121st MEETING OF STATE LEVEL BANKERS' COMMITTEE, KERALA
AGENDA AND BACKGROUND NOTES

Date : 24th March, 2017 (Friday)

Time : 10 a.m.

Venue : Hotel Residency Tower
Govt. Press Road, Trivandrum

1. ADOPTION OF MINUTES

The minutes of the 120th Meeting of SLBC, Kerala held on 30th December 2016 has already been forwarded to the members vide Convener's letter SLBC 35 15 2017 GN dated 14th February, 2017.

The House may adopt the said minutes.

2. PENDING ISSUES

2.1. PRIMARY SECTOR

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

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.

120th Meeting of SLBC, Kerala held on 30.12.2016 at Trivandrum decided to pursue the matter with DFS, Government of India

2.2. SECONDARY SECTOR

2.2.1. 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.

The matter is under the consideration of the Government.

2.3. TERTIARY SECTOR

2.3.1. Land Allotment for construction of RSETI Buildings
(Pending since July 2012)

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.*
Palakkad	*87 cents land at Thenoor in Parli Gram Panchayath is identified and the order/proceedings are awaited.*
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*
Pathanamthitta	*50 cents Alternate land in lieu of Pandalam Land has been identified in Elanthoor Block Panchayth compound around 8 kms from Pathanamthitta. Further papers have to be moved*

Other reasons for not constructing or shifting to constructed building	
Alappuzha	*In Alappuzha the Veterinary department has made a claim on the land allotted. The Bank is waiting for resolving of this issue for taking over the possession*
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.*
Ernakulam	*Building is complete But there is issue of water supply .Hence the RSETI has not shifted to the new location.*
Wayanad	*Land is allotted in Block Panchayath Bathery and the Bank is proceeding with the steps for construction.*
Kottayam	*Land has been allotted in Vadavathoor Block Panchayat premises and steps are being initiated by the bank for commencing the process.*

The forum may discuss on the resolution of the issues

2.3.2. 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.

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

2.3.3. 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.

The matter is under the consideration of the Government.

2.3.4. 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 matter is under the consideration of the Government .The forum decided to pursue the matter with the Taxes Department.

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

2.3.6. 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 Steering Committee of SLBC that met on 09.03.2017 decided that.

- *The department may kindly give the full list of cases received in sortable format 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 be requested to intervene in the matter.*

The steering committee decided to place it in the SLBC meeting

2.3.7. Revenue Recovery Online Platform

The office of the Land Revenue commissioner placed the following information in the SLBC steering committee meeting dt 2017 Mar 09th .

(1) ആർ. ആർ. ഓൺലൈൻ പുതിയ സോഫ്റ്റ്‌വെയർ സംസ്ഥാനമൊട്ടാകെ നടപ്പിലാക്കുന്നതിനാൽ ബാങ്കുകളുടെ പൂർണ്ണ വിവരങ്ങൾ നൽകുന്നതിന് നടപടി സ്വീകരിക്കാവുന്നതാണ്.

The Steering Committee of SLBC that met on 09.03.2017 noted that all banks except 11 have given the information. SLBC Cell has communicated them (Andhra Bank, Bank of Maharashtra, City Union Bank, Indian Bank, KSCARD Bank, Kotak Mahindra Bank, Lakshmi Vilas Bank, Punjab & Sind Bank, SBH, SBM, TMB)

(2) വൺ ടൈം സെറ്റിൽമെൻറ് പ്രകാരം ബാങ്ക് നേരിട്ട് തുക ഈടാക്കുന്നത് യഥാസമയം അറിയിക്കാത്തതിനാൽ റവന്യു റിക്കവറി ഉദ്യോഗസ്ഥർ ബുദ്ധിമുട്ട് നേരിടുന്നത് ഒഴിവാക്കുന്നതിനായി ടി തുക ലഭ്യമായി തൊട്ടടുത്ത ദിവസം താലൂക്ക്/കളക്ടറേറ്റിൽ വിവരം അറിയിക്കുകയും, റവന്യു റിക്കവറി സർട്ടിഫിക്കറ്റ് പിൻവലിക്കുന്നതിനും നടപടി സ്വീകരിക്കാവുന്നതാണ്.

(3) ബാങ്ക് അധികൃതർ വൺ ടൈം സെറ്റിൽമെൻറ് അനുവദിക്കുമ്പോൾ കളക്ഷൻ ചാർജ് യഥാസമയം റവന്യു റിക്കവറി ആഫീസുകൾക്ക് ലഭ്യമാക്കാനും നടപടി ഉണ്ടാവേണ്ടതാണ്.

The Steering Committee of SLBC decided to place the matter before SLBC for information of all banks.

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

The matter came up for discussion in the 120th Meeting of SLBC, Kerala held on 30.12.2016 at Trivandrum.

"At present, the salaries of the State Government employees are being disbursed in the SPARK package, through the accounts of the employees maintained in any public sector bank. Out of the 10 lakh serving employees and service pensioners of the State, 5 lakh people are drawing salary/pension through bank accounts. Around 4.50 lakhs draw through treasury savings account while the remaining 50,000 draw in cash. Now, we learn that the Government is proposing to transfer the salary payment back to Treasury savings account from 2017 January onwards.

The system of paying salary through public sector bank accounts was introduced in October 2009 vide GO (P) 439/09/Fin dated 2009 October 12th. It was withdrawn later and reintroduced in September 2011 vide GO (P) 402/11 Fin dated 2011 September 23rd *inter alia* considering

(a) The difficulties in handling huge amounts of physical cash
(b) The fruits of advanced technology in banking system like ATM, Mobile Banking etc are to be made available to State Govt employees.
(c) Desirability of moving to an e- mode of transactions using ECS, NEFT etc

Various stake holders including bankers had expressed the need for enhancing coverage of the scheme by opening accounts for remaining employees/pensioners since such salary/pension account relationship facilitates offering a bouquet of financial services to account holder employees/pensioners to achieve financial security/fulfil their 'life time concerns' of covering health, housing, education credit availability to the Employees and their families for their various needs.

Therefore, Bankers requested State Government to continue with existing system of paying salaries & pensions through Public Sector Bank accounts and also facilitate migration to the banking system, of those account holders who are now drawing in cash or through Treasury Savings accounts."

Vide letter No.E-995457/F(RO)/2016/Plg dated 28.01.2017, Planning & Economic Affairs (F) Department, Government of Kerala informed that no formal order issued specifying mandatory transferring of salaries of State Government Employees to Treasury Savings Accounts.

The steering committee that met on 2017 March 09th decided to place the matter in the SLBC meeting.

3. FRESH ISSUES

3.1. PRIMARY SECTOR

3.1.1. **Agricultural Term Loan- Low off take** (Suggested by NABARD)

Despite of the regular review of the same in various forums, the off take of Agri Term loan continues to be low which hurdles capital formation in agriculture sector of the State. High rate of interest compared to ROI on crop loan has been cited as one of the prime reasons for low off take of agriculture term loan by farmers. Initiatives like Area Based Schemes, Long Term Rural Credit Fund (LTRCF) at concessional rate of interest etc. could address the issue to certain extend. But more specific and planned approach is required in this sector.

In Kerala, the share of term loan in total agriculture credit disbursements declined from 39.9 per cent in 2004-05 to 15.1 per cent in 2014-15, registering a slight increase to 20.1 per cent in 2015-16. Nevertheless, this is in consonance with the all-India trend wherein the share of term loans in total agricultural disbursement hovers around 20 per cent. The trend reveals the declining importance accorded to term loans and hence, investments on the farm, which are necessary for increasing the yield levels and achieving higher growth rates in the sector, which would have a bearing on the farmers' income in general. Hence importance to be given to this issue as the same will be a component for achieving the goal of Doubling of Farmer's income by 2022.

SLBC may formulate an action plan to increase term lending and advise the member banks accordingly.

The Steering Committee of SLBC that met on 09.03.2017 observed the following:

- *There is an evident growth in term loans.*
- *In December it has risen to 23.4 %.*
- *The share of Gold loans in Agri Portfolio is also coming down*

The Committee decided to place the matter before SLBC for discussion.

3.1.2. **Data provided by SLBC- Details of GLC under Agri** (Suggested by NABARD)

In connection with the recent visit of Parliamentary committee on Commerce, it was observed that the sub-sector wise and crop wise credit disbursement was not readily available for the commercial banking sector, whereas, the same is available for KGB and Cooperative Banks. The details sought by the committee included credit disbursement under spices in Kerala, with further break up of credit to Small and Marginal Farmers (SF/MF).

In view of such exigencies, SLBC may add an annexure to the Agri GLC with crop wise and SF/MF distribution of credit (both short term and long term).

The Steering Committee of SLBC that met on 09.03.2017 observed that SLBC had revised the current year's LBR 1 format to include crop wise and activity wise details in tune with the changes in classification and MIS requirement of RBI. As shown below

Crop loans	**Plantation & Horticulture**
Paddy	Cashew nut
Oilseeds	Pineapple
Pulses	Mango
Sugarcane	Coconut
Vegetables	Tea
Coconut	Coffee
Spices	Sericulture
Banana & plantains	Rubber
Other cereals	Spices
Fibre crops	Arecanut
Miscellaneous	Miscellaneous
SUB-TOTAL 1	**SUB-TOTAL 5**

The issue is that in many banks, the loan master does not capture finer MIS information (especially for term loans under Agri). So, they do not reflect in LBR 2 submitted to the LDMs. A task force may look into it.

The Committee decided to place the matter before SLBC for discussion.

3.1.3. Promoting solar pump set schemes (Suggested by NABARD)

It's high time to explore the possibility of convergence to popularize the usage of solar pump sets for irrigation purpose in the state. The MNRE scheme for promoting Solar Photovoltaic Water Pumping systems for irrigation provides subsidy up to 40% of the total cost of pump sets. During the year 2016-17 target allocated to Kerala is 600 pumps. The progress under the scheme has been almost NIL in Kerala. The major reasons for dismal progress are high cost of pump sets compared to conventional pump sets, lack of awareness and apprehension among the farmers about the working of solar pump set in Kerala conditions. Taking into consideration future energy situation, it is suggested that:

i. Bankers may encourage farmers to avail credit for solar pump sets.
ii. Govt Departments may provide interest subvention to farmers for the loans availed from banks as also consider providing top up subsidy for solar pump sets.

The Steering Committee of SLBC that met on 09.03.2017observed that the demand for solar pump sets in Kerala is poor. The reasons included the universal availability of electricity in all places, the free tariff for agriculture purpose and the high cost of solar pump sets. The forum felt that value added models of solar pumps such as pump set plus solar inverter or pump set with grid connected power generation etc. may improve its acceptance. The forum decided to place the matter in SLBC for necessary action from Banks.

3.1.4. Farmer Producer Organizations (FPOs) – the way ahead for Indian farmers (Suggested by NABARD)

Aggregation of farmers into Producer Organizations (FPOs) is the need of the hour on the onset of target fixation of doubling of farmers' income by 2022.

In Kerala, NABARD has so far extended assistance for promotion of 107 FPOs, under PRODUCE Fund. Majority of these FPOs have already been incorporated as Companies under Part IXA of the Indian Companies Act. Many of them have started operations too.

Since Produce Fund assistance is limited to formation and nurturing of the FPOs and that too, for the first three years only, they may need working capital assistance to commence and sustain their business operations. NABARD is sure that the banks would accept FPO lending also as part of their normal lending portfolio, as they had embraced SHG lending, JLG lending, etc. with great enthusiasm in the recent past. NABARD has already shared the list of FPOs formed under PRODUCE FUND, with all the banks. A few banks have already come out with tailor made products to suit the requirements of Farmer Producer Organizations.

*In the Steering Committee meeting of SLBC Kerala held on 09.03.2017, the **DGM, NABARD** informed that Idukki DCB has come out with a model and are giving loans up to Rs. 25 lakhs to FPOs and other banks to follow suit. It is understood that Indian Overseas Bank and Federal Bank are approaching some of FPOs to extend support.*

The Committee requested NABARD to circulate the model formed by these banks to others also for helping them to formulate similar products to assist the FPOs. The Committee decided to place the matter in SLBC for information and action by banks.

3.1.5. SHG-Bank linkage programme (Suggested by NABARD)

In view of decreasing trend in SHG credit linkage, following actions are suggested:
(i) Banks are requested to graduate the SHGs from subsistence finance to livelihood financing. While loans may be required for subsistence and consumption purposes in the first cycle of loan, livelihood activities coupled with skill development may be supported in the subsequent cycles.

The Steering Committee of SLBC opined that it is necessary to graduate a SHG from consumption loans to loans for productive ventures. While doing so, banker should be cautious of the following pit falls

- *The first cycle is always thrift linked. So there is little chance for excess finance*
- *There is tendency to delink thrift while moving to subsequent cycles. This need not be general rule.*
- *Where bank extends finance to group without correlation to its thrift, it should be only for an activity which the group can run, that too at a scale at which it can handle*
- *The NPA in SHG are increasing (8 % under SHG loans & 9 % under JLG loans)*
- *Banks also need to think of daily collection based model of lending (as adopted by many NBFCs)*

(ii) LDMS are requested to bring to our notice through the respective DDMs about the requirement of capacity building programmes in the district to promote SHG bank linkage.

The Steering Committee of SLBC recommended that both LDMs and DDMs can identify and report the requirement for capacity building programmes.

3.1.6. Assistance to Indebted Dairy Farmers (Suggested by Directorate of Dairy Development)

As per Government Order No.G.O(Rt.) No. 07/2017/DD dated 23.01.2017, the Government has accorded administrative sanction for assistance to indebted dairy farmers the state. Rs 500 lakh has been earmarked for the same.

This scheme envisages to provide financial and social security to those category of farmers who have availed loan from banks for purchase of milch animals and have fallen into debt trap due to death of the cattle or low milk yields and are thereby facing legal confiscation steps.

The Government has directed the Department to immediately submit the list of those farmers who deserves to be assisted under the said scheme. Only those farmers who are facing legal confiscation steps are eligible for availing assistance under the said scheme.

Maximum permissible compensation per milch animal shall be Rs 20,000 and upper ceiling for a particular beneficiary shall be Rs 1, 00,000.

The data collection regarding the prospective beneficiaries of the scheme shall be basically through the Dairy Extension Service Units headed by the Dairy Extension Officer.

The Department has already issued a detailed circular in this regard to all the sub offices of the Department. A copy of the circular is provided in **Annexure-8.40.**

It is requested that the State Lead Bank issue a letter to all the Nationalized/ Scheduled and Co-operative banks, directing the bank authorities to hand over the details of those farmers under the bank jurisdiction *(to the concerned Dairy Extension Officer of our Department*) who have already availed loan for purchase of milch animals and have fallen into debt trap due to death of the cattle or low milk yields and are thereby facing legal confiscation steps.

Details Required

(Name and Address of farmer, No. of animals for which loan availed, Loan availed for Dept Scheme / LSGD scheme / Other Scheme, Name of Bank, Bank Branch, Loan Ac. No., Loan Amount, Interest Amount, Overdue Amount, No. and Date of Demand Notice)

The Steering Committee of SLBC that met on 09.03.2017 suggested that instead of banks submitting the data to Dairy Development dept , it is appropriate that Ksheera Bhavans call for applications from the affected farmers directly in prescribed format and get it certified from the Financing agency (Same as the procedure adopted under Fishermen Debt Relief scheme).

The Committee decided to place the matter in the SLBC meeting.

3.1.7. **Implementation of Ksheera Gramam Project** (Suggested by Directorate of Dairy Development)

The Government has accorded sanction for implementation of Ksheera Gramam Project at the following Grama Panchayats

The total state plan assistance will be Rs 333.665 lakhs for the implementation of Ksheera Gramam Project

1. Eroor Grama Panchayat of Kollam District
2. Udayanapuram Grama Panchayat of Kottayam District
3. VellangallurGrama Panchayat of Thrissur District

The Ksheera Gramam Project is mainly Herd Induction Programme with components intended for promoting scientific Dairy Farms, automation and mechanization of dairy farms. Scheme components of Ksheera Gramam Project is given in **Annexure-8.41.**

It is requested that the SLBC may take adequate steps to instruct the banks to extend loan to the selected beneficiaries of the Ksheera Gramam Project.

As far as milch animal units are concerned, existing NABARD Unit Cost rates are being followed by the department.

The Steering Committee of SLBC that met on 09.03.2017 recommended that all banks may extend support, within the existing schemes. The committee decided to place the matter in SLBC for information of banks.

3.2. SECONDARY SECTOR

3.2.1. **Quarterly Review of progress made with regard to credit linkage of MSME units located in unidentified / unlinked MSME clusters** (Suggested by RBI)

During a study conducted by FIDD in July 2015 among MSME clusters, following 4 clusters had been identified in the state as unlinked in terms of bank credit:

- i) Bamboo & Reed Artisans, South Vazhakulam, Aluva, Ernakulam
- ii) Rosary Beeds, Koonammavu, Ernakulam
- iii) Cement Pottery, Vadakara, Kozhikode
- iv) Ferrosmith Engineering, Ferook, Kozhikode

A follow up survey was conducted in all these clusters located in Ernakulam and Kozhikode districts during December 5 to 8, 2016 to know about their individual details as well as progress in credit linkage. Now vide circulars dated June 28, 2016 and September 26, 2016, **(Annexure-8.42)** we advise SLBC to constitute a sub-committee for MSME for monitoring the progress made in regard to credit linkage of above units and submit to us a quarterly progress report in the prescribed format for onward transmission to CO by 15th of succeeding month. We forward herewith the findings of the survey for the above purpose in the **Annexure-8.43**. The report for the quarter ended December 2016 is furnished in the **Annexure-8.44.** The prescribed format for reporting from the ensuing quarter is furnished in the **Annexure-8.45.**

*In the Steering Committee Meeting of SLBC held on 09.03.2017, **Convenor, SLBC** opined that the matter will be placed before the SLBC forum wherein all the LDMs will present. LDMs of Ernakulam and Kozhikode districts have to take care of the above clusters and ask them to inform the feedbacks through the respective BLBCs. Then it is also asked them to take into account the bank linkage first and thereafter the viability.*

The Steering Committee opined that for effective monitoring, a Sub-committee comprising of the SLBC, LDMs LDOs, DDMs of these clusters and controlling offices of banks having presence in the clusters may be formed. The sub-committee shall meet once in a quarter. The Committee decided to place the matter in SLBC for deliberation.

