairman, SLBC Kerala & Executive Director, Canara Bank in the chair.

The List of participants is as per annexure.

Sri. S Premkumar, Convenor, SLBC Kerala welcomed the participants. In the welcome speech, the Convenor touched upon the following.

- The financial year begun with the most destructive pandemic of the era, COVID 19. Upon the breakout of the COVID-19 pandemic and consequent lockdown in the nation/state, which is still continuing, a vast majority of the people had to forego their jobs, business and agricultural activities resulting in lack of income and failure to repay their loan dues.
- In view of this, Govt of India and Reserve Bank of India formulated various relief measures for borrowers which include moratorium for existing loans, restructuring, need based additional finance, consumption loans, GECL, PM SVANidhi, PMFMU schemes etc.
- Kerala Micro Small Medium Enterprises Facilitation Act 2019 and the rules made therein under section 14 of the Act is one of the key initiatives under the Ease of Doing Business Reforms of Industries Department for establishing and operating MSME units. One of the significant developments is the launching of Kerala e-market portal to help and facilitate micro, small and medium enterprises, and public sector undertakings to expand their business in the national and international markets.
- The pandemic and the consequent lockdown affected MSMEs adversely. To mitigate the impact of the pandemic, the Government introduced VyavasayaBhadratha scheme to revive MSMEs in the State.
- Non-resident Keralites play an important role in the development of the State. However, the trend of return migration is increasing over the last few years. The number of return emigrants has increased due to the crisis caused by the Covid-19 pandemic. The Government had initiated new programme like NDPREM Scheme for Returned Emigrants to reintegrate NRKs and provide assistance to those who have been adversely affected by the pandemic.

- Livelihood schemes have been the core feature of the State Plan and embedded in the Plan programmes. The role played by Kudumbashree in the socio-economic development of the State deserves a special mention. Kudumbashree has become a major provider and supporter of livelihoods in the State, in particular, livelihoods for women. Kudumbashree is spearheading the Resurgent Kerala Loan Scheme providing support to more than 2 lakh people through 30,000 NHGs. Several initiatives have been promoted by Kudumbashree under the Special Livelihood Development Package.
- One of the sectors hit by the Covid-19 pandemic is the tourism sector. The loss in earnings in tourism is in the range of ₹20,000 crore to ₹30,000 crore. The Government had announced Special Relief Scheme for Travel and Tourism Sector in association with SLBC to support the stakeholders in the tourism industry for the revival of the tourism sector.
- To sum up, the Government of Kerala has successfully implemented policies and programmes to promote productive forces in the economy, promote gender justice, and ensure wellbeing of the people.
- All the Govt departments and Bankers are major players during the pandemic in providing various relief measures to the beneficiaries. We shall continue to be in the forefront to help our citizens torecoup their livelihood and mitigate their hardship by providing timely and hassle-free credit and support.
- SLBC issued advisories from time to time in due consultation with regional office of RBI specifying the guidelines to be followed strictly at the Bank branches and to take necessary precautions to prevent the spread of the virus.
- Several schemes were formulated by Central Government/ RBI as well, during the last F.Y. to assist the people to overcome their economic downturn.
- The difficult and the dangerous situation of the spread of the COVID-19 pandemic was not a deterrent for the banking fraternity to provide all these services to the people of the State unhindered. Several bankers across the country lost their lives in pursuit of serving the people of our nation.
- Nevertheless, Banks and financial institutions play a crucial role in the economic development of the State.
- The key to the overall development of the State lies with bank credit by assisting in catalysing the capital formation in both private and public sectors. Off-take in bank credit is being considered as a major indicator of regeneration in economic activities.

Then the SLBC Convenor briefed the performance of banks in the State, as at March 2021 as follows:

- ➢ During the last one year the Branch network in the State improved to 6611 with the addition of 27 Branches.
- ➢ Deposits of commercial banks in the State grew by 11% Year on Year, to reach Rs.6.06 Lakh Crores.

- Advances of commercial banks have grown by 9% during last one year to reach Rs.3.93 Lakh Crores.
- NRI marked an Year on Year growth of 10 % and Domestic deposits marked a Year on Year growth of 12 %
- Year on Year Total Business increased by 11 %.
- CD ratio has marginally decreased to 65% from 66%, during the last one year.
- Year on Year Priority sector advances increased by 6 %.
- Year on Year Agricultural advances increased by 6 %.
- MSME advances shows an Year on Year growth of 5%.
- Total Year on Year Industrial advances increased by 6%.

The Convenor briefed the overall achievement under Annual Credit Plan (ACP) as follows:

- Percentage achievement under ACP in Priority Sector till March 2021 is 95% of the Annual budget. The performance under primary sector at 112% and the secondary Sector performance at 97% are comparatively satisfactory, the tertiary sector shows only 59 % growth and needs improvement.
- Increasing the investment credit to agriculture is the need of the hour
    - Though the achievement under Agriculture credit is 38% of total advances which is 20 % above the mandatory requirement of 18 %, it is mostly through short term credit. The share of term loans is only 1/3rd of total agriculture credit. For a sustained growth of Agriculture sector a healthy proportion of Long term investment is essential.
- Banks have to play their crucial role in implementing various stimulus packages and measures initiated by the Central and State Governments to revive the economy and to mitigate the downturn arised due to COVID-19 pandemic. Various schemes and relief measures initiated by the Central and State Governments are to be popularized and implemented with utmost priority and in true letter and spirit.
- Social Security Schemes like PMJJBY and PMSBY are to be enrolled to the maximum as a mitigating measure in the event of any eventualities.

With this, the Convenor, SLBC welcomed the members.

Shri. Brij Mohan Sharma, Executive Director, Canara Bank and ChairmanSLBC Keralawelcomed the members and in his address stated the following:

- The consequences of COVID-19 on global economy and financial sector are unpredictable. Central Government, State Government and Reserve Bank of India have taken several measures to sustain the economy, banking sector and people of this country. In the current situation, Financial Institutions and Service Sector Industry have passed all the necessary relief measures taken by the Government to help the affected people and trying to bring back to normalcy.

Then the Chairman highlighted some banking statistics as on March 2021 as follows:

- Kerala has good banking network with one bank branch available for every 5300 persons and an ATM is available for every 3900 persons.
- In terms of business, banks have a total business of Rs.9,98,553 Crores in the State with an increase of Rs.94,938 Crores over the previous year with an year on year growth rate of 11%.
- Deposits increased by Rs.61,542 Crores with an outstanding level of Rs.6,05,940 Crores.
- Advances increased by Rs.20,938 Crores and reached an outstanding level of Rs.3,92,669 Crores.
- State as a whole has achieved 95% of priority sector target by disbursing Rs.1,39,839 Crores against the annual target of Rs. 1,47,575 Crores and gained much improvement by the banks as compared to 74% of achievement gained in the previous year as on March 2020.The Chairman advised all the Bank State Heads to improve the disbursement to achieve the ACP target in the upcoming financial year.
- All the banks together disbursed Rs.5,967.67 Crores to MSME as on March 2021.
- The CD ratio of State year on year has come down a little bit from 66% to 65%as on March 2021.
- Thrissur district is identified for 100% digitally enabled district under RBI pilot programme by covering atleast one digital product with the support of all commercial banks and become 100% digitally enabled district but the Banks in Co operative sector are yet to achieve the target.
- As part of Aspirational district programme, Wayanad district has achieved 94% of target under financial inclusion whereas the progress under PMJJBY, PMSBY and APY are 40%, 53% and 62% respectively. All banks and District Administrations are requested to give special focus on achieving the target set by DFS by 30thSeptember 2021.
- The Chairman urged upon all the banks and other stakeholders to concentrate on certain priorities:
    - Motivate corporate sector in the Kerala State to contribute under CSR in the health infrastructure.
    - Focus on lending education loans to girl students particularly to promote education of girl child.
    - Ensure vaccination for all in the Kerala State as early as possible.
    - Ensure GECL is sanctioned and disbursed to all the eligible persons.
    - Extend KCC to farmers, animal husbandry and fisheries who are certified. Sanction all the applications under PM Kisan saturation campaign and to finance all the eligible street vendors under PM svanidhi scheme and revisit the returned and rejected applications for reconsideration of sanctioning which would help to kick start the economy from bottom of the pyramid.
    - Give priority to women in all developmental activities.