3.2.2. **Review of Implementation of Coir Udyami Yojana 2016-17** (Suggested by Coir Board)

During the current fiscal a budgetary outlay of Rs.20.00 Crores has been earmarked by the Central Government for setting up of 618 coir units under Coir Udyami Yojana. Out of this total allocation and physical targets, an outlay of Rs.290.00 lakhs towards setting up of 140 numbers of units has been envisaged for Kerala State. So far the Coir Board could utilize an amount of Rs.155.50 lakhs, out of the outlay of Rs.290.00 lakhs allocated under the Scheme for the State. The details of subsidy released to different Banks for establishing 212 coir units under the Scheme so far during the current year are given in the table below.

Sl. No.	Financing Bank	No. of units	Subsidy released (Rs.in lakhs)
1	SBT, Danapady	1	4.00
2	SBT, Muhamma	2	0.80
3	SBT, Avalookunnu	1	4.00
4	SBT, Cherthala	1	0.40
5	SBT, Pathirapally	1	2.60
6	SBT, Karthikapally	1	0.40
7	SBT, Ollur	1	2.20
8	Canara Bank, Haripad	1	0.40
9	Canara Bank, Athiyodi	1	4.00
10	Canara Bank, Ranni	1	2.24
11	Canara Bank, Ochira	1	2.40
12	Canara Bank, Edappal	1	4.00
13	Union Bank of India, Karthikapally	33	13.08
14	Union Bank of India, Kalavoor	3	3.64
15	Union Bank of India, Cherthala	2	4.40
16	Punjab National Bank, Haripad	7	3.02
17	Punjab National Bank, Chennam Pallipuram	1	2.48
18	Punjab National Bank, Ochira	4	1.60
19	Corporation Bank, Muthukualam	46	18.40
20	Corporation Bank, Pathiyoor	16	6.40

Sl. No.	Financing Bank	No. of units	Subsidy released (Rs.in lakhs)
21	Corporation Bank, Vayalar	2	6.88
22	Corporation Bank, Pavumba	6	2.40
23	Corporation Bank, Arattupuzha	6	1.36
24	Central Bank of India, Karunagapally	1	3.52
25	Federal Bank, Chittumala	1	4.00
26	Federal Bank, Cherthala South	1	4.00
27	Federal Bank, Mararikulam	1	2.94
28	Federal Bank, Kalarkode	1	1.43
29	Federal Bank, Thankey	1	3.16
30	Federal Bank, Kollengode	4	16.00
31	Indian Overseas Bank, Karunagapally	1	2.64
32	Indian Overseas Bank, Haripad	1	0.40
33	Vijaya Bank, Karuvatta	3	1.20
34	Vijaya Bank, Cherthala	1	0.32
35	Syndicate Bank, Haripad	7	2.80
36	Syndicate Bank, Iritty	27	10.80
37	HDFC Bank, Thanneermukkom	12	3.19
38	HDFC Bank, Pallipuram	1	4.00
39	Indian Bank, Vavvakkavu	6	2.40
40	Dhanlaxmi Bank, M.A.Math, Vallikkavu	3	1.20
41	Dhanlaxmi Bank, Thazhava	1	0.40
	Total	**212**	**155.50**

From the above it can be seen that in the State of Kerala Board has almost achieved the physical targets fixed under the Scheme for the year 2016-17. However, the financial achievements so far work out only 53.62 %. This was mainly due to non-consideration of CUY applications by the Banks on priority basis.

It is noted in the CUY portal that 120 applications are pending with various banks in Kerala for considering loan sanction under the Scheme. The Bank Branch wise details of CUY applications pending with the Banks are furnished in **Annexure-8.46.**

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 of SLBC observed that bank wise pending list is forwarded to banks for action and decided to place matter in SLBC for discussion.

3.2.3. Reconciliation statement of the funds released in Kerala under pre-revised Scheme of CUY (Suggested by Coir Board)

Coir Udyami Yojana, as per the modified operational guidelines is under implementation w.e.f. 1st April 2015. From 2007-08 to 2014-15 the Scheme was being implemented as per the pre-revised Scheme (earlier known as REMOT Scheme) and 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 furnished in **Annexure-8.47.**

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 without any further delay.

The Steering Committee of SLBC observed that the list has been forwarded to banks for follow up and decided to place matter in SLBC for discussion.

3.2.4. Physical verification of the units assisted under Coir Udyami Yojana (Suggested by Coir Board)

As provided under the scheme, before the Margin Money subsidy is adjusted in the loan account of the beneficiary, Coir Board is required to conduct physical verification of the unit to confirm whether the unit is set up as per the norms of the scheme and is working satisfactorily. In case it is found that the unit is not set up and working as per the norms of the scheme, the margin money (subsidy) will have to be called back by Coir Board. The Banks have to coordinate and assist Coir Board in ensuring 100% physical verification.

The Board has selected M/s. APITCO Ltd., Hyderabad and entrusted the work of physical verification of the coir units assisted through the Banks in Kerala during the period from 2012-13 to 2015-16. During the period from 2012-12 to 2015-16, 1355 units were assisted with subsidy under the scheme in Kerala.

The Banks concerned may be directed to cooperate with M/s. APITCO Ltd. To ensure 100% physical verification of the units assisted under CUY during the period from 2012-13 to 2015-16.

The Steering Committee of SLBC decided to place the matter in SLBC.

3.3. TERTIARY SECTOR

3.3.1. Review of achievement of targets by FLCs and rural branches for conducting special/target specific camps based on revised guidelines for FLCs in terms of e-mail dated 16.08.2016 (Suggested by RBI)

All Financial Literacy Centers (FLC) /Rural branches need to conduct minimum one special outdoor camp per month for the newly included people in the system, including PMJDY account holders. Similarly, five target group specific camps per month, one each for target groups viz., Farmers, SHGs, Micro and Small Entrepreneurs, Senior citizens, School children are to be conducted by each FLC/Rural branch.

On a scrutiny of quarterly progress reports on FLC activities submitted by SLBC, it is observed that majority of FLCs in the state could not achieve above mentioned targets for conduct of camps. In this connection, with reference to the email dated August 16, 2016 **(Annexure-8.48)**, we advise you to place this issue as agenda item in the ensuing SLBC meetings and seek reasons/feedback from banks on the issue.

The Steering Committee of SLBC that met on 09.03.2017 observed that RBI conducted a one day workshop for FLCs of 4 districts in Kottayam, in February 2017. SLBC also participated in it. The learning we got that was,

- *The FLCs are conducting many activities. But they are not focused on the target oriented approach.*
- *The minimum target as per latest RBI guidelines is one camp each for the following 5 target groups (1) senior citizens, (2) entrepreneurs, (3) farmers, (4) SHGs (5) students and one special camp for persons newly brought into FI (This will be replaced by special camp on digital literacy from April onwards)*
- *But there is under reporting and improper reporting*
- *FLCs need to be given training on target oriented approach and reporting*
- *In the Kottayam workshop this aspect was taken care of. We need to hold such sessions for other FLCs also*
- *At present the FLCs are reporting to their Controlling offices, who in turn report to SLBC. There is a gap in information flow at this stage.*
- *In the matter of mandatory FL activities of rural branches, the Controlling offices have to oversee properly.*

*The representative from **RBI** informed that there are three reporting formats for Financial Literacy Camps (i) special camps conducted under digital financial literacy (ii) special camps under the five target groups i.e. farmers, SHGs, Entrepreneurs, Senior citizens, School children (iii) for the rural branch of every bank. As per the new circular, rural branch will have to conduct one FL camp in 3rd Friday of every month.*

FLCs to report the data to Controlling Offices of Banks and Controlling Offices in turn will report the same to SLBC and SLBC will collate all the data and submit the same to RBI.

*The **General Manager, RBI** informed that RBI is planning to conduct one training programme on digital literacy for all FLC Counselors before 31.03.2017 and also planning to conduct programmes in Trivandrum and Kochi between 27 to 31 March, 2017 wherein officials connected with digital literacy activities will be participated.*

The committee decided to place matter along with reporting formats in SLBC. (Formats are shown in **Annexures-8.53 to 8.55.** *The committee also suggested that the date of FL camp for rural branch may be on the NPW day.*

3.3.2. Draw up an action plan for effective implementation of the 3 themes viz. Revamping BC system, Re-energizing Financial Literacy Centres and Ramping up digital offerings (Suggested by RBI)

We draw your attention to the relevant extract of the address by our Regional Director in the last SLBC meeting, as under:
''I urge the bankers to take immediate and meaningful steps towards 3Rs-- Revamping BC system, Re-energizing Financial Literacy Centres and Ramping up digital offerings. I hope SLBC will focus on these three themes in the coming year.''

In view of the above, we advise you to draw up an action plan for effective implementation of the 3 themes, place it for discussion in the Steering Committee Meeting and ensure that it is diligently followed up.

The Steering Committee of SLBC that met on 09.03.2017 noted the following:

1. *Revamping BC System*
   120th Meeting of SLBC had discussed the issue and the forum felt that the present model of fixed office BC, of the CSC e-Governance & Akshaya is not working well (across the banks), due to inherent reasons.
   The Akshaya was requested to come up with a mobile BC model.

   The Steering committee recommended that by the 15th of April the Banks now having Akshaya BCs have to take a final call and inform the SLBC.

   They may exercise any one of the following choices within this date to ensure banking facility in the subservice areas allotted to them
   a) *Revamping the present model by rectifying the deficiencies , or*
   b) *Adopting the proposed Akshaya mobile BC mode , if Akshaya is able to formulate the same within this period , or*
   c) *Appointing for a individual or corporate bank mithra or,*
   d) *Opening a brick & mortar branch or USB in the SSA*

The steering committee decided to place these recommendations in the SLBC meeting.

2. *Re- energizing FLCs*
   As discussed in the above agenda, more Kottayam model workshops are required to impart training in (a) effective reporting (b) target focus (c) Curriculum updation (d) Soft skill development. In Kottayam workshop all these aspects were covered. Reporting structure is to be revisited.

3. <u>*Ramping up digital offering*</u>

The Digital banking village mission is ongoing. Based on the learnings from these pilot missions, we shall draw up a wider campaign.

The latest developments related to these are the initiatives from the Department of IT, Government of India and Kerala Government's new initiative of bringing Treasuries under IFMS. The Committee decided to hold further discussions to with all stakeholders to decide on a course of action.

3.3.3. SAMIS - recasting the data management system - LBR returns (Suggested by NABARD)

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.

3.3.4. Norka Department Project for Returned Emigrants [NDPREM] (Suggested by NORKA)

(i) Non Resident Keralites have sustained the economy of the State through their remittance. However due to changes in international economy, many of the NRKs are forced to return the State and rebuild their lives here. In this scenario, Government of Kerala launched the Norka Department Project for Returned Emigrants (NDPREM) for enabling the interested returnee to start small enterprises. NDPREM 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 of India, State Bank of Travancore, State Bank of India and South Indian Bank are associating with NORKA-ROOTS in the implementation of the project. Ideally every Nationalized 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.

(ii) Applications under NDPREM Project are to be screened by a committee comprising of officials from the bank and NORKA-ROOTS representatives. The screening committee will be held twice in a month in all districts. Representative 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.

(iii) The banks associating with NORKA-ROOTS (State Bank of Travancore, Union Bank of India, 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.

(iv) 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) : 11th November 2013-31st August 2014 (9 months)

Signing agreement with Canara Bank
(Trading/Services) : 8th July 2014-31st March 2015 (8 months)

Renewal agreement with Canara Bank
: 23rd November 2015-31st 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. The agreement is 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.

(v) Presently there is a great confusion among NORKA-ROOTS officials as to the branch of a particular bank to which the application needs to be addressed. There are several instances in which applications are rejected by different branches stating that it is not within their serviceable area. Huge delays, avoidable workload and administrative inconvenience are witnessed. 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.

(vi) 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 have to be released to the entrepreneur only on completion of 4 years of successful operation of business which means that if there is intentional fraud or natural failure of business, the applicant is not eligible for subsidy before 4 years. However the subsidy portion is practically released to the applicants initially itself along with loan component of banks since banks are not charging interests for the subsidy portion. They are not particular in getting the guarantee for the subsidy portion. Banks insists guarantee only to the loan portion born by themselves. Therefore banks may be requested to ensure creation of assets or other security as per banks rules entirely for the amount including loan component and subsidy component.

The Steering Committee of SLBC that met on 09.03.2017 observed that the same agenda was placed for discussion in the steering committee for 120th SLBC. Since the NORKA representative was not present, it wasn't discussed.

The committee made the following decisions/observations.

- *Misutilisation/ fraud are to be dealt severely. Implementing agency & bank jointly should lodge FIR & institute criminal proceedings against beneficiary (Subsidy being Government money)*
- *But natural failure shouldn't be treated at par with fraud. Subsidy shouldn't be confiscated*
- *Lock in period is 4 years. Many units may not survive that long. If the intended asset is created , the loan is deemed to be utilized properly*
- *As per banks' norms assets are to be created for the entire project cost, not just for the bank loan component*
- *Regarding the operational structure ,the participating banks may take a call*
- *But NORKA has to support banks for recovery*
- *They have to focus on identifying viability of projects and also for training entrepreneurs*
- *Unviable projects like Taxi operators, beauty parlors etc are no entry zone for bankers*
- *Ensuring asset creation is not just the responsibility of banks. NORKA also should take responsibility*
- *From Canara Bank's side, it was informed that the MoU couldn't be renewed due to the high NPA in the exposure made under the scheme*

The committee recommended to leave the decision on participation in the scheme and decided to place the subject in the SLBC meeting

3.3.5. New Interest Subsidy Scheme for Kudumbashree NHGs (Suggested by Kudumbashree)

Government of Kerala has introduced a new interest subvention scheme to promote Bank Linkage Programme among Kudumbashree Neighbourhood Groups. Under this scheme all Kudumbashree NHGs are eligible for interest subvention to avail the loan facility at an interest rate of 4% on credit upto Rs. 3 lakhs. The benefit of this scheme will be available to the NHGs from April 2016. The interest subsidy would be provided as annual instalments to the NHG. Government has set aside Rs. 50 crores towards this scheme for this financial year.

The circular with details of the scheme is given in **Annexure-8.49** for information and perusal.

*In the Steering Committee Meeting of SLBC held on 09.03.2017, the representative from **Kudumbashree** informed that under the scheme, NRLM compliant loans availed from Co-operative Banks only are eligible in Category I districts viz. Malappuram, Palakkad, Idukki, Wayanad and in other districts NRLM compliant loans from Commercial Banks are also eligible. The applications have to be moved by the groups through CDS.*

The Committee decided to place the matter in SLBC for information of banks.

3.3.6. Extension of DAY-NULM to all ULBs (Suggested by Kudumbashree)

The DAY-NULM programme has been extended to all ULBs in the month of November 2016. The total target has not been revised. Orientation training to ULBs and communities has been conducted. Interest subsidy is considered for the linkage loan availed in the financial year (From April 2016 onwards) for the new 79 ULBs integrated with DAY-NULM.

The status of interest subsidy sanctioned in the financial year is shown in **Annexure-8.50** & the status of SEP applications sanctioned is shown in **Annexure-8.51**.

The Steering Committee of SLBC that met on 09.03.2017 noted the latest linkage status and interest subsidy statistics under NULM .

Target- Linkage Loan		**Achievement- Linkage**		**Interest subsidy released (Regular subvention 2 %)**
No of NHGs	Loan amt	No of NHGs	Loan Amt	
4500	45 crore	3888	171 crore	4.41 crore

The interest subsidy claim & disbursement is gaining momentum. The committee requested that the interest subsidy administration may be centralized at Kudumbasree state office level as in NRLM for better follow up.

The Steering Committee of SLBC decided to place the matter in SLBC for information.

3.3.7. Sanctioning of Loans under SEP component of DAY-NULM (Suggested by Kudumbashree)

GoI has assigned targets for Self Employment Programme under DAY-NULM for the financial year 2016-17. SLBC has provided bank/branch wise targets and the same has been communicated to banks. As per the NULM guidelines, the banks should process or reject applications within a period of 14 days. The field level experience is that the banks are not giving a clear reason for non-processing of applications.

The Central Bank of India, Gramin Bank, SBT & Indian Bank in Kollam District is not processing the SEP applications. The applications are submitted to the banks in the month of October, 2016 (list provided as **Annexure-8.52**). SLBC is requested to take necessary steps for the same.

The Steering Committee of SLBC noted that Kudumbasree has given a list of 133 pending applications (Trivandrum-101, Kollam -14, Alappuzha-12, Kozhikode-5, Kasargod-1). SLBC Cell has forwarded the same to the banks for speedy disposal.

3.3.8. PMAY – Credit Linked Subsidy Scheme [CLSS] (Suggested by Kudumbashree)

Kudumbashree is the Nodal Agency for the implementation of PMAY in Kerala. CLSS is one of the main components of PMAY in the State. Further the Ministry has fixed the target for State as 30,000 for 2016-17 and 2017-18. As per the report of Ministry/CAN only 153 beneficiaries have availed benefit under CLSS. The performance of CLSS in the State is not satisfactory.