- The Chairman congratulated bankers and Government Departments for their untiring efforts and requested to further forward the same spirit to fight against the second wave without much impact on economy.

Dr. V P Joy IAS, Chief Secretary, Government of Kerala in his address stated the following:

- The main objective of this meeting is to analyzethe performance of the banking sector and how to improve the banking operations in the state to benefit, various sections of population.
- Kerala has been in the forefront of banking and the State is well covered with a large number of branches and a substantial amount of digitization has already happened. Due to restrictions and lockdowns imposed on account of pandemic, there is a hugerush in the bank branches and popularizing more and more digital operations among the customers/public would assist in reducing the footfall in the branches.Mobile banking and online banking, can further be strengthened and popularized in Kerala as itis a state with thehighest literacyrate. If various kinds of digital facilities like internet banking and mobile banking facilities are extended to the population, a lot of valuable time of the bankerscould be saved, which could be utilized for more productive activities.
- As far as banking operations are concerned, all the banks have been performing quite well and the credit deposit ratio is generally good for most of the banks. For the public sector, the ratio is 70.13%, but all other banking sector put together, it got reduced to 65.51. Inthe priority sector also,there is a lot of difference among various banks in their achievement. Some PSU banks were able to provide 28 to 29%towardsagriculture sector and even some private sector banks have provided 34% to 45%. Agriculture priority loans are more with rural banks and Grameenbanks.This has to be improved and more priority sector loans in agriculture, MSME and others have to be provided, especially by those bankswhose achievement is very low. Some banks have MSME loans of about 30 to 31 percentout of the total advances and some other banks are at7 to 11%. The Chief Secretary urged all the banks to provide more priority sector loans during the time of the pandemic, so that it becomes an incentive which would helppeople to come out of economic and social disruption caused by the pandemic.
- Around 1.5 million NRIs have reached back to Kerala and many of them are desirous to start some kind of entrepreneurship activitiesin the agricultural /MSME/ other priority sector. To kick start their businesses, they may require some financial assistance for which they may approach the Banks/financial institutions. This would not be possible until a timely assistance is provided by the Banks.For the resurgence of the Kerala economy after the pandemic, this is a very crucial and critical kind of investment in the capital sector. At the same time, it will alsobenefit the banks in terms better banking operations and in the long term it will help in supporting the banking sector. The banks have to come

forward to focus on these aspects and banks need to increase the priority sector advances in the State of Kerala.

- Banks should concentrate on increasing the CD ratio from 65% to 70% in the State on an immediate basis and also should increase priority sector lending.
- Agriculture Department has brought an agenda on fallow land cultivation, wherein based on a tripartite agreement, credit would bemade available against lease land. The agreement would be executed by the Panchayat /Local self-governance Authority, land owner(lessor) and the borrower (farmer as lessee). The Chief Secretary pointed out the issues related to documentation part of credit facilities. He suggested to provide more focus on the credit worthiness of customer.He opined that the documentation should be properly taken care but more importance should be provided to assess the credit worthiness properly, electronically, with the proper digital or data analytic techniques. This will be helpful for various groups under Kudumbashree, Farmer groups, Cooperative groups, etc to access easy credit.
- He further suggested that the Banks shall take steps to simplify the massive documentation to be obtained from the borrowers and proper mechanism shall be formed to improve the repayment performance because no institution can survive without proper repayment. The State Government assured to provide requisite help to bankers for repayment, but at the same time banks also must come forward to reduce thepaper work and unnecessary wastage of time involved in processing the loans and to have a robust database of credit worthiness. The Chief Secretary suggested to be a model for the country in terms of improvement in the overall philosophy of banking itself.A lot of frauds happening in the banking sector in many ways in the deposit andloans, etc. The banking sector should study about the total credit requirement and the demand of the state for a broader view.
- Regarding Agriculture Infrastructure Fund which is a very good scheme and Kerala is a very important State where a lot of infrastructure needs to be created like warehouses, food processing centers etc. A lot of support from the banking sector is needed for this scheme.
- MSME is another major area which needs the support. The pandemic will be on the refeeding trend in the next two to three months and after that it is expected that the economy can be restarted. And at that point of time, this kind of activity will be very helpful for the revival of the State's economy.

Smt. ReenyAjith, Regional Director, Reserve Bank of India in her address stated the following:

- With the increasing vaccination coverage and continued adherence to COVID protocols, it is possible to collectively overcome the lingering uncertainties and return to normalcy in the near- future. The Regional Director appealed to member banks and all stakeholders to handhold and render all possible support to individuals, business entities and institutions suffering due to the pandemic.

- The Regional Director touched upon some of the policy and regulatory measures announced by the Government and Reserve Bank during the period:
- **<u>Monetary and Liquidity Measures</u>**
  Based on an assessment of the current and evolving macroeconomic and financial developments, RBI had decided to keep the policy repo rate unchanged at 4% and also to continue with the accommodative monetary policy stance for as long as necessary, to facilitate revival of growth and to mitigate the economic fallout of Covid-19. Although the prospects for 2021-22 had strengthened with the progress of vaccination programmes, the recent surge in infections and the resulting localised and regional lockdowns have imparted increased uncertainty to the outlook.

- **<u>Relaxation in Overdraft (OD) Facility for State Governments</u>**
  To enable the State Governments to better manage their fiscal situation in terms of their cash-flows and market borrowings, certain relaxations have been permitted with regard to availing of overdraft facilities. Accordingly, the maximum number of days of overdraft in a quarter has been increased from 36 to 50 and the number of consecutive days of overdraft of account has been increased from 14 to 21. This facility will be available up to September 30, 2021. Further, the existing interim Ways & Means Advance limit of Rs. 51,560 crore for all States/UTs has been extended up to September 30, 2021.
- **<u>Targeted Long Term Repo operation(TLTRO) on Tap Scheme-Extension of Deadline</u>**
  Further, the 'TLTRO on-Tap' scheme, introduced in October 2020 with a focus on enhancing liquidity for specific sectors that have both backward and forward economic linkages and whose operations have a multiplier effect on economic growth, which was originally available upto March 31, 2021, has since been extended by a period of six months, till September 30, 2021.
- **<u>Resolution Framework 2.0 for COVID related stressed assets of Individuals, Small businesses and MSMEs</u>**
  Taking into consideration the new uncertainties due to the containment measures adopted at local and regional levels, certain categories of borrowers (i.e. individuals, small businesses and MSMEs) who have not availed restructuring under any of the earlier resolution frameworks and who were classified as 'Standard' as on March 31, 2021, shall be eligible to be considered under Resolution Framework 2.0. The restructuring under the framework may be invoked up to September 30, 2021 and shall have to be implemented within 90 days from date of invocation. In respect of individual borrowers and small businesses who had availed restructuring of their loans under Resolution Framework 1.0, where the resolution plan permitted moratorium of less than two years, lending institutions have been permitted to use this window to modify such plans to the extent of increasing the period of moratorium and/or extending the residual tenor up to a total of two years. Further, in respect of

small businesses and MSMEs restructured earlier, lending institutions are also permitted, as a one-time measure, to review the working capital sanctioned limits, based on a reassessment of the working capital cycle, margins, etc. This should help many units in the state of Kerala.

Though the facility was initially envisaged for borrowers having aggregate exposure of upto ₹25 crore, the limit has since been extended to cover borrowers with aggregate exposure of upto ₹50 crore. Considering that the above category of borrowers fall under the most vulnerable section, the Regional Director appealed to the lending institutions to work closely with the borrowers to enable them to tide over the difficulties posed by this unprecedented scenario.

- **Addition of Retail and Wholesale Trade under MSME category for Priority Sector Lending**

  A long persisting demand of the retail and wholesale traders for including them under MSME category has been acceded to by Govt. of India for the limited purpose of priority sector lending. With the eligible criteria limits for MSMEs revised during the previous year and now with the inclusion of retail and wholesale traders under MSME, the Regional Director expressed hope that the lending to the sector will see a huge boost in the coming quarters.