Most of the Urban Local Bodies have conducted Loan Melas attended by many people, but the result is just 2 to 5%. The main reasons for rejecting the application are:

i) Failed to produce IT returns

The Steering Committee of SLBC that met on 09.03.2017 observed that :

(1) Guideline issued on PMAY by MoHUPA (March 2016) says:

5.10 For identification as an EWS or LIG beneficiary under the scheme, an individual loan applicant will submit self-certificate/affidavit as proof of income.

(2) Central Nodal agency has clarified that banks must exercise due diligence in approval process. (FAQ issued by NHB)

22	Banks rely on income certificates and title ownership while disbursing loans. In this scheme, self certification is mentioned as income proof. Who will be responsible for title authenticity and income proof in such a situation?	Banks have to adopt their own due diligence process while sanctioning loans. While disbursing subsidy, a self certificate/affidavit as proof of income will be taken from the beneficiary. PLIs can resort to the remedies available under IPC and other relevant statues in case of any fraudulent submission.
27	What kind of land titles will be used for loan sanctioning in cases/areas where society pattas are prevalent?	The HFCs / PLIs must satisfy itself for sanctioning of loans and follow the due diligence documentation and approval process.

- *Based on the above, SLBC had communicated that a self-certificate/ affidavit stating the annual income of each earning member of the family is to be submitted with the application. The source of income to be stated*
- *Banks may ask for supporting proof to justify the declared income and to assess the repayment capacity.*
- *If the income comes under income tax limit, bank may ask for the IT returns*
- *The application may be rejected if, applicant is unable to justify the declared income or the actual assessed income of family exceeds the EWS/LIG ceiling*
- *Any cases contrary to the above may be brought to our notice*

ii) The land is smaller in size (e.g. less than 3 cents or 5 cents etc.)

The Steering Committee of SLBC noted the following:

(1) The land size need not be a limiting factor provided

- *it is marketable*
- *necessary building permission & layout approval is available*

(2) The MoHUPA guidelines say

"11.4 States/UTs shall adopt the approach of deemed building permission and layout approval on the basis of pre-approved lay outs and building plans for EWS/LIG housing or exempt approval for houses below certain built up area or plot area."

(3) In Kerala such exemptions are not introduced
(4) Specific cases contrary to the above may be brought to our notice

iii) The land has no motorable access, even if it has adequate width.

(This was also brought to the notice of the Steering Committee by the Planning & Economic Affairs Department, Government of Kerala based on complaints received by the Chief Minister's Office)

The Steering Committee of SLBC observed the following:
(1) No deviations from the normal housing loan scheme has been permitted for PMAY
(2) In the event of the account becoming NPA, the borrower becomes ineligible for subsidy also. The MoHUPA guidelines say

"8. In the event of default in repayment of the loan by the borrower/beneficiary to the Second Party and the loan becoming Non-Performing Assets (NPA), the lender/second party will proceed for recovery of the dues through such measures as considered appropriate, including foreclosure of the property. In all such cases, the amount of the recoveries will be charged to the subsidy amount on a proportionate basis (in proportion to the loan outstanding and subsidy disbursed)."

(3) No specific width has been prescribed for the approach to the property. At the same time, a proper documented accessibility is necessary to ensure free marketability, in case the bank is forced to sell the property to recover dues for any reason, what so ever and the lending bank should be satisfied of the above.
(4) Any specific decision of any bank not fitting to these general principles may be brought to our notice.

iv) In the case of NRI applicant, the Bankers insist, the NRI people himself shall be the applicant. In Kerala, many of the applicants are wife of NRI people.

The Steering Committee of SLBC observed the following:

- *NRIs are regularly availing housing loans from banks every year*
- *Under two circumstances the NRI has to be party to the loan*
- *If his income is also considered for fixing loan quantum*
- *If he is sole/joint owner of the property*
- *He may grant a Power attorney to wife, after consulting the bank*

3.3.9. Implementation of Credit Linked Subsidy Scheme [CLSS] under Pradhaan Manthri Awas Yojana [PMAY] (Suggested by HUDCO)

Government of India has launched Pradhaan Manthri Awas Yojana (PMAY) in order to provide housing for all in our country. The mission is being implemented through four verticals of which affordable housing through Credit Linked Subsidy Scheme (CLSS) is one of the prominent vertical. Under CLSS, Banks and Housing Finance Companies have to provide interest subsidy at the rate of 6.5% for a housing loan upto Rs. 6.00 lakhs, which is availed by the eligible beneficiaries belonging to Economically Weaker Section (EWS) and Low Income Group (LIG) categories. Any additional loan beyond Rs. 6.00 lakhs, if any, will be at non subsidized rate.

The estimated housing shortage in Urban Areas of Kerala is about 2.50 lakhs housing units spread over 93 Municipalities/Corporations. All these Municipalities and Corporations are included for extending benefits of CLSS-PMAY and the Ministry of Housing & Urban Poverty Alleviation has already provided the City Codes and the same has been uploaded on the website.

Urban Housing Mission is a State Level Nodal Agency for implementation of PMAY and has already started survey of homeless families in these 93 urban areas and already completed the survey for about 45 Municipalities/Corporations. During the survey, the beneficiaries were briefed about the PMAY and the 4 verticals available under the Scheme and given an option to select any one of the vertical based on their financial resources, capacity to mobilize funds and availability of land for building construction. From the survey already completed, it was found that about 25,934 number of beneficiaries have opted for CLSS and out of this, 6608 beneficiaries are having a monthly family income more than Rs. 15,000/- per month.

HUDCO has made about 30 programmes to sensitize PMAY and CLSS at various levels like beneficiaries, urban local body officials and banks. We have also arranged various Loan Melas at Thrissur, Kochi, Alappuzha etc. along with District Lead Bank and ULB. During these programmes, it was found that about 20% of the identified beneficiaries have eligibility to avail the housing loan and have the capacity to repay. So, if we consider the 20% of the total identified beneficiaries so far, it would be about 5200 numbers of beneficiaries are eligible for CLSS.

If we look at the present progress of CLSS loan extended by various banks and housing financing companies in the State of Kerala, it can be found that there are only 153 beneficiaries (132 by NHB and 21 by HUDCO as Central Nodal Agency) have been sanctioned loans in the State of Kerala as on 31.12.2016. Looking at the probable number of eligible beneficiaries (5200 nos) and the actual number of beneficiaries (153 nos) whom the subsidy extended, there is a huge gap, which has to be addressed on priority.

As this is a Government of India programme and monitored at the highest level, priority may be given to this scheme by the Banks so that, the homeless families get the benefit to build their own home. There are about 1496 Urban Bank branches for the Commercial Banks alone in the State of Kerala and if, each branch of the Bank sanction at least two housing loan under CLSS for an eligible beneficiary before 31.03.2017, it would extent this benefit to about 3145 numbers homeless families with a grant assistance of about Rs. 69.00 crores.

The Steering Committee of SLBC that met on 09.03.2017 endorsed the suggestion from HUDCO to allocate a target of 2 loans per Urban bank branch to all the participating banks under PMAY. A target allocation for 2017-18 based on the urban branch strength as on December 2016 is provided in **Annexure-8.39**.

3.3.10. Pradhan Mantri Awaas Yojana [Gramin] (Suggested by Commissionerate of Rural Development)

പ്രധാൻ മന്ത്രി ആവാസ് യോജന (ഗ്രാമീൺ) പദ്ധതി പ്രകാരം 70,000/– രൂപ വരെ ബാങ്ക് വായ്പ എടുക്കാമെന്ന് മേൽ പദ്ധതിയുടെ മാർഗ്ഗരേഖയിൽ പറയുന്നുണ്ടെങ്കിലും നിലവിൽ ബാങ്കിന് പരമാവധി 20,000/– രൂപ മാത്രമാണ് നൽകാൻ സാധിക്കുന്നതെന്ന് തിരുവനന്തപുരം ഡി.എൽ.ആർ.സി. യോഗത്തിൽ അറിയിച്ചിട്ടുണ്ട്. മേൽ സാഹചര്യത്തിൽ മാർഗ്ഗരേഖയിൽ അനുശാസിക്കും പ്രകാരമുള്ള 70,000/– രൂപ ഗുണഭോക്താക്കൾക്ക് ലഭ്യമാക്കാനുള്ള റിസർവ്വ് ബാങ്ക് ഓഫ് ഇന്ത്യയുടെ നിർദ്ദേശം ബാങ്കുകൾക്ക് നൽകുന്നതിനുള്ള നടപടികൾ കൈക്കൊള്ളണമെന്ന് താൽപ്പര്യപ്പെടുന്നു.

The Steering Committee observed that:
1. *It is probably an exceptional case of misinterpretation. Loan up to Rs.70000 can be considered.*
2. *Loans up to Rs.20000 can be considered under DRI if the beneficiary is eligible*
3. *Otherwise the interest rates applicable to housing loans shall apply*
4. *Specific cases may be brought to our notice for addressing.*

The relevant clause of the guideline is reproduced here from the Booklet published by the Rural Development Commissionerate, Local Self Government Department, Government of Kerala.

	6.3.6. ബാങ്കു വഴി വായ്പ ലഭ്യമാക്കൽ 6.3.6.1 ഗുണഭോക്താവ് ആഗ്രഹിക്കുന്ന പക്ഷം 70000/– രൂപ വരെ അധിക വായ്പ ലഭ്യമാക്കണം. കഴിയുന്നിടത്തോളം ഭാഗം DRI (Differential Rate of interest) വായ്പയാക്കാൻ ശ്രദ്ധിക്കണം.

The Committee decided to place the matter before SLBC.

3.3.11. Promoting Aadhaar Enabled Payments (Suggested by Kerala State IT Mission/ Electronics & Information Technology (B) Department)

(i) A drive on Aadhaar Bank Account linkage for all banks including co-operative sector banks

A renewed drive may be conducted by all the banks in Kerala including co-operative sector banks to increase the Aadhaar bank account linkage by using all modes including online seeding, postal and other means.

(ii) Promoting Aadhaar based DBT for Pensions, Scholarships and other entitlements

This will help in analysis and to ensure that the entitled amount has reached the correct beneficiary

(iii) Workshop/Presentation by NPCI on Aadhaar based DBT and other payment methods

A workshop or presentation by NPCI may be arranged by SLBC at state and district levels for disseminating information on Aadhaar based DBT and other new payment methods.

The Steering Committee of SLBC decided to discuss further on modalities and the support that can be extended by IT Mission. It is decided to give publicity through AIR.

The Committee decided to place matter in SLBC for discussion.

3.3.12. 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 (Suggested by SBT)

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 defined under the Kerala Land conservancy Act, 1957:-
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 can lend against certain assets. Sometimes in case of failure on the part of the borrower/guarantor to repay the loans, the bank may have to take possession of such assets. The assets possessed under such circumstances are shown in the balance sheet as non-banking assets. Now a day bank is acquiring numerous non-banking assets mortgaged to them on account of failure in selling such assets under public auction. These are the Non-Banking Assets of the Bank, which can be either converted to a Banking Asset for own use or can sell subsequently by observing the legal procedures. In majority of such properties banks are facing numerous problems, which includes, encroaching by adjacent land owners, illegal possession by third parties and claims based on false and fabricated documents. Due to above, banks are dragged into numerous litigations, which in turn cause financial erosion and diversion of efforts by the bankers in particular causing loss of public money.

As such these properties are to be protected as a matter of ‘public interest’ considering Public Sector Banks are state entity. It can be observed that, properties of Kerala State Electricity Board, University established by law and the corporations owned or controlled by the Government of Kerala are included as government properties under Kerala Land Conservancy Act 1957.

As per the provisions of Kerala Land Conservancy Act 1957, un-authorized occupants of government lands can be evicted by summary proceedings by district collector or any other officer authorized in that regard. Further penal provisions are incorporated for deterring such offenders – punishment for unauthorized occupation of land which is the property of Government for any non-Governmental purpose, unlawfully enters or occupies such land shall be punishable with imprisonment of either description for a term which shall not be less than three years but which may extend to five years and shall also be liable to pay a fine which shall not be less than fifty thousand rupees, but which may extend to two lakh rupees.

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. If suitable modifications/amendments are to be made to include properties of Public Sector Banks, also in the purview of the Act, it will be deterrent to encroachers and fraudsters and banks can save a lot of time and cost in recovering the debt.

It is requested and recommended that the matter may be taken on top priority as a matter of public interest and necessary amendments be made in the Act so that Public Sector Banks also will come under the purview of the Act.

The Steering Committee observed that the suggestion by SBT is to recommend to the Government of Kerala 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.

The Steering committee agreed that such a recommendation may be made to the State Government as a onetime measure and decided to place it in the SLBC meeting.

3.4. INFORMATION NOTES

3.4.1. Inclusion of MUDRA loans for NULM subsidy (Suggested by Kudumbashree)

Kudumbasree informs that NULM subsidy scheme can cover Mudra Loans also, subject to their eligibility Kudumbasree may give further details

The Steering Committee of SLBC that met on 09.03.2017 noted that:

- *MoHUPA clarifies that MUDRA or any other loan sanctioned by a bank - if eligible under NULM - interest subsidy can be claimed*
- *Kudumbasree may explain procedure of claim*

The Committee decided to place matter in SLBC for information.

3.4.2. Installation of solar powered V-SAT Connectivity to Kiosk / Fixed CSPs through Support under Financial Inclusion Fund (FIF) – Information Note by NABARD

Till date 4 banks have availed FIF funding from NABARD to establish Solar powered V-Sat connectivity in their sub service areas. The details are:

Sl. No.	Name of the Bank	Sub Service Area	FIF support Received from NABARD (Rs)
1	Syndicate Bank	Porkulam, Trivandrum	4,00,000.00
2	Indian Overseas Bank	Anakkal, Kottayam	3,00,000.00
3	Punjab National Bank	1. Mulayam, Thrissur 2. Piravom, Ernakulam 3. Thuravoor Thekku, Alappuzha 4. Muvattupuzha, Ernakulam 5. Kodikulam, Idukki 6. Angamaly, Ernakulam 7. Thiruvananthapuram 8. Kottakal (CT), Malappuram	8,64,000.00
4	Kerala Gramin Bank	Aralam, Kannur	4,00,000.00

4. Review of Performance of the Banking Sector

4.1. Banking Statistics as at December 2016 (Refer Annexure 8.1 to 8.3)

The detailed banking statistics for the State as at December 2016 is furnished in the Annexure. A comparative analysis of the data over the previous fiscals is presented below.

(Rs. in Crores)

Parameter	Outstanding			Variation	
	Dec. 2014	Dec. 2015	Dec. 2016	Dec. '15-Dec.'14	Dec. '16-Dec.'15
No. of Branches	5876	6096	6269	4%	3%
Total Deposits	303065	349043	402393	15%	15%
Domestic Deposits	198492	221046	254319	11%	15%
NR Deposits	104573	127997	148074	22%	16%
Total Advances	207974	225405	251207	8%	11%
Investments	7407	11357	13806	53%	22%
Adv. + Investment.	215381	236762	265013	10%	12%
C: D Ratio	69	65	62	-5	-3
C+I:D Ratio	71	68	66	-3	-2

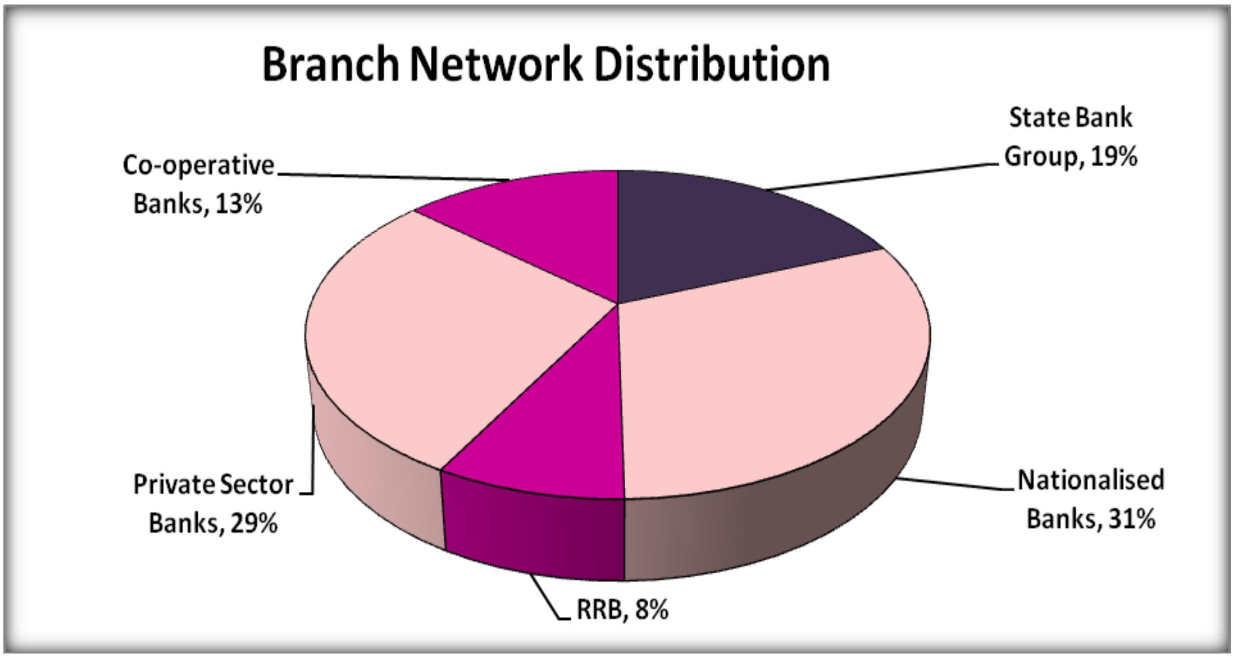
4.2. Branch Network

As at the end of December 2016, the total number of branches of Commercial Banks in the State was 6269**.**