- **Extension of Emergency Credit Line Guarantee Scheme (ECLGS)**

  In recognition of the continuing adverse impact of Covid-19 pandemic on certain service sectors, Govt. of India, on March 31, 2021, had expanded the scope of Emergency Credit Line Guarantee Scheme (ECLGS) through introduction of ECLGS 3.0 to meet the credit needs of business enterprises under hospitality, travel and tourism, leisure and sporting sectors. This was followed by ECLGS 4.0 announced on May 31, 2021 which covered the credit needs of hospitals for setting up oxygen generation plants while expanding the coverage of ECLGS 3.0 to include civil aviation and extending the validity of the schemes to September 30, 2021. Recognizing the need for greater coverage under the scheme, Government of India had increased the overall cap of admissible guarantee by ₹1.5 lakh crore from ₹3 lakh crore at the time of the scheme's launch last year to ₹4.5 lakh crore in June 2021. The Regional Director urged bankers to ensure that the enhancement in limits is fully utilized to serve the needy sectors in the State with the benefits of the ECLGS scheme.

- **National Strategy for Financial Inclusion (NSFI): 2019-24 – Universal Access to Financial Services**

  Reserve Bank of India had launched the "National Strategy for Financial Inclusion (NSFI): 2019-2024", which sets forth the vision and key objectives of the Financial Inclusion policies in India to help expand and sustain the financial inclusion process at the National level through a broad convergence of action involving all the stakeholders in the financial sector. Accordingly, providing banking access to every village within a 5 km radius/ hamlet of 500 households in hilly areas by March 2020, has been one of the key objectives under the strategy. The Regional Director expressed happiness to note that all villages in the state within a radius of 5 km and all hamlets of 500 households in hilly areas have access to banking services. Also, the Regional Director commended all the member banks for helping Kerala achieve this milestone under NSFI.

- **Expanding and Deepening of Digital Payment Ecosystem**

  SLBC, Kerala had identified Thrissur district to be made 100% digitally enabled and the District Administration and the banks had put in a lot of effort into the same. It is heartening to note that the SCBs, SFBs, Payment Banks and KGB were able to achieve 100% coverage of Savings and Current accounts in Thrissur under digital mode. The Regional Director appreciated all the member banks for successful enrolment of their customers under the digitalization project. However, it is observed that Kerala State Co-Operative Bank (KSCB) is yet to enable digital payment mode for all their customers in Thrissur district and the Regional Director urged KSCB to ensure that the implementation of the digital coverage for all their customers is completed by July 2021.

- **Infrastructure facilities to the Financial Literacy Counselors (FLCs)**

  During the last SLBC meeting member banks were urged to make use of the support provided by NABARD to ensure that all the FLCs are provided with hand-held projectors. Though most of the banks have used the facility to provide projectors to the FLC, some banks are yet to utilize this facility. As FLCs play a major role in financial inclusion, the Regional Director urged the remaining banks to ensure FLCs are provided with adequate infrastructure facilities for furthering the goal of financial inclusion.

- **Liquidity Facility for All India Financial Institutions**

  To support the continued flow of credit to the real economy in the aftermath of the pandemic and in consonance with the policy objective of nurturing the still nascent growth impulses, it has been decided to extend fresh support of ₹50,000 crore to the All India Financial Institutions (AIFIs) for new lending in 2021-22. Accordingly, it has been decided to provide a Special Liquidity Facility (SLF) for the AIFIs viz. NABARD- ₹25,000 crore, NHB-₹10,000 crore and SIDBI-₹15,000 crore for a period of one year at the prevailing policy repo rate to support the respective funding requirements of the constituents.

- **Enhancement of maximum balance limit per customer at day-end for Payment Banks**

  The limit of maximum balance at end of the day for Payment banks has been enhanced from the existing limit of Rs. 1 lakh to Rs. 2 lakh per individual customer. It is expected that the payment banks shall utilize this facility to further their efforts for financial inclusion and expand their ability to cater to the needs of their customers including MSMEs, small traders and merchants.

- **Changes in PSL Guidelines**

With a view to ensuring continuous availability of credit to aid faster economic recovery, it has been decided to extend the PSL classification for lending by banks to NBFCs for 'on-lending' to the Agriculture, MSME and Housing sectors for another six months, i.e. up to September 30, 2021. Similarly, in order to ensure enhanced credit flow to the farmers against pledge/hypothecation of agricultural produce, and to encourage use of NWR/ eNWR issued by warehouses registered and regulated by Warehouse Development and Regulatory Authority, it has been decided to enhance the PSL limit for loans against NWRs/eNWRs from ₹50 lakh to ₹75 lakh per borrower.

- **Review of CD Ratio**
  The low CD ratio of Kerala has been a major issue which has been highlighting during the previous meetings of this for a long time. It is noted that the CD ratio which was at 63.79 % for the quarter ended December 2020 has increased slightly to 64.81 % as on March 2021. However, the CD ratio is still lower than the state's CD ratio prior to the onset of the pandemic. Considering the numerous relief measures announced by the Govt and RBI to various segments affected by the pandemic, the Regional Director urged the banks to improve their lending to needy sectors, which would in turn help in improving the CD ratio. The Regional Director reiterated the concern on the poor CD ratio of SBI and also that of the Kerala headquartered banks (CSB Bank-38.43 %, Federal Bank-41.59%, SIB-52.17% and Dhanlaxmi Bank-47.99%), which appear in the list of banks with low CD ratio and requested the banks to leverage their expertise in local conditions and ensure improved performance hereon which will go a long way in helping the state in this difficult time.

- The Regional Director invited the attention of the member banks on the data integrity part. In spite of RBI instructions in 2018, some member banks are yet to meet the technological requirements for direct uploading of data from banks to SLBC website. Also, aligning the agenda as indicated by RBI is found wanting. The Regional Director expressed hope on SLBC's urgent attention to rectify the same.

Sri. Teeka Ram Meena IAS, Additional Chief Secretary, Planning & Economic Affairs Department, Govt: of Kerala stated the following:

- The Hon'ble Chief Secretary has flagged the issue of and how to become the role model to other states are very important to the State of Kerala.
- In the present COVID situation, a lot of people are in difficulty and how to help and support people is one of the major concerns. The ACS stated that all the bankersshould be sensitive to this requirement, which is the need of the hour.
- Bankers are working with dual objectives of service as well as business. Service orientation is very important because when the banks were nationalized the basic purpose was to serve the people and the bottlenecks have to be sorted out.

Bankers are working under very strict financial discipline and a lot of guidelines from time to time are issued by the RBI.

- At the district level, the farmers and the people who need long term financial assistance are facingdifficulties sometimes at the grassroot level. So, the banks in the district level have to be slightly liberal.
- Banks need to assess the soundness, capability and the capacity of the person or the institution who is taking the loans. At grassroots level Banks should support the farmers and the people who need especially long term financial assistance.
- Kerala is one of the states where bankingsector is flourishing, compared to other states because of the NRI deposits and steps to be initiated to improve CD ratio in the State.

Sri. Rajesh Kumar Singh IAS, Additional Chief Secretary, Department of Finance, Govt: of Kerala stated the following:

- The COVID pandemic obviously had a significant adverse impact on the state's economy and figures ofthe Directorate of Economics and Statistics for the last financial year 2021 projecteda decline of almost 4% in GSDP (Gross State Domestic Product) and expected a growth rate of about 6.6% in the current financial year, but that is no longer assured,with the difficulties faced on account of the ongoing second wave which has plateaued in the state but has not come down as drastically as it has in other states. Although a further rebound to a growth rate of about 12.5% in the next financial year was expected,it is found to be uncertain right now, given the country's continued struggle with the COVID 19 pandemic. There is difficulty with revenue growth as well, which came down significantly in the last financial year and had to be made up by resorting to significantly increased resource mobilization through debt that has led to an increase in the state's debt to GDP ratio. It means that the sustainability of the state finances will really depend upon how quickly it can get back to a double digit growth. Nowthere is no reason to be particularly pessimistic. Kerala has a unique model of development. A trend growth rate in the last few years that has always been in double digits except for this difficulty due to the pandemic, and the 15thFinance Commission in its projections for the coming five-year period has put to Kerala, in the highest growing category of Indian states along with Haryana, Goa, etc. Their expectation is that Kerala will be achieving a trend growth rate of about 13% of GSDP during the next five-year period from 2021-26. So that could be done and that will require the joint efforts, both of the state government, of various sectors of the economy and of course, the critically important role of the banking sector, which would be vital in achieving those targets.