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	76	962	330	1368	1%	13%	5%	19%
Nationalized Banks	106	1529	598	2233	1%	21%	8%	31%
RRB	51	511	39	601	1%	7%	1%	8%
Private Sector Banks	148	1453	466	2067	2%	20%	6%	29%
Co-operative Banks	135	26	814	975	2%	0%	11%	13%
GRAND TOTAL	**516**	**4481**	**2247**	**7244**	**7%**	**62%**	**31%**	**100%**

B. Banking Group wise Growth in Branch Network

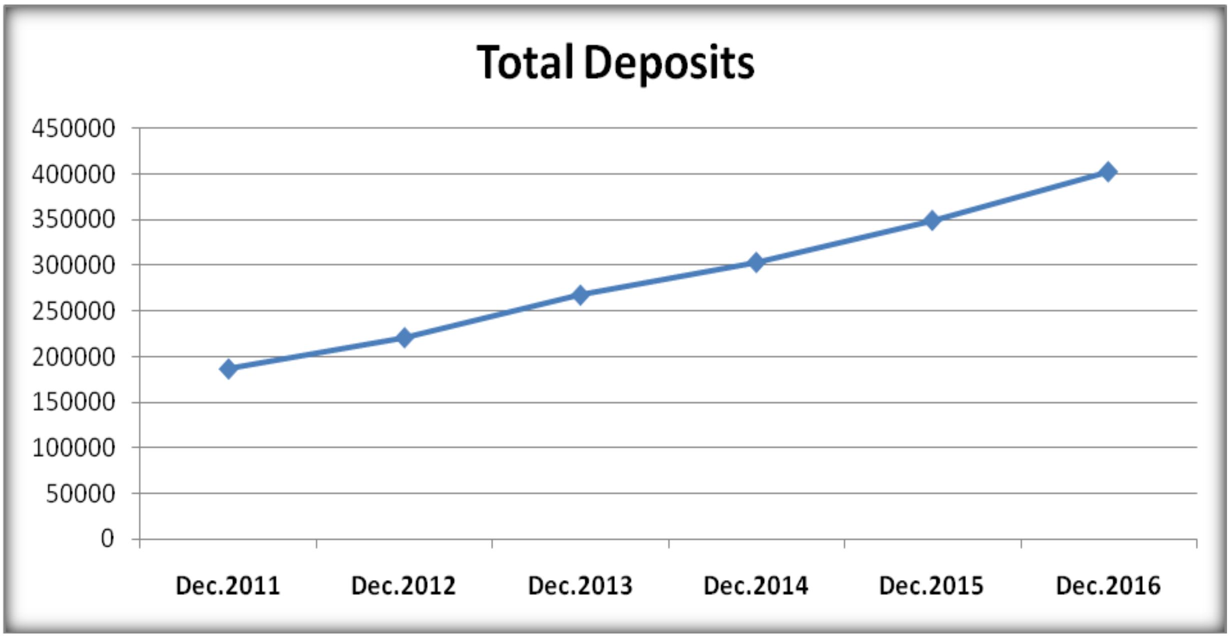


4.3. Deposit growth

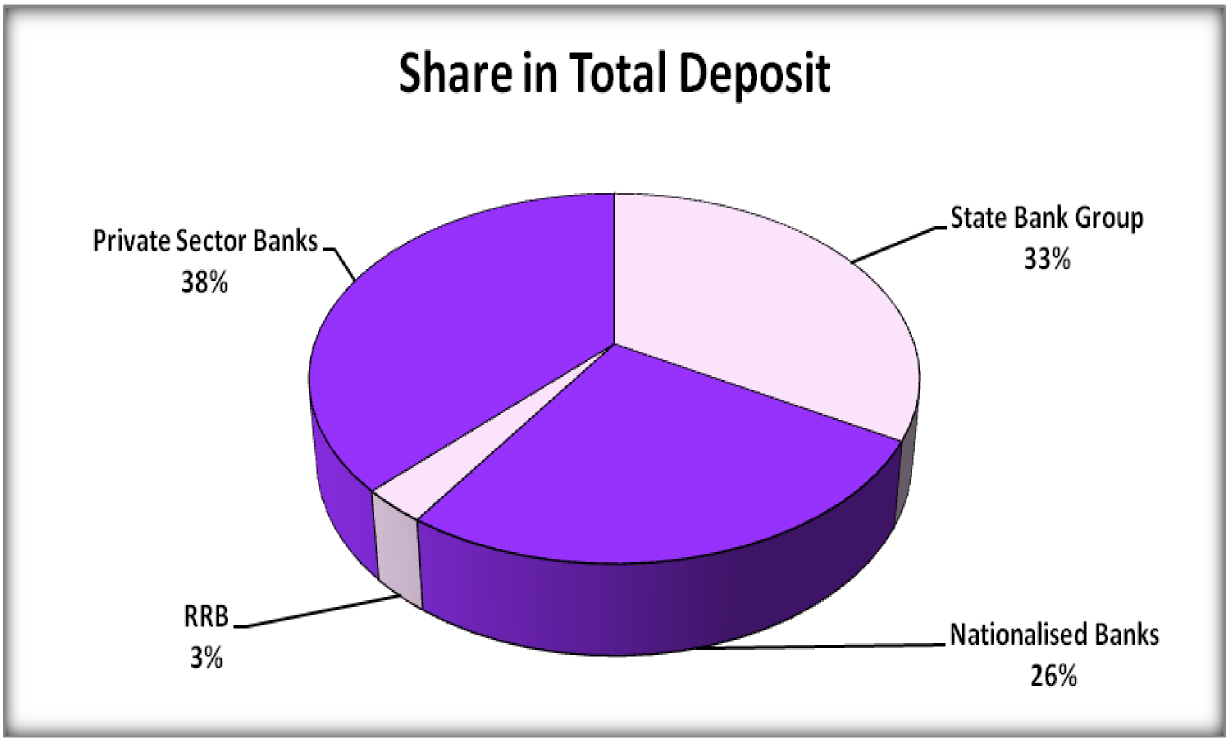
A. Growth in total Deposits

(Rs. in Crores)

Total Deposit over the Years					
Dec.2011	**Dec.2012**	**Dec.2013**	**Dec.2014**	**Dec.2015**	**Dec.2016**
186285	220489	267133	303065	349043	402393



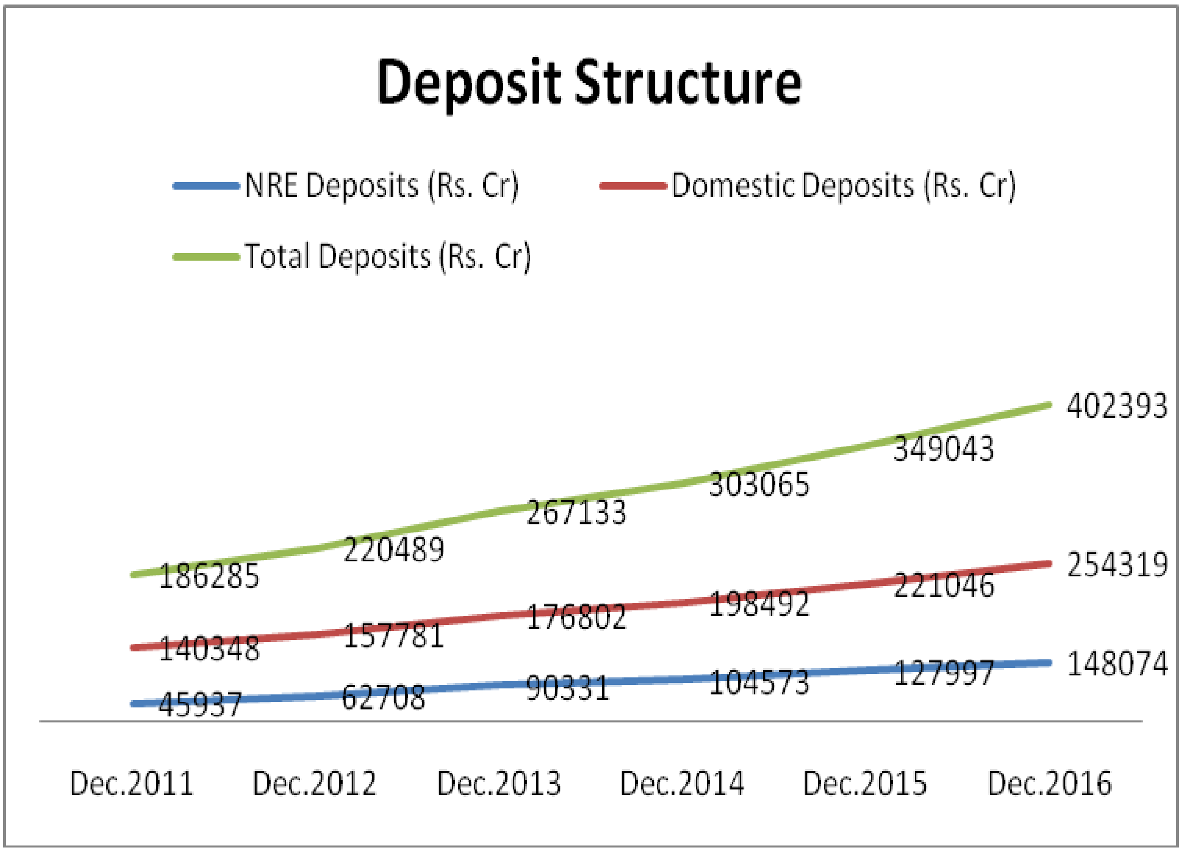
B. Banking Group wise Growth in Total Deposits



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	3255	84874	45679	133808	1%	18%	10%	29%
Nationalised Banks	3017	57429	44631	105077	1%	12%	10%	22%
RRB	551	9036	2384	11972	0%	2%	1%	3%
Private Sector Banks	4300	91747	55490	151537	1%	20%	12%	32%
Co-operative Banks	5918	164	58537	64619	1%	0%	13%	14%
GRAND TOTAL	**17041**	**243250**	**206722**	**467012**	**4%**	**52%**	**44%**	**100%**

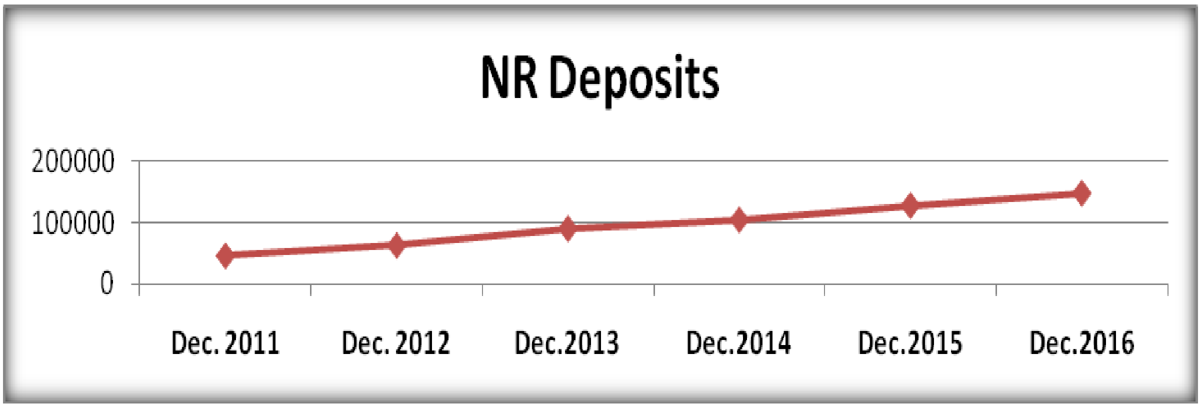


4.4. NR Deposits (Refer Annexure 8.2)

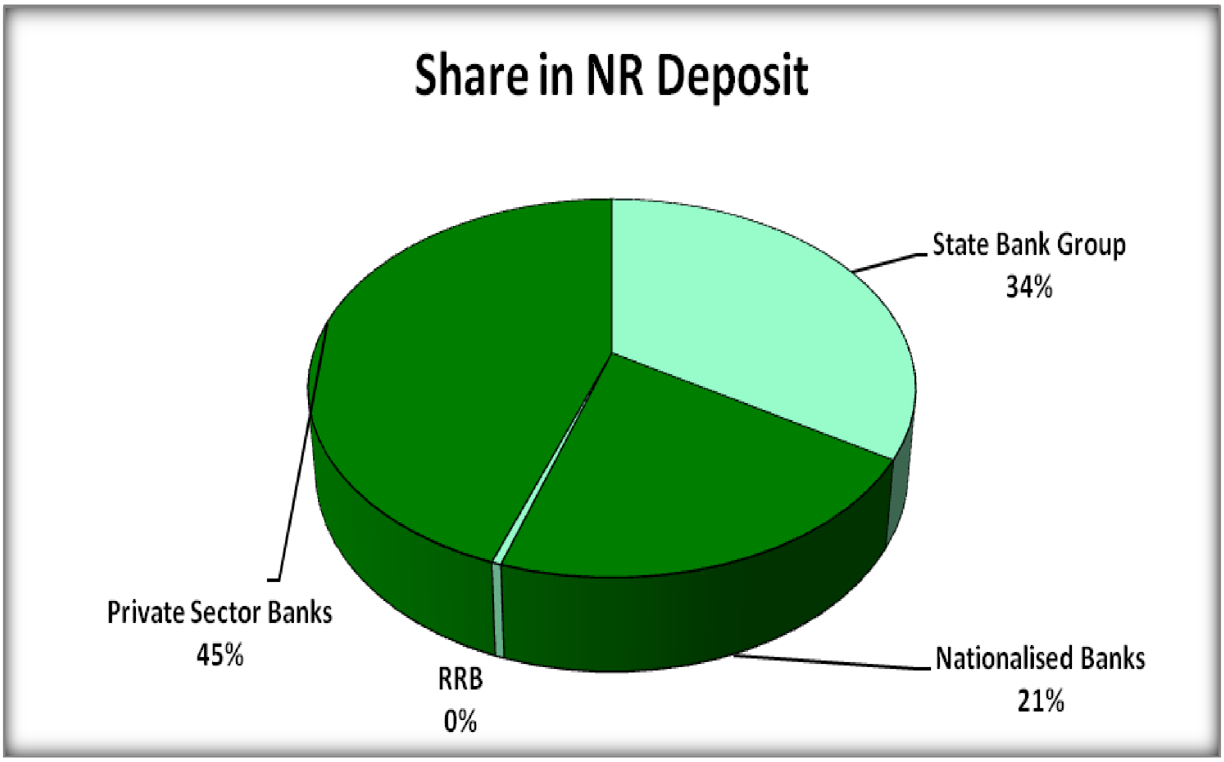
A. Growth in NR Deposits

(Rs. in Crores)

NR Deposit over the Years					
Dec. 2011	**Dec. 2012**	**Dec.2013**	**Dec.2014**	**Dec.2015**	**Dec.2016**
45937	62708	90331	104573	127997	148074



B. Banking Group wise Growth in NR Deposits



C. NR Deposits - Population group wise breakup

(Rs. in Crores)

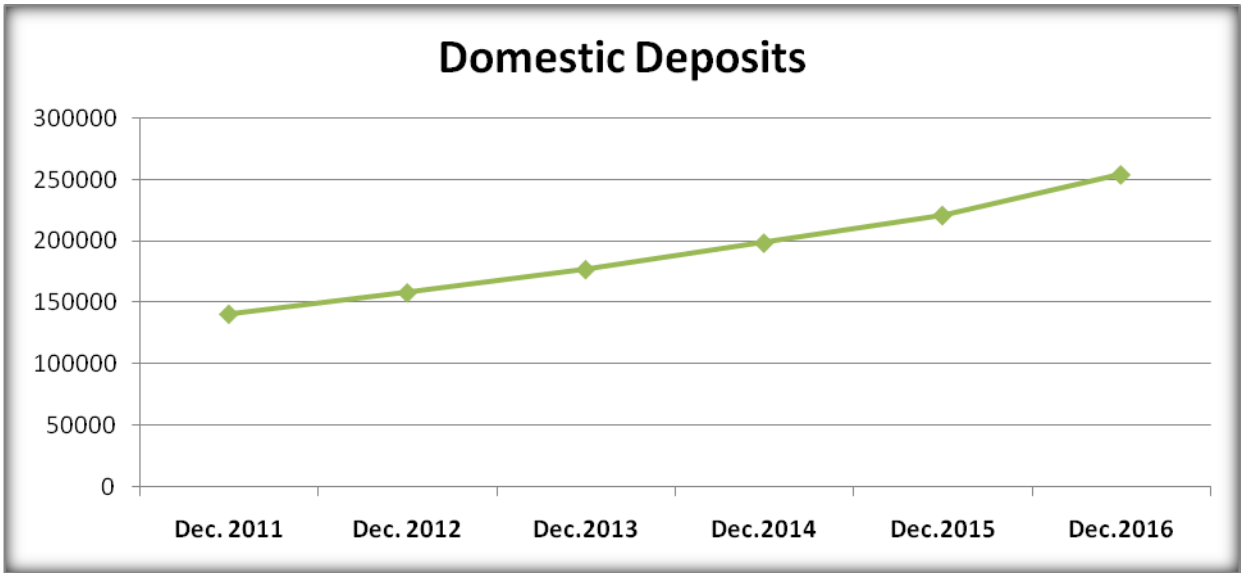
Banking Group	N R Deposits				Percentage Distribution			
	Rural	Semi-Urban	Urban	Total	Rural	Semi-Urban	Urban	Total
State Bank Group	1075	34792	14292	50159	1%	23%	10%	34%
Nationalized Banks	706	20035	10451	31192	0%	14%	7%	21%
RRB	33	562	47	642	0%	0%	0%	0%
Private Sector Banks	1876	45453	18752	66081	1%	31%	13%	45%
GRAND TOTAL	**3691**	**100841**	**43542**	**148074**	**2%**	**68%**	**29%**	**100%**

4.5. Domestic Deposits

A. Growth in Domestic Deposits

(Rs. in Crores)

Domestic Deposit over the Years					
Dec. 2011	**Dec. 2012**	**Dec.2013**	**Dec.2014**	**Dec.2015**	**Dec.2016**
140348	157781	176802	198492	221046	254319

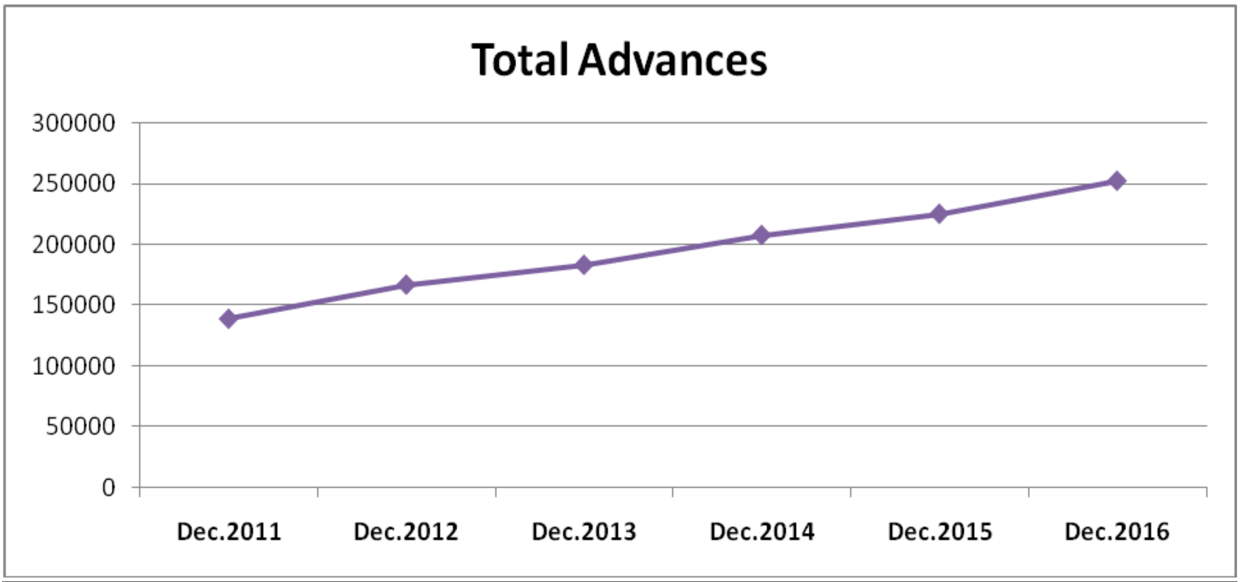


4.6. Credit Expansion (Refer Annexure 8.2)

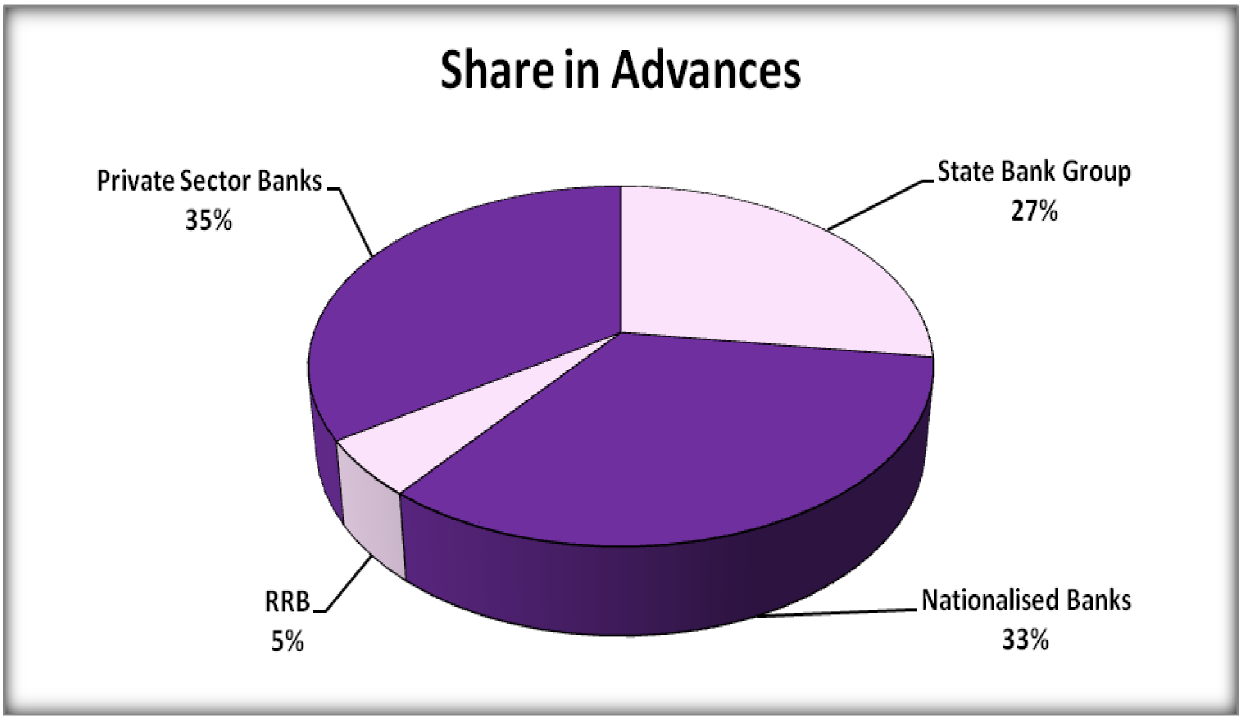
A. Growth in Advances

(Rs. in Crores)

Total Advances Outstanding over the Years					
Dec.2011	**Dec.2012**	**Dec.2013**	**Dec.2014**	**Dec.2015**	**Dec.2016**
139347	167333	183583	207974	225405	251207



B. Banking Group wise Growth in Total Advances

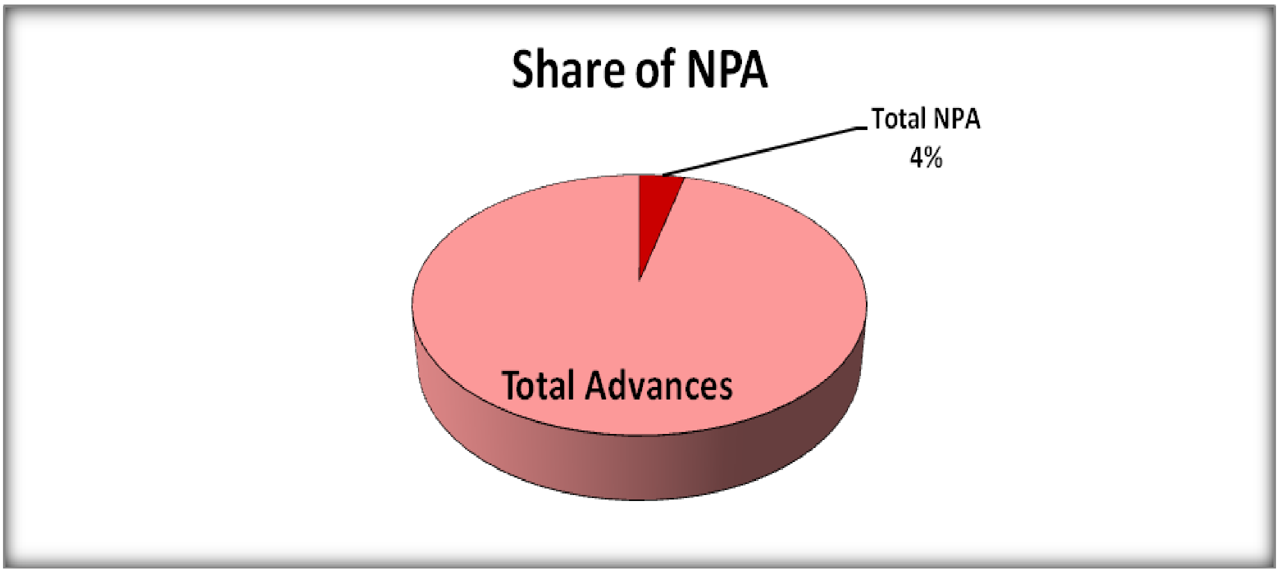


C. Total Advances - Population group wise breakup

(Rs. in Crores)

Banking Group	Total Advances				Percentage Distribution			
	Rural	Semi-Urban	Urban	Total	Rural	Semi-Urban	Urban	Total
State Bank Group	2895	35208	30228	68332	1%	12%	10%	24%
Nationalized Banks	2221	38418	43018	83657	1%	13%	15%	29%
RRB	731	10836	1161	12728	0%	4%	0%	4%
Private Sector Banks	1544	40161	44785	86490	1%	14%	15%	30%
Co-operative Banks	8033	1059	29771	38863	3%	0%	10%	13%
GRAND TOTAL	**15424**	**125682**	**148964**	**290070**	**5%**	**43%**	**51%**	**100%**

D. % Share of NPA in Total Advances



4.7. Credit-Deposit Ratio (C D Ratio) (Refer Annexure 8.3)

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**

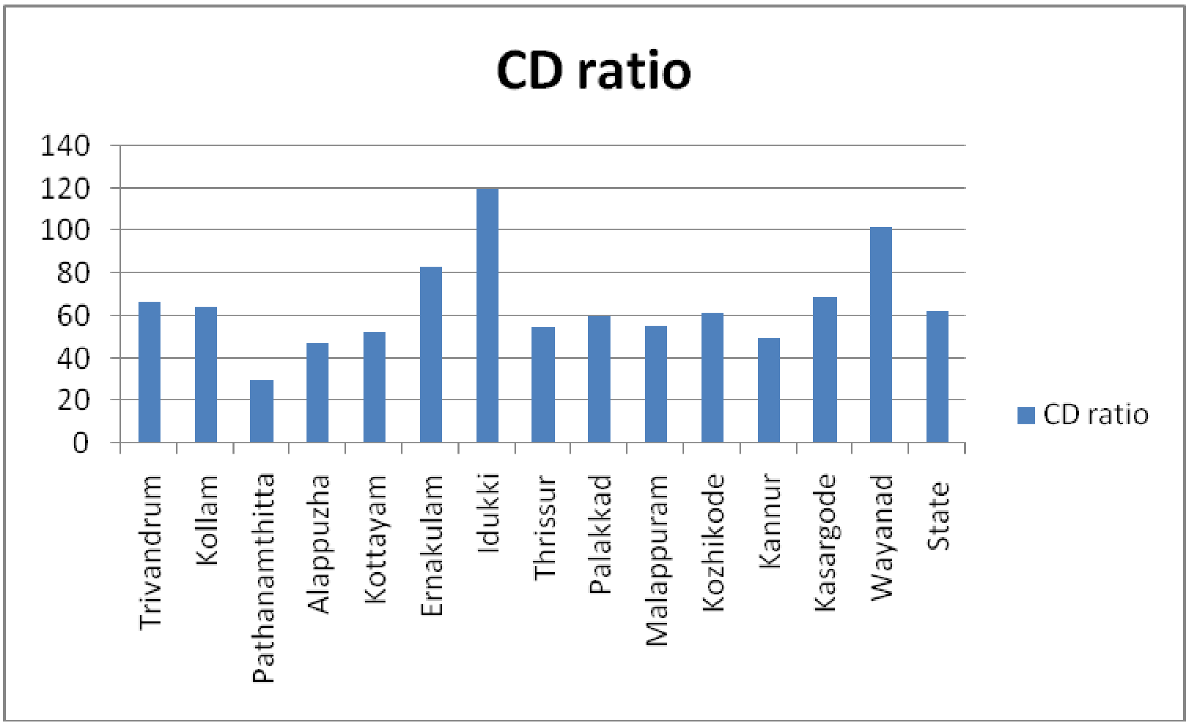
4.8. District-wise Credit Deposit Ratio in the State

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).

A. District-wise C D Ratio in the State as on 31.12.2016

(Rs. in Lakhs)

Sl. No.	District	Deposits	Advances	CD Ratio (%)
1	Trivandrum	6998179	4688433	67.00
2	Kollam	2957757	1907954	64.51
3	Pathanamthitta	3481700	1049365	30.14
4	Alappuzha	2815967	1326110	47.09
5	Kottayam	3506376	1826648	52.10
6	Ernakulam	8545126	7131509	83.46
7	Idukki	657456	788727	119.97
8	Thrissur	5353335	2945272	55.02
9	Palakkad	2388377	1428615	59.82
10	Malappuram	2522182	1399672	55.49
11	Kozhikode	3212124	1974452	61.47
12	Kannur	2888930	1438022	49.78
13	Kasargode	895636	615874	68.76
14	Wayanad	478093	486354	101.73
Total for State (including Co-operative banks)		**46701241**	**29007007**	**62.11**



4.9. Performance of the Banking sector inclusive of Co-operatives (excluding PACs) as at December 2016

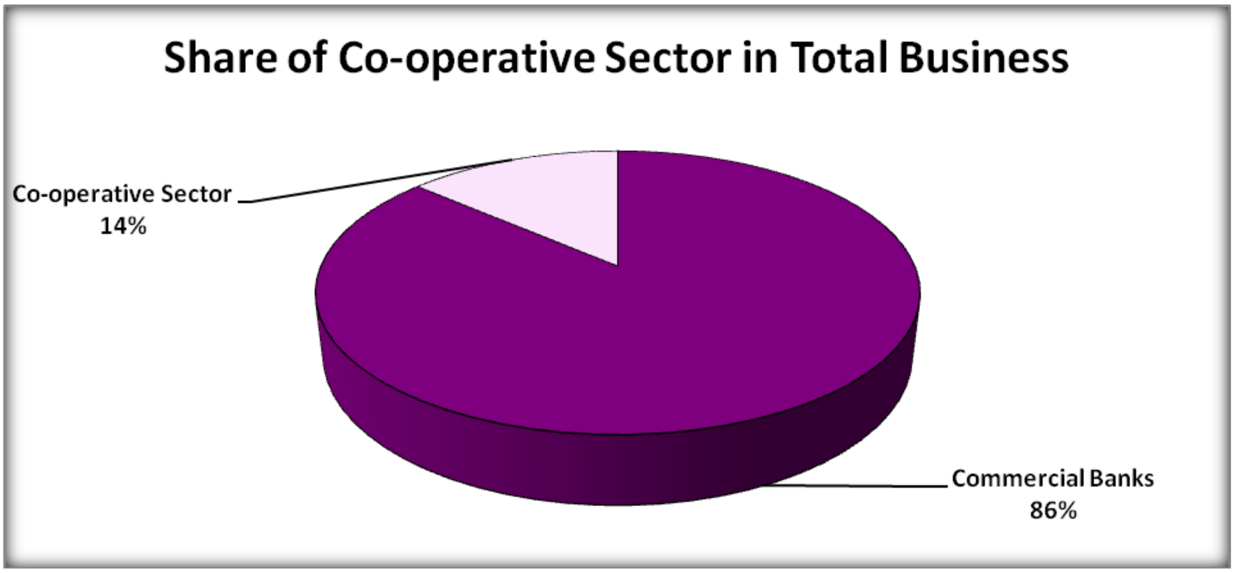
The performance of the banking sector inclusive of Co-operatives is summarized as follows:

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

(Rs in. Crores)

Parameter	Dec-16			Share of Co-operatives to Total
	Co-operative Sector	Commercial Banks	Commercial Banks + Co-operatives	
Branches	975	6269	7244	13
Total Deposits	64619	402393	467012	14
Total Advances	38863	251207	290070	13
Total Business	103482	653600	757082	14
Priority Sector Advances	26877	138179	165056	16
% Priority Sector Advances	69	55	57	xx
Agriculture Advances	6451	58511	64962	10
% Agriculture Advances	17	23	22	xx
SME Advances	1211	38770	39981	3
% SME Advances	3	15	14	xx
CD Ratio	60	62	62	xx

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



5. Review of Performance under Priority Sector Outstanding

5.1. Review of Priority Sector Advances (Outstanding) as at December 2016
(Refer Annexure 8.4)

The growth in outstanding advances under the sub sectors of priority sector as at December 2016 is summarized as follows.