- The ACS raised concern about the difficulty in raising the low CD ratio, particularly given the fact that the AtmaNirbhar Package of the Government of India is primarily a credit-oriented package. Despite that, there will always be a session therefore that Kerala perhaps is not getting its required share of these packages and the ACSrequested the SLBC to have a look at it in terms of the share that Kerala should be getting whether it is the Credit Line Guarantee Scheme, which has been enhanced by 1.5 lakh crores recently, and the notion that because Kerala's secondary sector is comparatively small therefore there is not enough scope for an additional credit. That is no longer valid since the government of India has now made it clear that hospitals, as well as other retail trade will be eligible, will be classified as MSMEs and they will be eligible for this additional credit facility without collateral, under the Emergency Credit Line Guarantee Scheme. The ACS requestedSLBC to closely monitor and see whether Kerala is getting its share and retail and MSME sectors are getting their shares of these packages of Government of India.

- The ACS requested to achieve a saturation coverage of the KisanCredit Cards in the state, not only for the farmer but also for dairy farmers as well as for the fisherman community where the offtake continues to be quite low.
- As a part of theAtmaNirbhar Package there was a scheme for street vendors and the ACS requested the SLBC to examine the uptake from the banks, particularly in major cities and whether there is enough of credit outlay going in that scheme which is directed at a very vulnerable sector of our population badly affected as a result of the pandemic.
- Kerala has a very proud record when it comes to its self-help groups through the Kudumbashree movement. The banking industry as a whole has been standing shoulder to shoulder with Government in ensuring to take advantage of the strength of SHG sector to improve livelihood opportunity for them. ACS appreciated the role of Banks for their credit support to SHGs under CM Helping Hand Loan scheme, which was part of Government announcement.
- There is a restructuring package, under the Kamathcommittee recommendations and the last date for it has apparently lapse, but there is a scope for extending it to areas like public sector undertakings and particularly KSRTC which is a transport sector undertaking and which has major difficulties with its credit uptake where it is continuing to pay very high cost loans back to the banks, where everybody knows that undertaking can't pay and ultimately the State Government is getting saddled with that very high cost of debt. The ACS requested banks for restructuring such credit packages to more realistic levels based on the current interest parameters, rather than the historical ones.
- The ACS requested banks to minimize the causal steps for recovery. Also, takeover or disposal or auction of households maynot be done, particularly the eviction of households given the pandemic. Other steps under SARFAESI act that Government cannot stop banks asbanks have to get money back.
- The ACS informed the forum that the State Finance Minister has requested the RBI and the Union Finance Minister, for some extension of the moratorium for credit, particularly for the MSME, farmers etc.
- The ACS informed that the Union Finance Minister has specifically said that she is aware of the very strong SHG network in the state and expects a new package of additional credit would flow to the SHG sector, both from the NBFCs as well as

from the Scheduled Commercial Banks and have to be implemented with full vigor, particularly in Kerala.

Smt. Ishita Roy IAS, Additional Chief Secretary & APC, Department of Agriculture Development & Farmers' Welfare informed the following:

- Low CD Ratio in the State of Kerala is a matter of serious concern. In Tamil Nadu it is almost 100 and in some places, it is 103.In Kerala the CD ratio is as low as 60 to 64 and it is coming down, which has to be addressed.
- The other matter of concern is that although the agriculture loan accounts are showing some increase, it is a 1% increase only. Over the years, the percentage of gold loan advances to the agriculture advances have been going high and it is only last year that it came down by some percent because the Agriculture Department stepped in and made banks to actually lend it to the genuine agriculture. TheChief Secretary has already written letters to the Ministry of Agriculture, NABARDChief and to the RBI Chief saying that the moratorium on agricultural loans with waiving of interest should happen during the entire period of COVID. The Government of Kerala has requested for at least an extension up to six months from 1st July 2021.

- The second request that the Government had, was with regard to the Agriculture Infrastructure Fund. As ACS Finance informed that Rs.1 Lakh Crores under Agri Infrastructure Fundpart ofAtmaNirbhar Bharat is complete credit link. The Government have had several rounds of discussions with banks. The ACS thanked the SLBC convener for having meetings separately with all the bankers, where the Government explained them about the AIF. The Government have uploaded some of the proposals on AIF and Kerala is the only state where the disbursement of the loans are not happening. The ACS asked SLBC to make a note of the same.

- Regarding leased land farmers, already have a system through a Government Order(SubhikahsKeralam), which has enabled tripartite agreement between the lessor the lessee and the Panchayat. Krishi officer is also an important part of this agreement. NRIsand NRKs of our State have a large number extent of land here and who would not like to leave the land fallow or unattended. Now it is for those people, who have leased lands and since a property agreement already exists, it is already notarized. It has the backing of law.Agriculture department is willing to look at tweaking the guidelines further. The period of license also should be in a manner that it should be beneficial to both the lessee as well as the lessor.It is important for the person who's leasing out the land to have security that the land will come back, that the land will be put to agricultural use all that we have already included the points as a part of the tripartite agreement. There is a Government Order also so that the terms of such License Agreement will not violate the provisions of the Kerala landforms act. The ACS requested all member banks to make note of this and to support the scheme.

- The ACS pointed out in theimportance of KCC Saturation and need to support the farmers.
- The Government have taken different various measures during the COVID period, to encouragefarmers income, including SubhikshaKeralam.SubhikshaKeralam had a credit support program to agriculture. The logistics and supply chain ecosystem, have not come in the manner that the Government desired in the last year.
- In the last SLBC meeting, Sikkim Organic Transformation Model was shared. The Government had a series of discussions with Sikkim. In this year, in the 100 days program of this government brought in organic farming. 25,000 hectare will be covering. State Government had already submitted a proposal to Government of India on a new scheme which they have brought in which is basically a scheme on agro ecological based with the biodiversity conservation and the scheme is called BharatiyaPrakrithikKrishiPadhathi. The ACS expressed hope that this year itself the State will be able to coveraround 40,000 Hector's under organic farming and the plan is that within two years using the good agricultural practices and support of theMinistry of Agriculture, Government of India it will be able to have an organic transformation in the State. The State has also submitted proposals for organic farming both for the IAF as well as the SLF. Due to the support from the Kerala bank and the KeralaGrameen Bank the Government was able to get around 500 crores of credit support in a matter of just one and a half months. The ACS requested all the nationalized banks or scheduled commercial banks to come forward and to help in the supply chain management, in logistics, and also in the organic transformation of the State.
- Regarding AIF, the interest subvention is up to 3% per annum up to a limit of two crores. Government of Indiarevised this for a maximum period of seven years and for the loan beyond two crores, interest subvention will be limited to two crores only but 3% will be still there. This will be completely met by Government of India. Government of India and the State Government are looking at each and every proposal which comes as a part of AIF. There is aCommittee in the State which works with the cooperative departments,Kudumbashree and Agriculture Department on this area. This is a part of AtmaNirbhar Bharat.
- Regarding theFarmers Producer Organizations, 10000 Farmers Producer Organizations will have to come up in the states in the country over a period of three years. Kerala is going to set up 150 FPOsin the 100 days program of this Government. Theseare all coming from the support from the State Governmentand also got some money from the Government of India. The ACS requested the forum to support the Farmer Producer Organizations.It's a very scientific exercise that the Government is taking up with FPOs. The ACS requested banks to give credit support from AIF.
- The ACS expressed gratitude to the SLBC for putting concerns of Agriculture Department in the agenda notes, especially for the leased land.