(Rs. in Crores)

Parameter	Outstanding					Variation	
	Dec. 2015	Mar. 2016	Jun. 2016	Sept. 2016	Dec. 2016	Dec. '15-Dec. '16	Sept. '16-Dec. '16
Priority Sector Advances	130645	132256	135888	141707	138179	6%	-2%
Agriculture Advances	54689	54888	55944	58495	58511	7%	0%
MSE Advances - Priority	39591	39463	40603	42911	38770	-2%	-10%
Weaker Section Advances	49847	54243	56634	59498	59740	20%	0%
SC Advances	4873	4437	4312	4358	4447	-9%	2%
ST Advances	994	1049	1128	1122	1115	12%	-1%
DRI Advances	45	43	40	35	30	-33%	-13%

5.1.1. Performance versus National goals

(Figures in percentage)

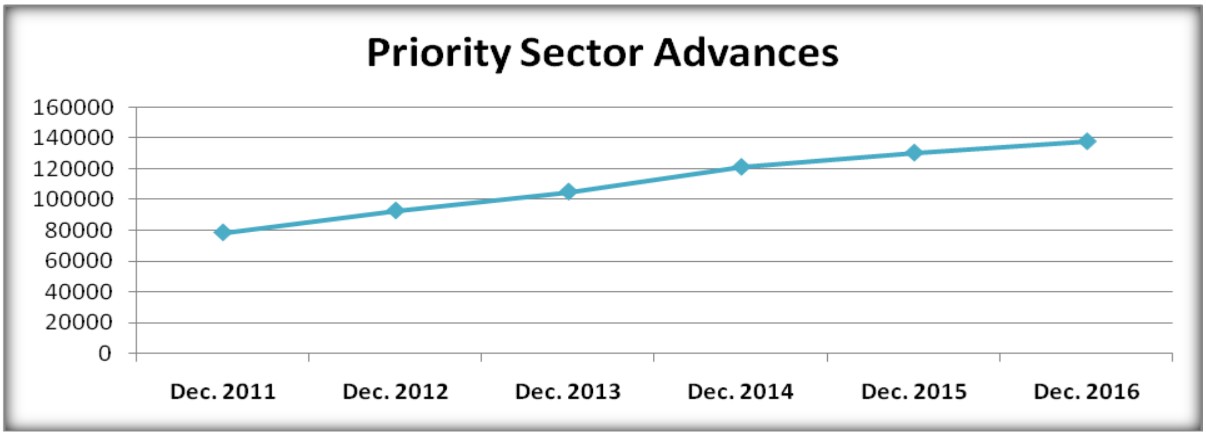
Sl. No.	Parameter	Goal %	Dec. 2015	Mar. 2016	Jun. 2016	Sept. 2016	Dec. 2016	Variation
1	**Priority Sector Advances to Total Credit**	**40**	58	57	57	57	55	15
2	**Agriculture Advances to Total Credit**	**18**	24	24	24	24	23	5
3	**Weaker Section Advances to Total Credit**	**10**	22	23	24	24	24	14
4	**DRI Advances to Total Credit**	**1**	0.02	0.02	0.02	0.01	0.01	-1
5	**Credit Deposit Ratio**	**60**	65	64	64	66	62	2

5.1.2. Priority Sector Advances in Total Advances – Bank Group wise

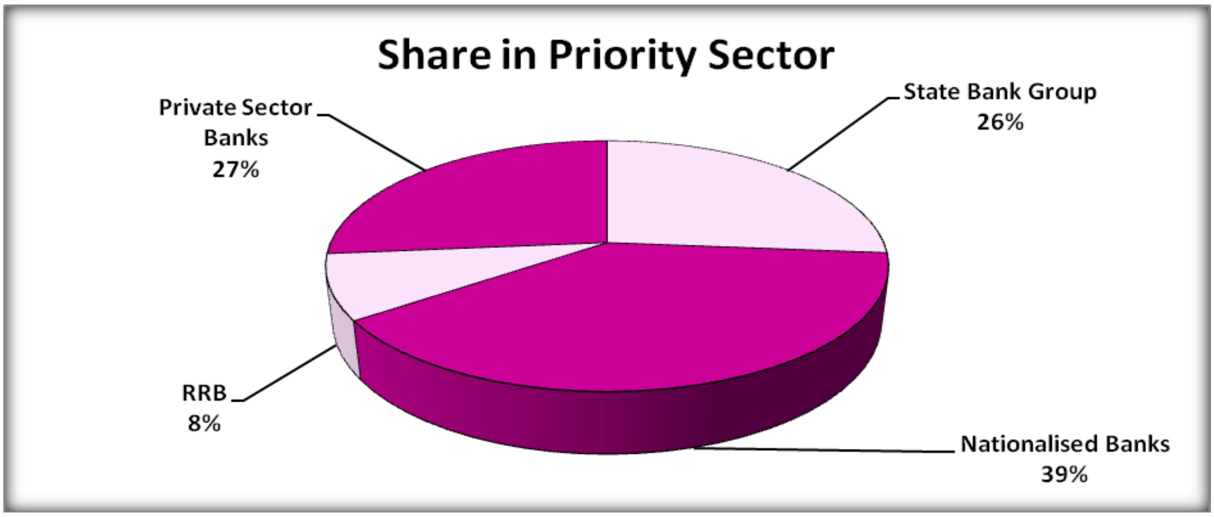
(Refer Annexure 8.4)

A. Growth in Priority Sector Advances (Rs. in Crores)

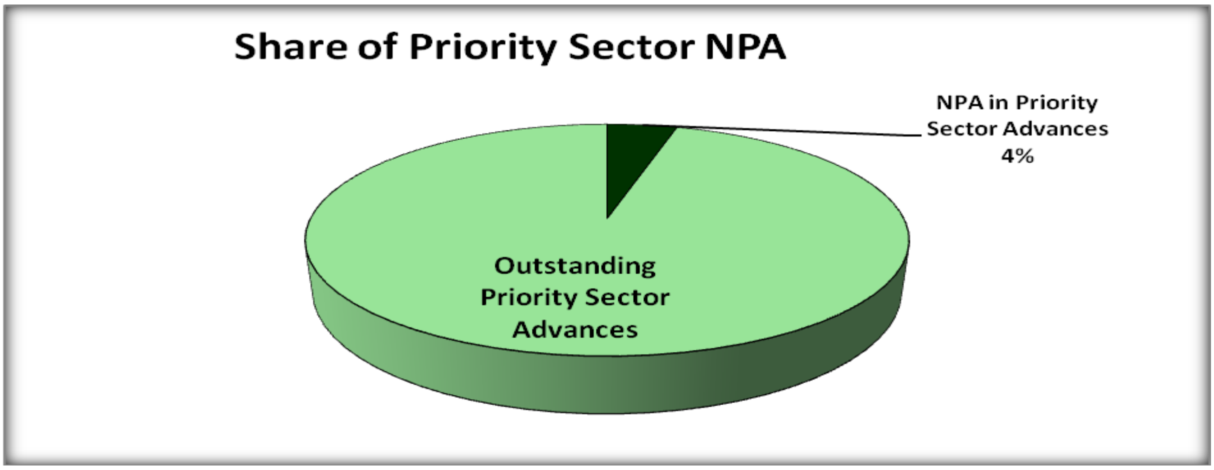
Priority Sector Advances over the years					
Dec. 2011	**Dec. 2012**	**Dec. 2013**	**Dec. 2014**	**Dec. 2015**	**Dec. 2016**
78510	92844	105160	121360	130645	138179



B. Banking Group wise Growth in Priority Sector Advances



C. % Share of NPA in Priority Sector Advances

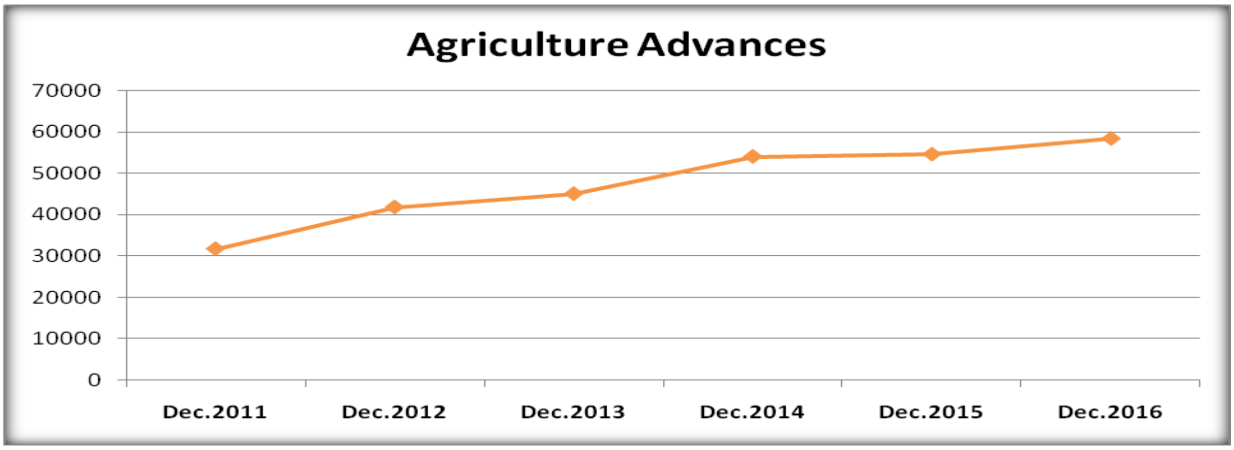


5.1.3. Agriculture Advances (Refer Annexure 8.5)

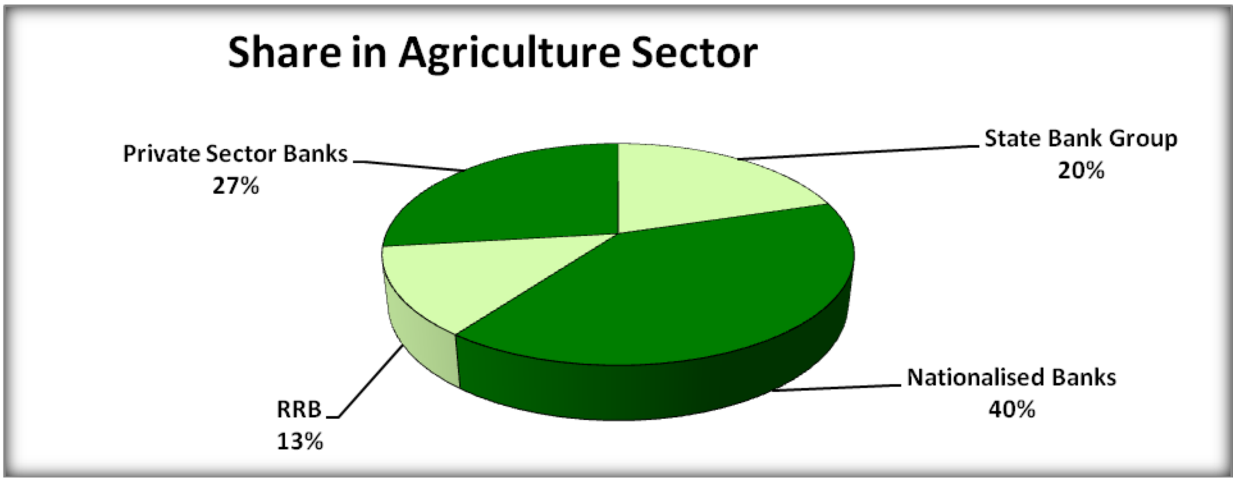
A. Growth in Agriculture Advances

(Rs. in Crores)

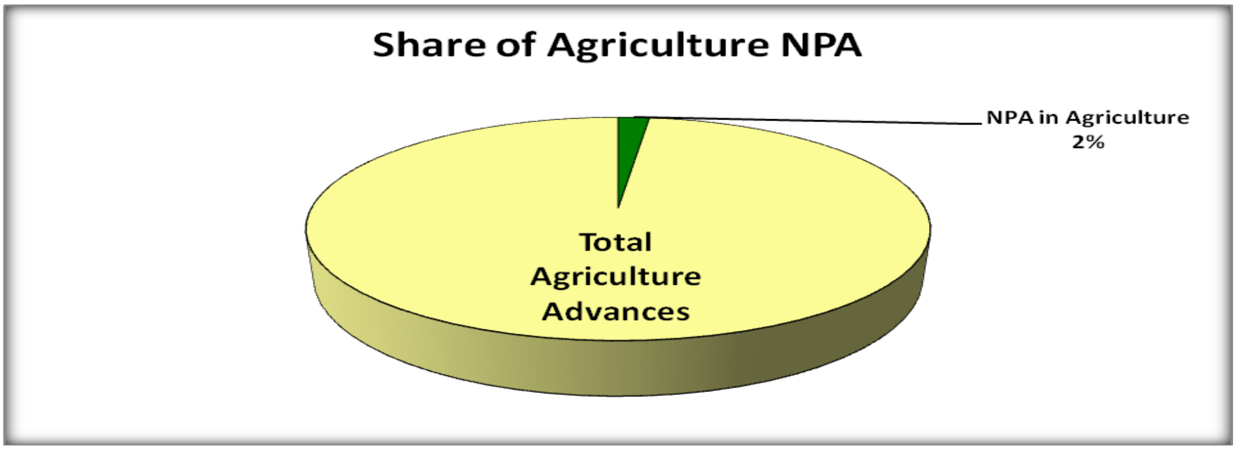
Agriculture Advances over the years					
Dec.2011	**Dec.2012**	**Dec.2013**	**Dec.2014**	**Dec.2015**	**Dec.2016**
31699	41842	45082	54148	54689	58511



B. Banking Group wise Growth in Agriculture Advances



C. % Share of NPA in Agriculture Advances



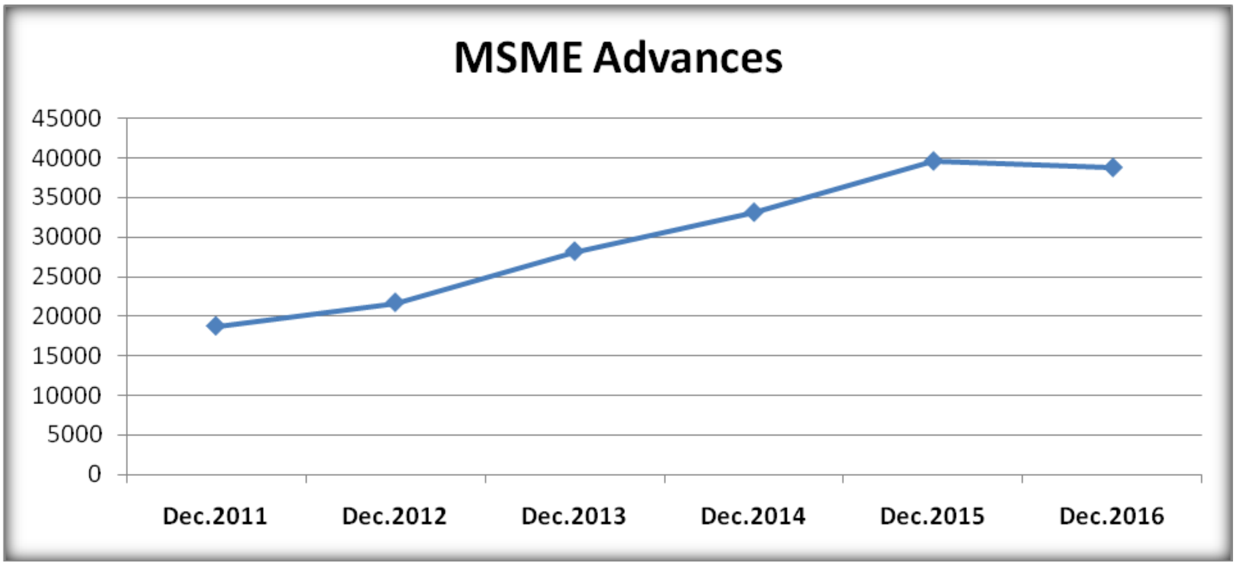
5.1.4. MSME Advances (Priority) (Refer Annexure 8.6)

A. Growth in MSME Advances

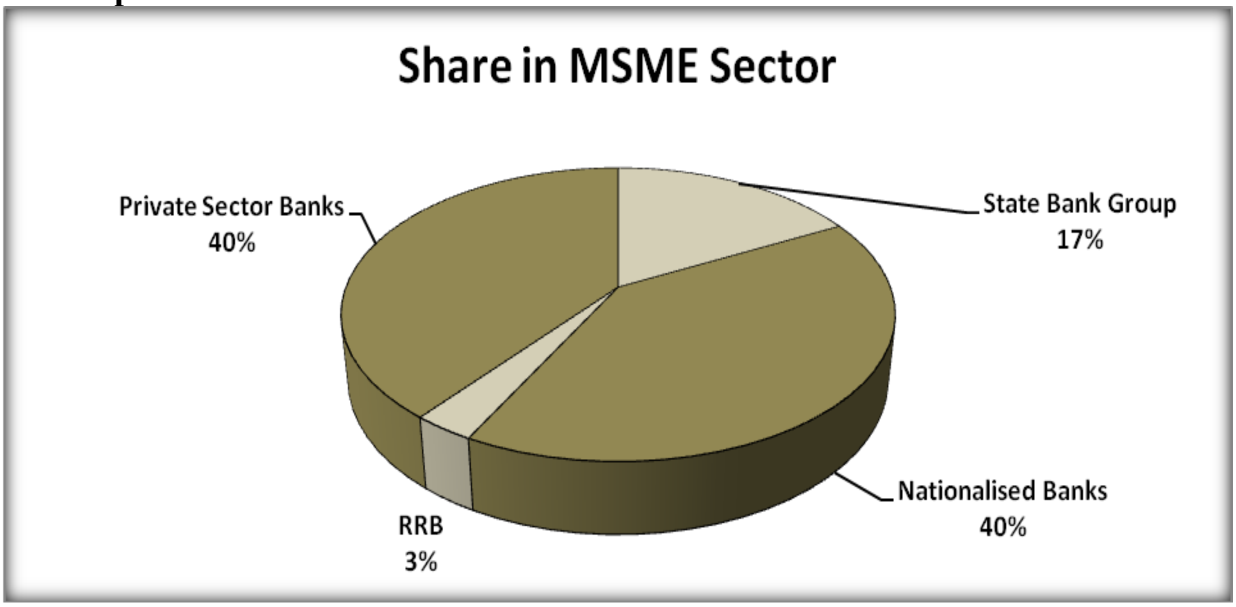
Micro, Small and Medium Enterprises are now part of the Priority Sector (MSME).

(Rs. in Crores)

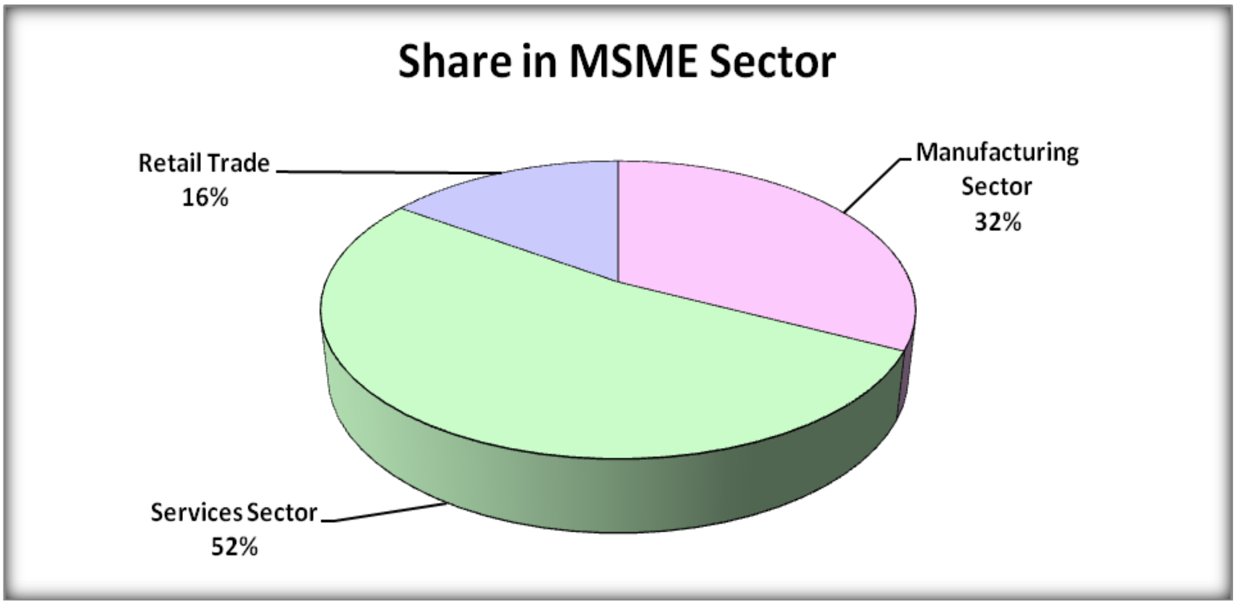
MSME Advances over the years					
Dec.2011	**Dec.2012**	**Dec.2013**	**Dec.2014**	**Dec.2015**	**Dec.2016**
18729	21705	28185	33104	39591	38770



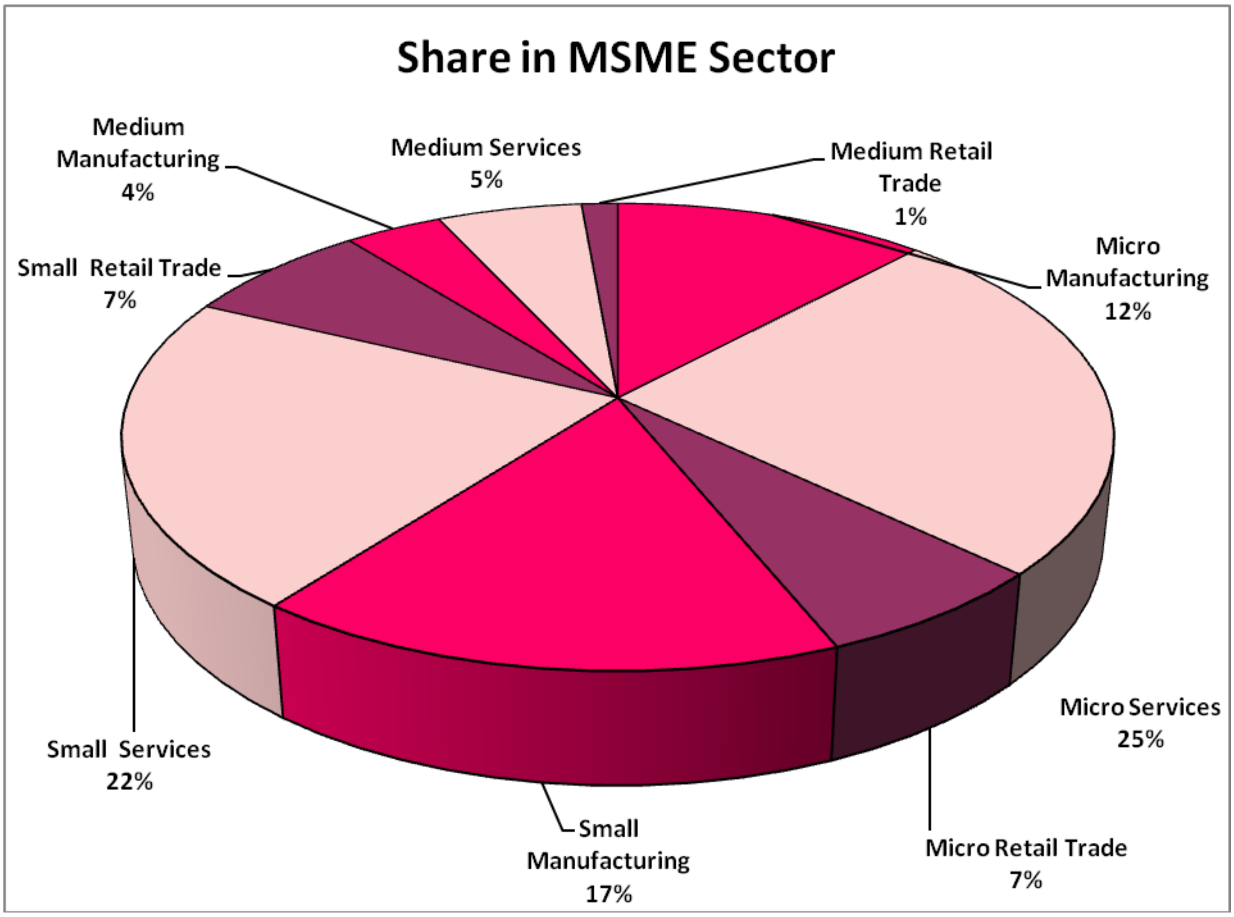
B. Banking Group wise Growth in MSME (Priority) – Micro, Small & Medium Enterprises



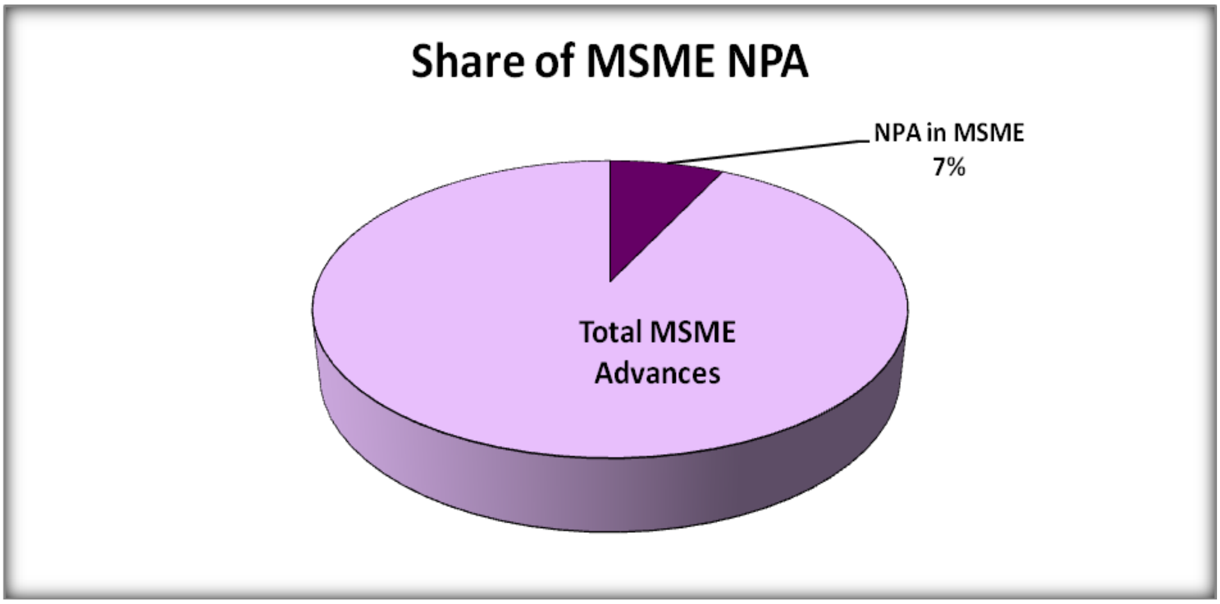
C. Sector wise classification of MSME



D. Sector wise performance under MSME



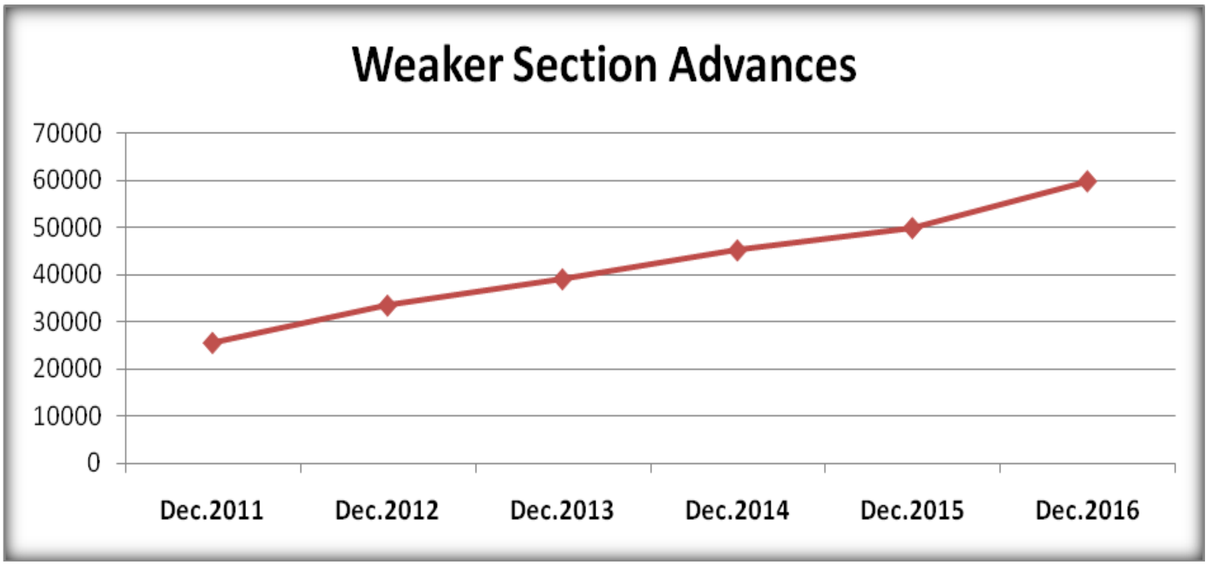
E. % Share of NPA in MSME Advances



5.1.5. Advances to Weaker Section (Refer Annexure 8.9)

(Rs. in Crores)

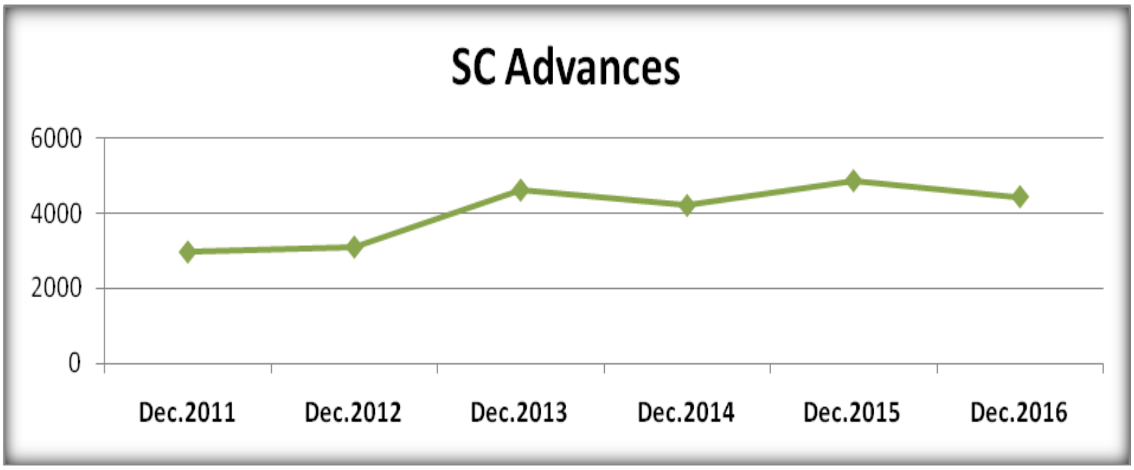
Weaker Section Advances over the years					
Dec.2011	**Dec.2012**	**Dec.2013**	**Dec.2014**	**Dec.2015**	**Dec.2016**
25549	33435	39001	45130	49847	59740

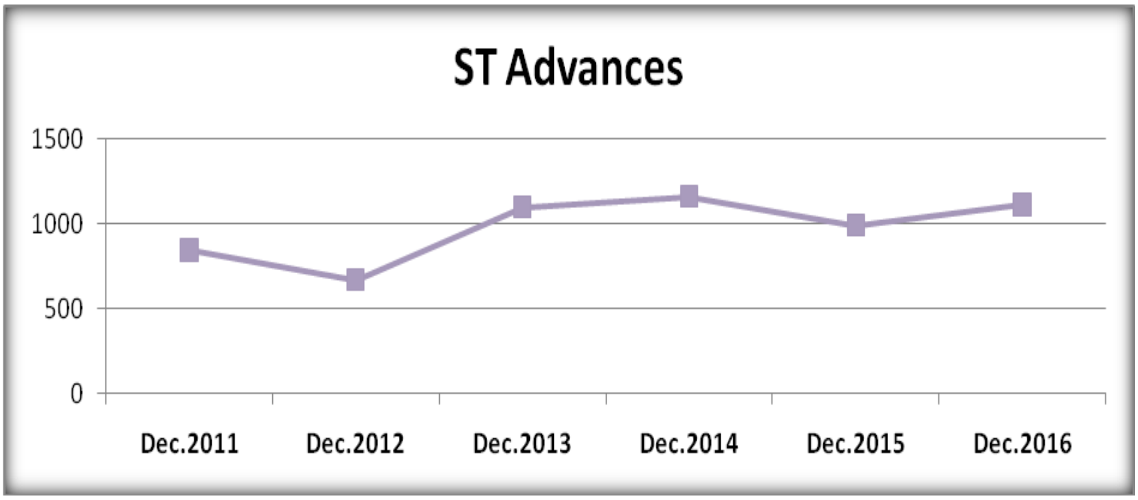


5.1.6. Advances to SC/STs (Refer Annexure 8.9)

(Rs. in Crores)

Parameter	Outstanding					
	Dec.2011	Dec.2012	Dec.2013	Dec.2014	Dec.2015	Dec.2016
SC Advances	2978	3108	4623	4215	4873	4447
ST Advances	845	670	1102	1162	994	1115
Total SC/ST Advances	**3823**	**3778**	**5725**	**5377**	**5867**	**5562**





5.1.7. DRI Advances (Refer Annexure 8.10)

(Rs. in Crores)

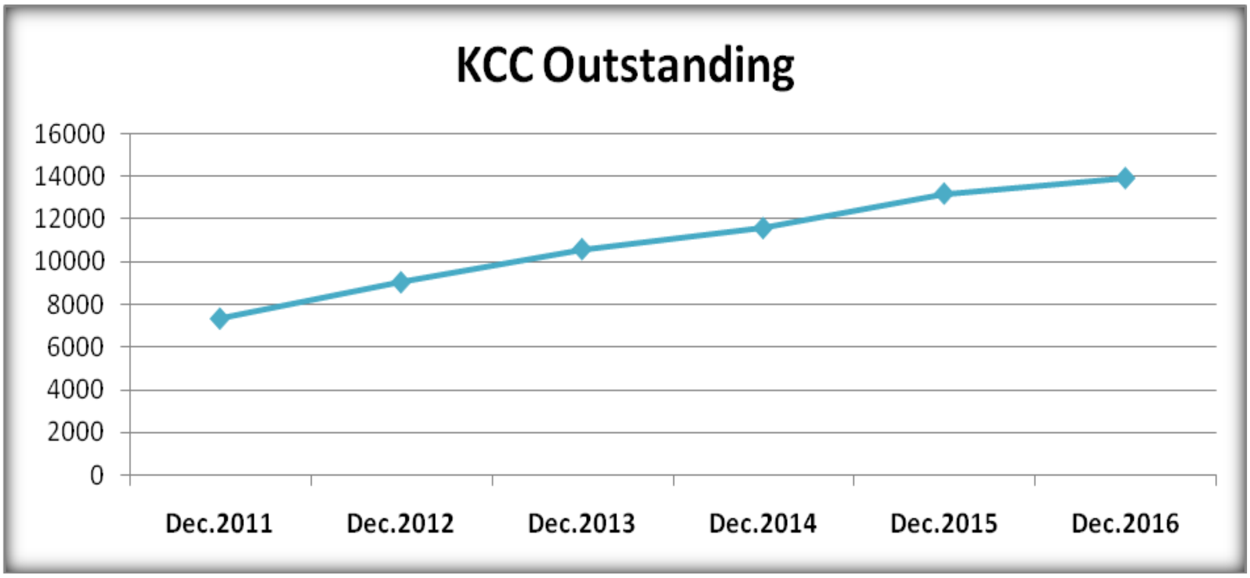
Parameter	Outstanding over the years					
	Dec.2011	Dec.2012	Dec.2013	Dec.2014	Dec.2015	Dec.2016
DRI Advances	35	44	57	57	45	30

6. Review of Performance under Special Focus Programmes

6.1. Performance under Kisan Credit Card Scheme (Refer Annexure 8.17)

(Rs. in Crores)

Parameter	Outstanding					
	Dec.2011	Dec.2012	Dec.2013	Dec.2014	Dec.2015	Dec.2016
KCC (including Co-op. Banks)	7366	9057	10599	11576	13186	13903



6.2. Credit Flow to Minority Communities (Refer Annexure 8.15)

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 **61 %** of the total Priority sector advances has gone to the minority communities as at December 2016.