Sri. P. Balachandran, Chief General Manager, NABARD in his address stated the following:

- Out of Rs.25,000 Crore allocated to NABARD by RBI under Special Liquidity Facility during 2021-22, Rs. 2670 Crore was allocated to Kerala State. NABARD, Kerala Regional Office released SLF assistance of Rs. 1670 Crore and Rs.1000 Crore to Kerala Bank and Kerala Gramin Bank respectively.
- CGM, NABARD further said that NABARD extends refinance to Banks to supplement their liquidity position and also to push credit in desired sector. In this backdrop NABARD has introduced 02 Special Schemes viz.

  i) Refinance for supporting PACS as Multi Service Society under which refinance is sanctioned to Kerala Bank at 3% who in turn finances PACS at 4%. Some of components supported under this scheme is eligible for Interest subvention under AIF. The State Govt has also made a mention of this scheme in the State Budget. 15 such projects have been sanctioned as on date and around 15 proposals are under scrutiny. There are many good performing PACS in Kerala and there is good potential for improving the infrastructure of these PACS through this scheme and hence Kerala Bank may take initiative to support more projects under the scheme.

  He also mentioned that the recent frauds happening in PACS is a matter of concern and will impact the credibility of the PACS. In this context he said that a study conducted by NABARD to understand the impact of PACS computerization implemented by Idukki DCCB in 52 PACS revealed that transparency in accounting has improved on account of common CBS in PACS. Kerala Government has already the initiated the programme of bringing all PACS under common CBS platform and said the programme need to be fast tracked. NABARD is providing 5 Crore grant for weaker PACS to move in to computerized common CBS.

  ii) Special Refinance Scheme for TDF/WDF beneficiaries: NABARD provides refinance at 3% to Banks for supporting beneficiaries in TDF and watershed areas with an objective of reducing the interest burden on thesevulnerablesections of society. NABARD through its TDF and Watershed Programmes have created an ecosystem conducive for credit absorption for various investment activities, thus generating a credit appetite among farmers in TDF and watershed areas. The Village Development Committees/Watershed Committees will be helping in preparing the Banking plan as well as monitoring of these loans and likelihood of NPA risk is less. Banks should come out with Concessional Credit Products for supporting TDF and watershed farmers.

- CGM also referred to inconsistency of data provided in SLBC agenda where in data shown in vital bank statistics is Rs.87091 crore as total agricultural advances in the State, which is excluding Co operative Bank. CGM suggested either it can be mentioned that the data is exclusive of Co operative Sector or the Co operative sector data may be incorporated in the Vital Banking statistics.

- CGM mentioned about lease land farming and pointed out that based on the discussions Banks may formulate some common guidelines to finance lease land farmers.

Ms. M G Jayasree, Deputy Director General, Dept. of Financial Services, Ministry of Finance, Govt: of Indiainformed the following:

- The Deputy Director General congratulated SLBC Convener for putting up a very comprehensive agenda for the meeting. The present status of the banking in the State and state specific issues have been detailed, progress of the DFS scheme had also been given in the agenda. Since financial inclusion is a priority area now, the DDG sought attention towards slight negative trends in the SC/ST advanceseventhough there is a slight growth in weaker section advances. The DDG requested to investigate the reasons for the same.

The forum then proceeded with the agenda.

1. <u>ADOPTION OF MINUTES of the 132nd and 133rdSLBC</u>

The forum unanimously adopted the minutes of 132nd and 133rd SLBC held on 22nd February 2021, circulated vide SLBC letter no SLBC/K/132/133 SLBC/2021/Minutes/AJS dated 23rd April2021.

2. <u>PRIMARY SECTOR</u>

The SLBC Convenor briefed theperformance under Annual Credit Plan 2020-21:

<u>Review of performance under Annual Credit Plan 2020-21</u>

Bank wise performance – Primary Sector:

- For 2019-20, target was Rs.71537Crores and Achievement was Rs.73034Crores and percentage achievement for 2019-20 was 102%.
- For 2020-21, target is Rs.73908Crores and achievement is Rs.83102Crores and percentage achievement for 2020-21 is 112%.

***The Chief Secretary* suggested to increase the target for next financial year.**

Share of Primary Sector disbursement:

Public Sector Banks –44.54%, Private Sector Banks –18.30%, KGB –15.46%, Cooperatives –20.30%, Small Finance Banks –1.40%

The Chief Secretary opined that the Public Sector Banks should perform above 50% in priority sector.

District wise performance under primary sector:

Eight districts crossed 100% ACP target i.e, Kollam – 176%, Palakkad – 148%, Kottayam- 142%, Thrissur – 131%, Kannur – 112%, Kasaragod – 110%, Trivandrum – 109% and Wayanad – 109%.

Five districts below 100% achievement are Pathanamthitta – 95%,Kozhikode – 94%,Ernakulam – 93%,Idukki – 91%, Malappuram – 87% and Alappuzha – 81%.

<u>Agriculture Advances</u>

A. Growth in Agriculture Advances

Growth of Agriculture advances in the year 2020-21 is Rs.87091 Crores from Rs.82221 Crores in the year 2019-20.

B. Banking Group wise Growth in Agriculture Advances

Public sector Banks constitute about 53.96% share in agriculture sector, 29.42% from Private Sector Banks, 14.06% from KGB and 2.56% from Small Finance Banks.

C. Share of NPA in Agriculture Advances

Agriculture NPA is 2.97% out of total agriculture advances.

The Chief Secretary opined that since NPA is low in Agriculture Sector Banks should provide more loans in agriculture sector.

<u>2.3 Performance under Kisan Credit Card Scheme</u>

The outstanding amount under KCC has increased by Rs.3513Crores year on year.

*The Chief Secretary*welcomed the increase in the KCC outstanding and advised Banks to achieve KCC saturation.

<u>2.4 Pending Issues in Primary Sector</u>

2.4.1. <u>Doubling Farmers' Income by year 2022</u> (Suggested by Reserve Bank of India)

The Chief Secretary asked whether there is any progress in the Doubling of Farmers Income and *the Convenor* replied thatthis year it is expectinga minimum 25 to 30% increase in agriculture lending.

The Chief Secretary noted that one of the weak areas in Agriculture sector is marketing of agricultural produce. Agri Infrastructure Fund Scheme is giving importance for infrastructure assistanceespecially for warehouse, cold storage, processing facilities, marketing infrastructure etc. Developing infrastructure would enable farmerstoincrease their income.

(*Action: SLBC, Banks and Government Department*)

2.4.2. <u>Credit Delivery Framework for Tenant Farmers</u><u>(Agenda by Reserve Bank of India)</u>

CGM NABARD suggested that the SLBC Sub Committee on Agriculture shall discuss lease land farming as an agenda item and formulate common guidelines for the lease land farming.

Chief Secretary stated that leasing of Agriculture land is prohibited under Kerala Land Act hence instead of lease registration a tripartite agreement shall be considered.

The forum decided to pursue the agenda.

(Action: SLBC, Department of Agriculture and Revenue Department)

<u>2.4.3Extension of Kisan Credit Card (KCC) Scheme for Animal Husbandry Farmers and Fisheries</u>

The SLBC Convenor stated that only 56% PMKisan beneficiaries are covered with Kisan Credit Card Scheme and still 44% beneficiaries areneed to be covered. During the review period KCC issuance has reported a progressive growth.

The Chief Secretary asked for the obstructions faced to cover 100% farmers under the Scheme and Banks which are lagging in issuance of Kisan Credit Card. CS suggested to fix bank wise target under KCC scheme and to achieve the target of Kisan Credit Card saturation by 31st December 2021 along with active participation of Agriculture Department.

The SLBC Convenor has requested all member banks to increase the lending under Kisan Credit Card scheme and to ensure 100 % saturation of PMKisan beneficiaries.

The Deputy Director General, Dept. of Financial Services stated that in the last year budget aparticular announcement was done that the saturation must be done by 31st March 2021 and since it is a continuous effort and it had been done substantially.

(Action: SLBC and Banks)

<u>2.4.4. Agenda Suggested by Reserve Bank of India</u>

A. Enhancing Credit Delivery to Agriculture Logistics and Supply Chain Ecosystem

The Chief Secretary stated that the agenda had already been discussed earlier in the forum.

(Action: SLBC, Banks)

B. A Monograph on the State of Sikkim's Organic Transformation

The Chief Secretary stated that the agenda had already been discussedearlier in the forum.

(Action: Dept: of Agriculture, Banks)

<u>2.4.5 Agenda Suggested by Director Agriculture</u>

1. <u>Credit Under Agriculture Infrastructure Fund (AIF)</u>

The APC pointed out that the Department had submitted almost 512 proposals with the help of Kudumbasree and PACS.

The Chief Secretary asked all banks to look at these proposals and try to clear them quickly.

(Action: Dept: of Agriculture, Banks)

2. <u>Extension of Moratorium and waiving of Interest for other farmers.</u>

The Chief Secretary informed that the Government of Kerala had taken up the matter with Government of India and awaiting reply.

(Action: Agriculture department)

3. <u>SECONDARY SECTOR</u>

***The SLBC Convenor* briefed the performance under Secondary sector:**

3.1 <u>Performance under Secondary Sector</u>

The target under secondary sector for 2020-21was not achieved and the percentage achievement is 97%. Target for the year 2020-21 was Rs.35430 Crores and the Achievement is Rs.34289 Crores.

3.1.1 Banking GroupWise Performance under Secondary Sector

Share of secondary sector disbursement is as follows:

Private Sector Banks – 42.41%, Public Sector Banks – 41.41%, Cooperatives – 10.68%, KGB – 4.51%, Small Finance Banks – 0.98%

3.1.2 District wise Performance under Secondary Sector

Seven districts had crossed 100% achievement and they are: Thrissur – 124%, Idukki – 143%, Kollam – 138%, Aleppey – 157%, Malappuram – 104%, Kannur – 116% and Wayanad – 120%.

However seven districts could not achieved the target viz. Trivandrum – 86%, Pathanamthitta – 81%, Kottayam – 66%, Ernakulum – 98%, Palakkad – 38%, Kozhikode – 83% and Kasaragod – 63%

The Chief Secretary pointed out that Palakkad has a great scope for industrial growth and is planning to establish industrial corridor also there, but the percentage of achievement is only 38%. *The Chief Secretary* also asked ACS Planning to examine the same.

3.2 <u>MSME Advances (Priority)</u>

A. Growth in MSME Advances

MSME advances increased by Rs.3077 Crores i.e, from Rs.56894 Crores in March 2020 to Rs.59971 in March 2021.

The Chief Secretary asked to put a higher target for MSME Sector advances as the growth in MSME advances is not as expected.

Regional Director, RBI opined that the target should fix in sucha way that higher target shall be assigned to banks with low CD ratio so that the overall CD ratio shall also improve.

The forum advised the Banks with low CD ratio should have earnest efforts to increase their lending.

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

Bank wise share in MSME sector is as follows:

Public Sector Banks – 51%, Private Sector Banks – 45%, KGB – 2.18%, Small Finance Banks – 1.82%

C. Sector wise classification of MSME

Manufacturing sector – 26.13%, Services Sector – 59.17%, Retail Trade – 14.70%

D. Sector wise performance under MSME

	Micro Enterprises	Small Enterprises	Medium Enterprises
Manufacturing	9.09%	12.18%	4.87%

sector			
Service Sector	28.25%	23.50%	7.41%
Retail Trade	8.10%	5.57%	1.02%

E. Share of NPA in MSME Advances

NPA in MSME is 9.30% of total MSME advances which amounts to Rs. 5577 Crores.

3.3 Advances to Weaker Section

There has been onlya slight increase in advances to weaker section. ie, an addition of Rs.7737Crores year on year.

The Chief Secretary noted that in March 2020, there had been an increase in advances to weaker sections but after that it got reduced.

3.4 Advances to SC/STs

Advances to SCs have a negative growth and that of STs have a slight increase.

The SLBC Convenor stated that SLBC will study on the same.

3.5 DRI Advances

DRI advances reflected a downward trend from 2017 onwards andit is Rs.14 Croresas on March 2021.

3.6 Credit Flow to Minority Communities

As on March 2021,7% increase year on year have been registered.

3.7 Total Outstanding Under MUDRA Loans (PMMY) as at March 2020

Total outstanding under Mudra loan is Rs.12148 Crore out of which Shishu is Rs.3438Crores, Kishore Rs.5770Crores, Tarun Rs.2940Crores.

3.8 Loan Outstanding under Stand up India Programme as at March 2020

The Chief Secretary asked Women Development Department to examine why the women are not coming forward to avail the financial assistance under the schemeeven though Kerala is having high women literacy rate and unemployment rate also very high.

3.9 Loan Outstanding under Pradhan MantriAwasYojana as at March 2020

A total of Rs.1636 Crores is disbursed under PMAY urban and rural together and the total number of accounts is 19135.

The SLBC Convenor stated that Kerala is performing well in this scheme.

3.10. Cumulative enrollment under Pradhan Mantri Jan Suraksha Yojana as at March 2021

The forum requested Member Banks to improve their performance under Social Security Schemes, Various development department also shall support for the same.

3.11 PENDING ISSUESIN SECONDARY SECTOR

3.11.1 Agenda Suggested by the Director of Industries and Commerce

A. Sharing the data of eligible loan accounts, details of loan sanctioned and disbursed by financial institutions under Emergency Credit Line Guarantee Scheme (ECLGS) to MSME Sector in the State.

The Convenor SLBC mentioned that out of Rs. 6721.09 Crores loan sanctioned under ECLGS, Rs.5967.67 Crores has been disbursed and there should be a good progress in the same.

(Action: SLBC, Banks)

B. Progress under PMSVANidhi

*The SLBC Convenor*requested member Banks to clear the pending loan applications by 31.08.2021.

(Action: Banks)

PMFME Scheme:

The SLBC Convenor stated that PMFME scheme is announced as part of Atmanirbhar Bharat Scheme designed to address the challenges faced by the micro enterprises and to tap the potential of groups and cooperatives in supporting the upgradation and formalization of these enterprises.

The Chief Secretary asked Industries Department to examine the issues in the progress of the scheme.

Sri. HariKishore IAS stated that the scheme has two categories –

1. For existing and new food processing units: For existing food processing units 35% subsidy is there and the new food processing units will get 35% subsidy only if the unit is for the product of that particular district as per one district one product scheme. As of now 166 units were identified but only 7 reached the banks. The Government will conduct a drive and will help the others to reach the banks.

2. There is also a scheme for SHGs so that each member will get Rs. 40000 and for that also a drive should be conducted and an IES campaign is also there.

*Sri. HariKishore IAS*requested for support from banks.

(Action: Banks& Industries Department)

3.11.3 Agenda Suggested by Director of Industries and Commerce (Regarding accepting of Acknowledgement Certificate for setting up of MSME units instead of Local Body Licenses)

The Chief Secretary instructed Banks to consider theAcknowledgement Certificate issued online through KSWIFT portal for setting up of MSME units instead of Local Body Licenses.

The Convenor stated that banks had given some suggestions regarding statutory licenses and to have a meeting with Department to discuss on the same.

The Chief Secretary stated that State Government is working with all Government Departments to make all the licenses and Government services online by October 2021 so that they are readily available and banks need to honor the papers from Government.

(Action: SLBC and Department of Industries)

3.12 FRESH ISSUES

3.12.1. Agenda Suggested by Department of Financial Services (Implementation of Budget Announcement FY 2021-22 on amendment of Stand Up India Scheme)

The Convenor requested to increase the credit flow under Stand Up India Scheme, since budget announcement 2021-22 some amendments were incorporated in the Stand Up Indian Scheme such as the extend of margin money to be brought in by the borrower is reduced from 25% to 15% and also the loans to enterprises in agriculture allied activities are now eligible for coverage under the scheme.

The Convenor requested the forum to increase the lending under Stand Up India
(Action: Banks)

4. TERTIARY SECTOR

The SLBC Convenor **briefed theperformance under Tertiary Sector:**

4.1. Performance under Tertiary Sector

For2020-21, target is Rs.38237 Crores and percentage achievement is 59%.

Banking GroupWise Performance under Tertiary Sector

Share of tertiary sector disbursement is as follows:

Public Sector Banks – 47.62%, Private Sector Banks – 10.45%, Cooperatives – 36.77%, KGB – 2.90%, Small Finance Banks – 2.27%

4.1.1. District wise Performance under Tertiary Sector

Four districts had crossed 100% of the target and they are: Palakkad -256%, Kollam – 121%, Wayanad – 199% and Kozhikode – 104%.

Malappuram – 81%, Idukki – 62%,Trivandrum – 58%,Kasaragod – 54%, Ernakulum – 51%,Thrissur – 50%, Alappuzha – 44%,Pathanamthitta – 28%,Kottayam – 18% and Kannur – 17%.

4.2.Outstanding Performance under Education Loan

A. Growth in Education Loan

Education loan has come down toRs. 10683 Crores as on March 2021 due to the prevailing pandemic situations.

B. Banking Group wise Growth in Education Loan

Public Sector Banks – 81.87%, Private Sector Banks – 11.72%, KGB – 5.35%, Small Finance Banks – 1.06%

C. Education Loan NPA over the years

For March 2021, the Education Loan NPA is Rs.1042Crores and NPA has come down due to ELRS scheme.

D. Percentage share of EL NPA in Total EL Outstanding

Education loan NPA is 10% against the loan outstanding.

E. Banking Group Wise Share Education Loan NPA

Public Sector Banks –66.63%, Private Sector Banks – 18.89%, KGB – 13.51%, Small Finance Banks – <1%

4.3. Outstanding Performance under Housing Loan

A. Growth in Housing Loan

Rs.1819 Crores added over March 2020 which amounts to Rs.30783 Crores

B. Banking Group wise Growth in Housing Loan

Public Sector Banks –71.92%, Private Sector Banks – 17.86%, KGB – 9.87%, Small Finance Banks – <1%

C. % Share of NPA in Housing Loan

For March2021, Housing Loan NPA is 2.26%.

4.4. Status of Creating Banking environment for the visually challenged

Total number of outstanding ATMs is 8959, number of talking ATMs is 5658 (63%) and number of ATMs with Braille keypad is 6101(68%).

4.5 Pending Issues in Tertiary Sector

4.5.1 Noting of Equitable Mortgage created in favour of the banks in Revenue Records

The Convenor informed that it is in the final stage of its implementation.

The Chief Secretary stated that the land records are being computerized and marking of lien can also be possible then and land and revenue department to speed up the process.

(Action: Land and revenue Department)

4.5.2 Agenda Suggested by Reserve Bank of India

A. National Strategy for Financial Inclusion (NSFI): 2019-2024 – Universal Access to Financial Services

*The Convenor*stated thatthe agenda for providing banking access to every village within a 5 km radius/ hamlet of 500 households in hilly areas, has been implemented and all the LDMs had confirmed the same. The agenda may be removed.

B. Expanding and Deepening of Digital Payments Ecosystem

SCBs, SFBs, Payment Banks and KGB were able to achieve 100% coverage of Savings and Current accounts in Thrissur under digital mode. The Regional Director appreciated all the member banks for successful enrolment of their customers under the digitalization project. However, it is observed that Kerala State Co-Operative Bank (KSCB) is yet to enable digital payment mode for all their customers in Thrissur district and the Regional Director urged KSCB to ensure that the implementation of the digital coverage for all their customers is completed by July 2021.

The Chief Secretary asked for improving the digital penetration in other districts of Kerala also instructed to increase the percentage of internet banking and mobile banking users above 50% in the State of Kerala.

(Action: SLBC, Banks)

C. **<u>Revamp of Lead Bank Scheme standardized system for data flow</u>**

Convenor requested the 14 Banks (Including 3 under Co operative sector) are pending for implementation of standardized system of data flow to complete the process before 31.08.2021

(Action : 14 Banks,Axis Bank, Bank of Maharashtra, CSB Bank, City Union Bank, ICICI Bank, Indian Overseas Bank, Jammu and Kashmir Bank, Karnataka Bank Limited, Kerala Gramin Bank, Kotak Mahindra Bank, Lakshmi Vilas Bank, DCBs, KSCARDB (incl. PCARDBs), KSCB)

<u>4.5.2.4 Infrastructure facilities to the Financial Literacy Counselors</u>

The Chief Secretary stated that the FLCs can be utilized to popularize internet banking and mobile banking among people.
(Action: Banks)

<u>4.5.2.5. PRAGATI Meeting: Review of Social Security Schemes – PMJJBY and PMSBY</u>

A sub-committee on Financial Inclusion with following members is formulatedRBI, NABARD, Kudumbasree, SBI, Federal Bank, KGB, HDFC, UBI, BOB, Dhanalakshmi, and ESAF. The committee will be reviewing the progress of implementation of various social security schemes.

<u>4.5.3. Agenda Suggested by Department of Financial Services</u>

<u>4.5.3.1. Implementation of Budget announcement FY 2021-22 on amendment of Stand Up India Scheme.</u>

The Convenor stated that the agenda has already been discussed in the forum.

<u>4.5.3.2 Inclusion of review of progress on implementation of Rural Housing Interest Subsidy Scheme (RHISS) in SLBC meeting Agenda</u>

The Convenor stated that the agenda has already been discussed in the forum.

<u>4.5.4. Education Loan Repayment Support Scheme – Status Update & Recent Developments</u>

The Chief Secretary stated that the agenda has been reviewed.

SLBC Convenor requested the following to its member banks,

- ✓ Processing of pending claim in the portal.
- ✓ Extending of Banks OTS schemes for ELRS rejected applicants.
- ✓ Government support should adjust with loan account in time.
- ✓ Updation of Status of crediting the Government assistance in ELRS portal.

4.5.5. Rural Self Employment Training Institutes (RSETIs) – Reimbursement ofTraining Expenses of BPL Candidates to "AA" Rated RSETIs

The Convenor stated that there are 14 RSETIs in the state and are run by banks.

The Chief Secretary asked for the number of people being trained in the RSETIs every year and *the RSETI Director* replied that an average of 1000 people are being trained every year and the Director raised the issue related to the land and building allocation for RSETIs.*The Chief Secretary* instructed to increase the number to around 1 lakh people in every year.

Sri. HariKishore IAS stated that the funding is done by Ministry of Rural Development and some fund release is pending yet.

The Chief Secretary instructed to have a separate meeting on this.

(Action: MoRD, SLBC, Banks, Government Department)

4.5.6 Agenda suggested by Indian Bankers Association regarding E-Stamping of Bank Guarantees.

The Chief Secretary stated that the e-stamping system of Bank guarantee may be permitted without insisting for the above one lakh limit. Convenor stated that the matter has already taken up with Registration Department and a confirmation is needed. Chief Secretary advised SLBC to take up the matter with ACS finance also.

(Action: Registration Department)

4.6. FRESH ISSUES

4.6.1 Review of CD Ratio –Suggested by RBI

The Chief Secretary asked banks to look into the issue and improve the CD ratio.
(Action: Banks)

4.6.2 Agenda Suggested by IBA – Working Group on Financial Inclusion and Related issues

The Convenor stated that the statistics will be presented in the next quarter.

4.6.3 Agenda suggested by LDM Alleppy – Insurance coverage to Poultry Sector

The Convenor stated that the insurance companies are not coming forward due to the risk associated.Chief Secretary suggested whether the State Department could have an Insurance scheme for covering poultry sector, and the *ACS, Finance Department*stated that the Government can consider this, not full insurance but some part of it.*LDM Kottayam*stated that the company is willing to have this insurance and there needs a separate meeting to discuss on the same.

(Action: SLBC, Banks and Insurance Companies)

Table Agenda by KVIC:

The State head, KVIC stated that two important goals are there against the sanctions uploaded by banks to the PMEGP portal,around Rs.988.52 Lakhs seems to be sanctioned and margin money to be claimed by banks and*the State Head KVIC* requested all the banks to expedite the process of sanctioning the remaining applications.Also when physical verification of PMEGP is concerned, Central Office has issued a direction with the approval of Minister MSME that the verification of the PMEGP will be made by a particular agency and they had been given the necessary inputs.At the same timeCentral Office has also given the permission for carrying out physical verification of such units for adjustment of margin money wherever the banks and entrepreneurs are in urgent need of getting the margin money at this time. In such cases, separate meetingswill be conducting.

The Chief Secretary pointed out that PMEGP is a good product and many number of applications under PMEGP are not sanctioned.

The State Head, KVIC stated that the committee at the district level is not there now as there was so much delay and now the applicants are uploading their applications to the PMEGP portal and the applicants are free to choose the agency, either DIC or Khadi Board or KVIC, under PMEGPportal.KVIC is following up the applications after getting the intimation with the banks and if needed, entrepreneurs also.

The Chief Secretary opined to have a committeewith the bank and agency so that the committee can decide and settle the matter quickly. Also suggested to make a decision whether the application can be approved or not in the initial stage of submission of application itself and not to trouble the unemployed people by rejecting the applications after spending money for the initial processing. The Chief Secretary also opined to increase the target so that it should have an impact in the society.

The forum approved the performance under various sectors as at March2021 Quarter provided in the background notes supplied.

The SLRM 2021 of SLBC, Kerala concluded with the above deliberations.

Sri. S N Krishna Sai, DeputyGeneral Manager,Canara Bank proposed the vote of thanks and the meeting concluded at 2.15 pm.

List of participants is annexed.

CO-CHAIRPERSON OF THE MEETING			
SL NO	**INSTITUTION**	**NAME**	**DESIGNATION**
1	**Government of Kerala**	**Dr. V P Joy IAS**	**Chief Secretary**
2	**Canara Bank**	**Shri. Brij Mohan Sharma**	**Executive Director**

GOVERNMENT OF KERALA			
SL NO	**INSTITUTION**	**NAME**	**DESIGNATION**
1	**Planning & Economic Affairs Department**	**Sri. Teeka Ram Meena IAS**	**Additional Chief Secretary**
2	**Department of Finance**	**Sri. Rajesh Kumar Singh IAS**	**Additional Chief Secretary**
3	**Department of Agriculture Development & Farmers' Welfare**	**Smt. Ishita Roy IAS**	**Additional Chief Secretary & Agricultural Production Commissioner**
4	**Information Public Relations Department**	**Sri. S Harikishore IAS**	**Director**

RESERVE BANK OF INDIA		
SL NO	**NAME**	**DESIGNATION**
1	**Smt. ReenyAjith**	**Regional Director**

NABARD		
SL NO	**NAME**	**DESIGNATION**
1	**Sri P. Balachandran**	**Chief General Manager**

PUBLIC SECTOR BANKS

SL NO	INSTITUTION	NAME	DESIGNATION
1	Bank of Baroda	Smt. LekshmyAnand	AGM
		Sri. Deepu Joseph Thomas	Senior Manager
2	Bank of India	Sri. Srinath N	Zonal Manager Kerala Zone
3	Bank of Maharashtra	-	-
4	Central Bank of India	Sri. P. V Saisubramani	Deputy General Manager
5	Indian Bank	Sri. S Senthil Kumar	Deputy General Manager
6	Indian Overseas Bank	Sri. Ramesh Kumar S	AGM
7	Punjab & Sind Bank	Sri. SubodhaRanjanSatpathy	Chief Manager
8	Punjab National Bank	Sri. E Jerome John	Deputy General Manager
9	State Bank of India	Sri. Sreekant	Chief General Manager
		Sri. IndranilBhanja	General Manager
		Sri. Santhosh Sadasivan Nair	Deputy General Manager (FI)
		Smt. GeethaKumary G	Assistant General Manager (FI&LB)
10	UCO Bank	Sri. P Vijay Avinash	Chief Manager
		Smt. Anima Pradhan	Senior Manager
11	Union Bank Of India	Sri M Ramesh Chandra Prabhu	Regional Head

CONVENOR BANK (CANARA BANK)		
1	Sri. S Premkumar	SLBC Convener & General Manager
2	Sri. S N Krishna Sai	Deputy General Manager
2	Sri. Sanjumon V	Divisional Manager
3	Sri. Ajas A	Senior Manager

4	Smt. Sheeja Nair J	Manager
5	Sri. Arun G S	Officer
6	Sri. Sreejith R	Officer

REGIONAL RURAL BANK			
SL NO	INSTITUTION	NAME	DESIGNATION
1	Kerala Gramin Bank	Sri. Thilak Dev L N	Manager

PRIVATE SECTOR BANKS			
SL NO	INSTITUTION	NAME	DESIGNATION
1	AXIS BANK	Smt. J Anitha	Senior Manager
2	CATHOLIC SYRIAN BANK	Sri. Roy Varghese	Head Agri& FI
3	CITY UNION BANK	Sri. Rajasekaran M S	Senior Branch Manager
4	DHANLAXMI BANK LTD	Sri. ArunSomanathan Nair	Regional Head Thiruvananthapuram
5	FEDERAL BANK	Sri. Shobin George	Associate Vice President
6	HDFC BANK	Sri. JitheeshJanardhanan	Assistant Vice President
7	ICICI BANK	Sri. Biju R	DGM, Regional Head Trivandrum
8	IDBI BANK LTD	Sri. Hari T K	Asst General Manager, Regional Officer, Kochi
9	INDUS IND BANK	Smt. JyothiPrabhu	Asst Vice President
10	JAMMU & KASHMIR BANK	Sri. Mahadevan. G	Branch Head
11	KARNATAKA BANK	Sri. Sreejith Kumar V	Senior Branch Manager, Thiruvananthapuram Branch

		Smt. Mallika Ashok	**Chief Manager, Regional Office, Mangaluru Region**
12	**KARUR VYSYA BANK**	**-**	**-**
13	**KOTAK MAHINDRA BANK**	**Sri. Jiju P David**	**Regional Service Quality Manager**
14	**LAXMIVILAS BANK**	**Sri. R. Sreekumar**	**Cluster Head**
15	**SOUTH INDIAN BANK**	**Sri. Peter A D**	**Deputy General Manager**
16	**T.N.MERCANTILE BANK**	**-**	**-**
17	**YES BANK**	**Sri. Sreejit K Anirudhan**	**Vice President & Branch Head- Trivandrum**
18	**Bandhan Bank**	**Sri. PPS Prakash**	**Cluster Head**
		Sri. LilgithMohanan	**Branch Head**
19	**IDFC First Bank**	**Sri. Anoop M.G**	**Deputy Branch Manager**
20	**RBL Bank**	**Sri. Ledwin Wilson**	**SDM**
		Sri. Hariharan S	**Branch Manager**

CO-OPERATIVE BANKS			
SL NO	**INSTITUTION**	**NAME**	**DESIGNATION**
1	**KSCB**	**Sri. Anil Kumar A**	**General Manager**
		G K Maya	**Chief Risk Officer**
2	**KSCARD**		

LEAD BANK OFFICES			
SL NO	**INSTITUTION**	**NAME**	**DESIGNATION**
1	**Indian Overseas Bank**	**Sri. SreenivasaPai G**	**LDM Tvm**
2	**Indian Bank**	**Smt. Reena Susan Chacko**	**LDM Kollam**

3	**State Bank of India**	**Sri. Cyriac Thomas**	**LDM Pathanamthitta**
4	**State Bank of India**	**Sri. A A john**	**LDM Alappuzha**
5	**State Bank of India**	**Sri. Vinodkumar V**	**LDM Kottayam**
6	**Union Bank of India**	**Sri. Rajagopalan G**	**LDM Idukki**
7	**Union Bank**	**Sri. C Satish**	**LDM Ernakulam**
8	**Canara Bank**	**Sri. Anilkumar K K**	**LDM Thrissur**
9	**Canara Bank**	**Sri. Sreenath R P**	**LDM Palakkad**
10	**Canara Bank**	**Sri. Jithendran P P**	**LDM Malappuram**
11	**Canara Bank**	**Sri. Muraleedharan T M**	**LDM Kozhikode**
12	**Canara Bank**	**Sri. Sunil P L**	**LDM Wayanad**
13	**Canara Bank**	**Sri. Frony John P**	**LDM Kannur**
14	**Canara Bank**	**Sri. N Kannan**	**LDM Kasargod**

SMALL FINANCE BANK			
SL NO	**INSTITUTION**	**NAME**	**DESIGNATION**
1	**ESAF**	**Sri. Sathianathan K M**	**Vice President**
2	**Ujjivan Small Finance Bank**	**Sri. Sajith P**	**BM Thiruvananthapuram**

PAYMENTS BANK			
SL NO	**INSTITUTION**	**NAME**	**DESIGNATION**
1	**India Post Payments Bank**	**Divakara NR**	**AGM**
2	**Airtel Payments Bank**	**-**	**-**