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**

6.3. Performance under Micro credit (Annexures 8.19 to 8.22)

There are 3 modes for credit linkage of SHGs under the SHG-Bank linkage programme. Credit linkage through

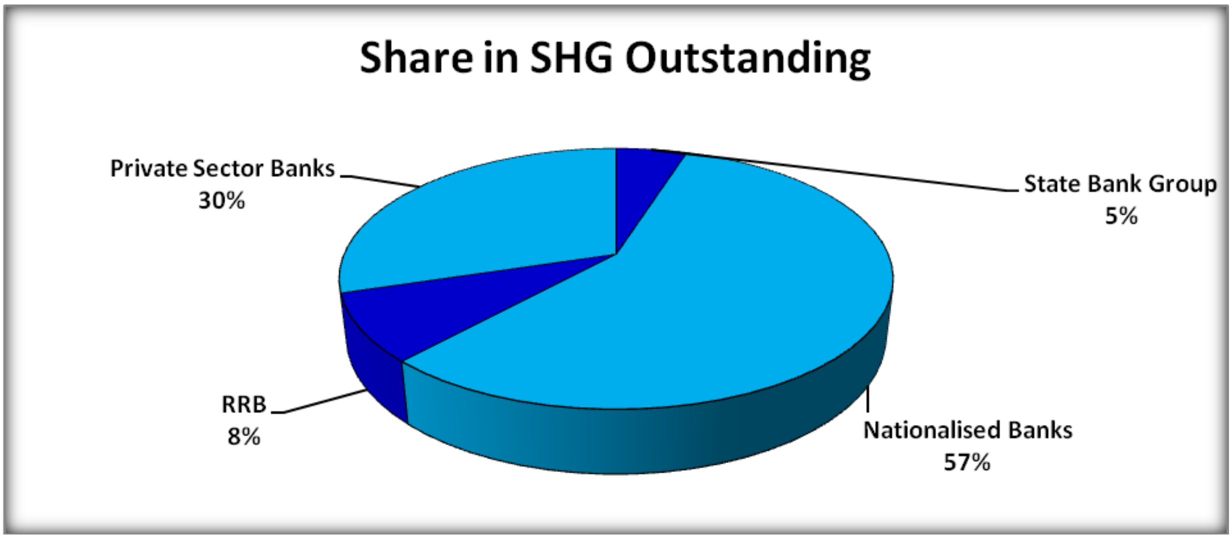
1. Financing SHGs directly by banks
2. Financing SHGs directly with the facilitation of NGOs
3. Financing SHGs through the medium of NGOs

The performance of the banking sector in the State under the above 3 modes of linkage is as follows.

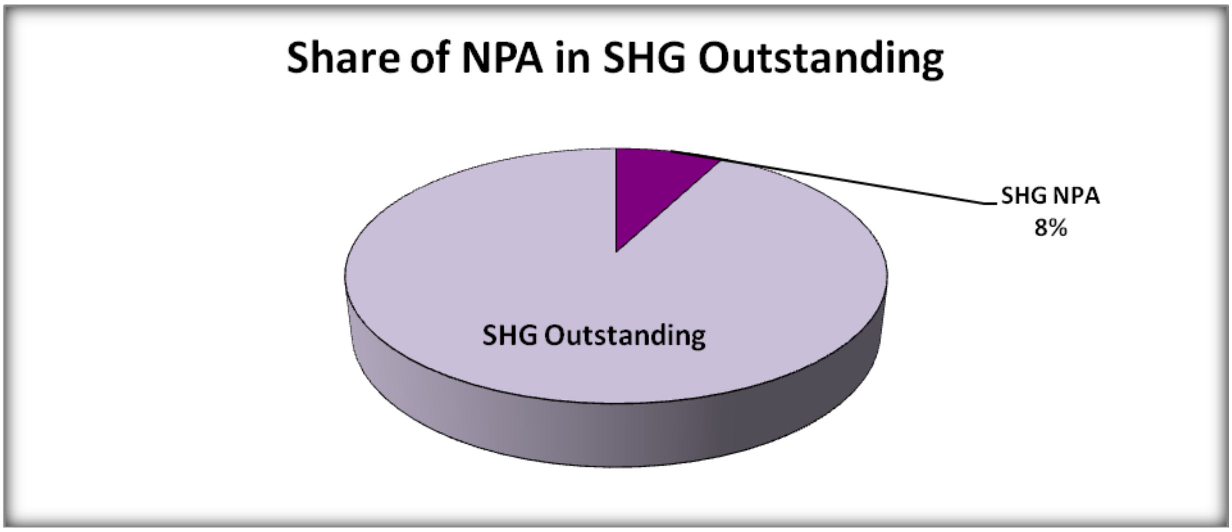
(Rs. in Crores)

Mode of Linkage	Loan Outstanding under SHG Finance	
	A/c	Amt
Financing SHGs directly by banks	125714	2198
Financing SHGs directly with the facilitation of NGOs	24651	406
Financing SHGs through the medium of NGOs	709	36
Total No. of SHGs linked	**151074**	**2640**

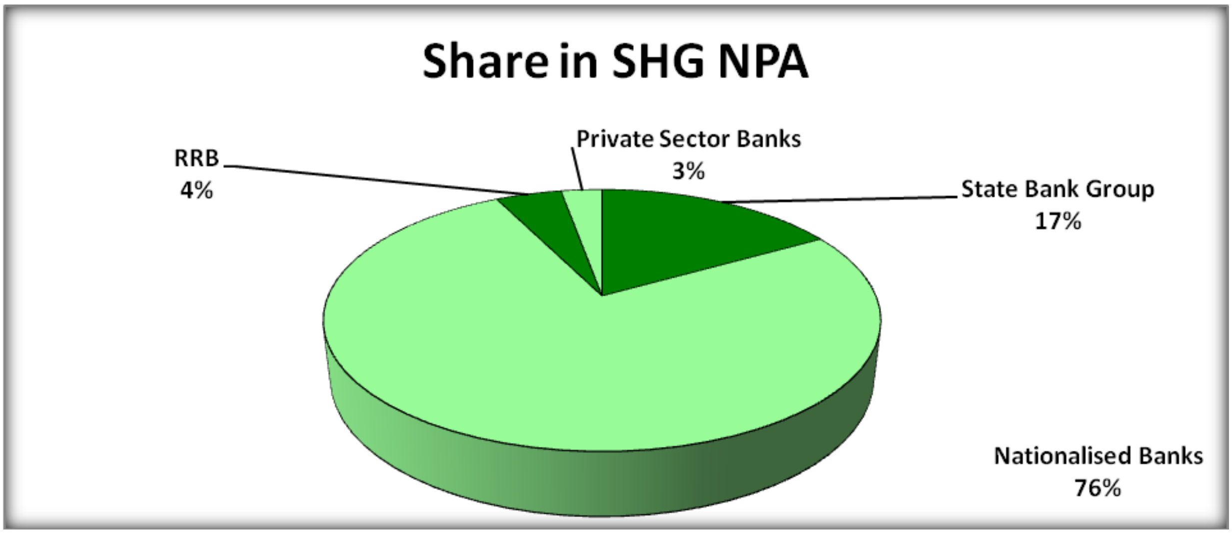
A. Banking Group wise Growth in SHG



B. % Share of SHG NPA in Total SHG Outstanding

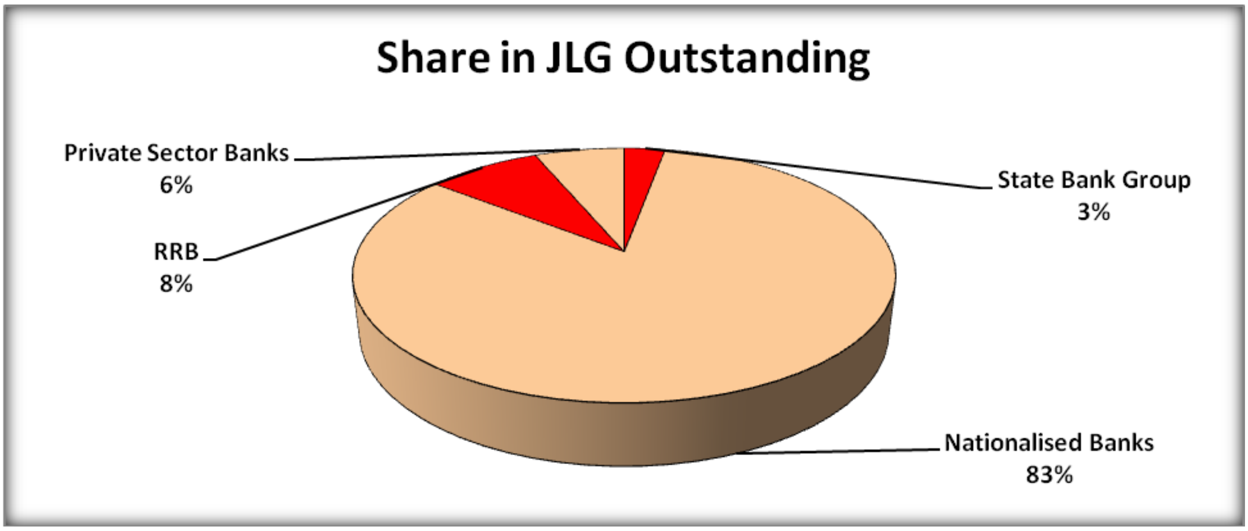


C. Banking Group wise Share in SHG NPA

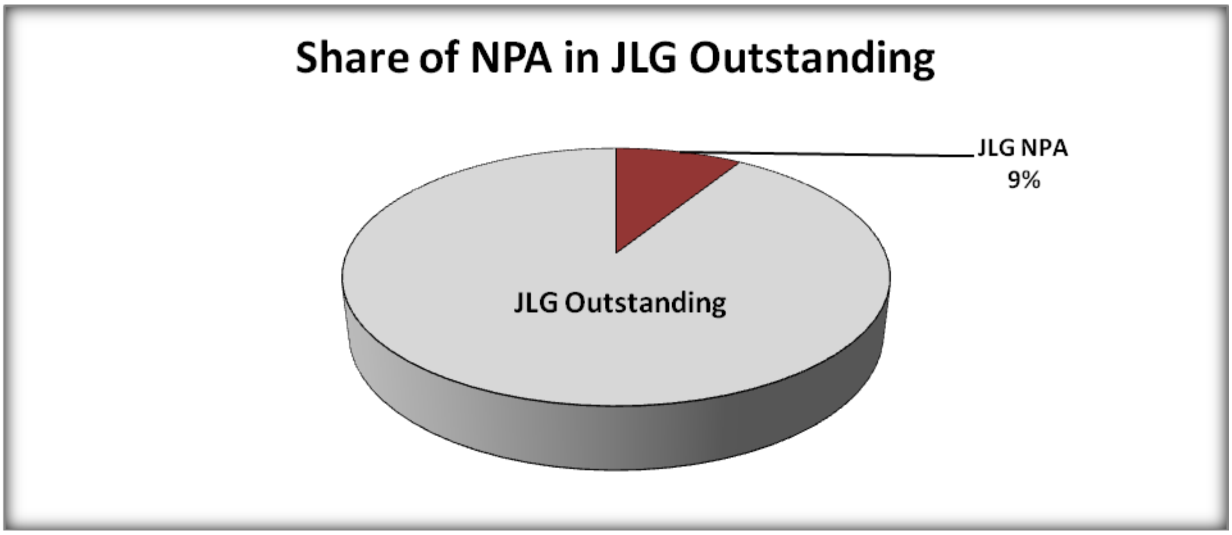


6.4. Performance under JLG

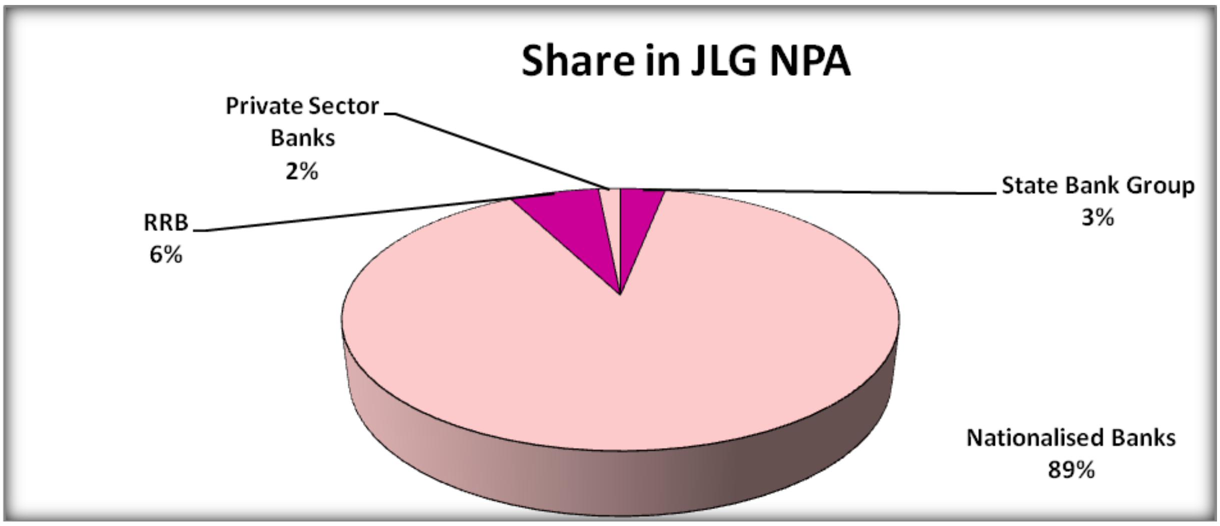
A. Banking Group wise Growth in JLG



B. % Share of SHG NPA in Total SHG Outstanding



C. Banking Group wise Share in JLG NPA



6.5. Position of Sick SME under different Banking group (Refer Annexure 8.29)

(Rs. in crores)

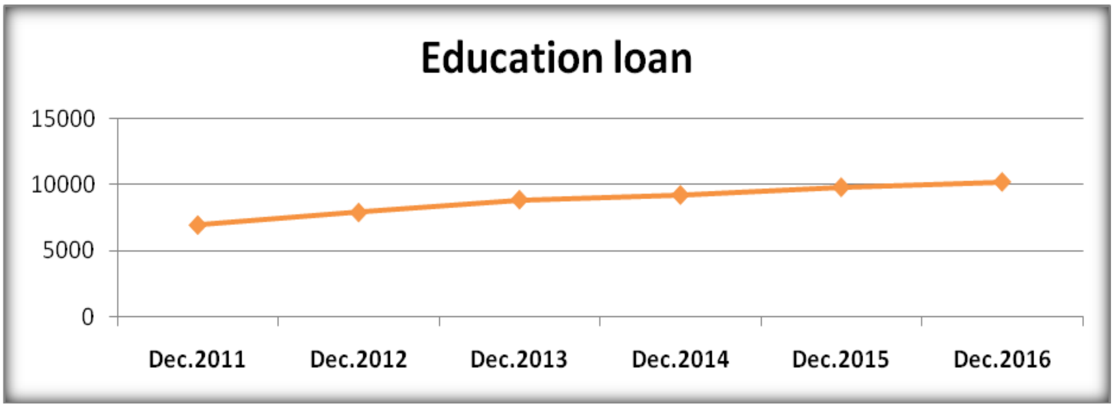
Banking Group	Position at the end of December 2016	
	No of Units	Amount
State Bank Group	478	9
Nationalized Banks	7802	1675
RRB	0	0
Private Sector Banks	9912	2027
Grand Total	**18192**	**3711**

6.6. Outstanding Performance under Education Loan (Refer Annexure 8.25)

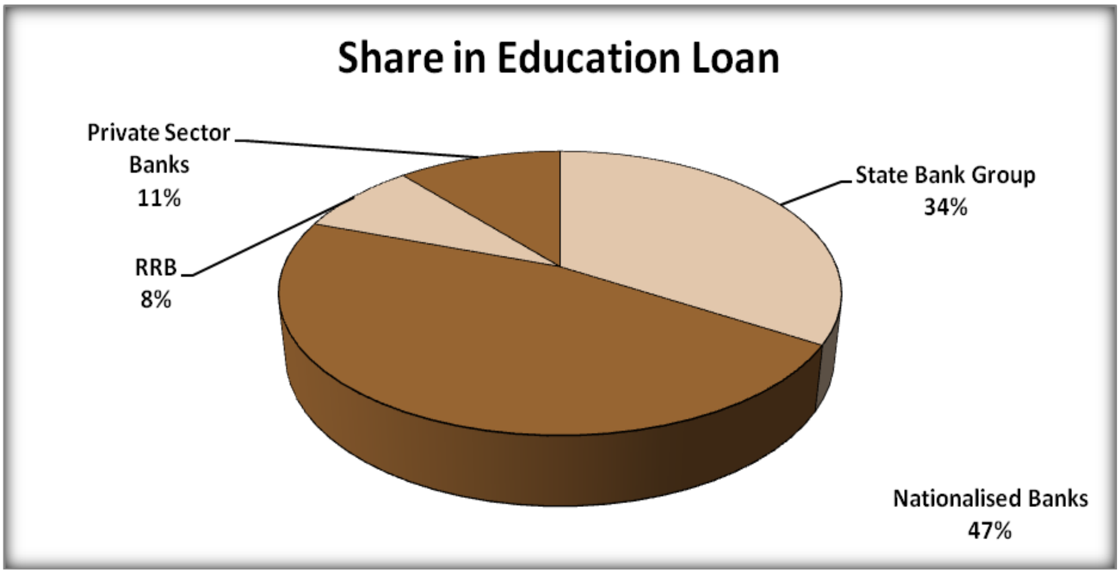
A. Growth in Education Loan

(Rs. in crores)

Parameter	Outstanding					
	Dec.2011	Dec.2012	Dec.2013	Dec.2014	Dec.2015	Dec.2016
Education loan	6937	7897	8868	9232	9821	10220



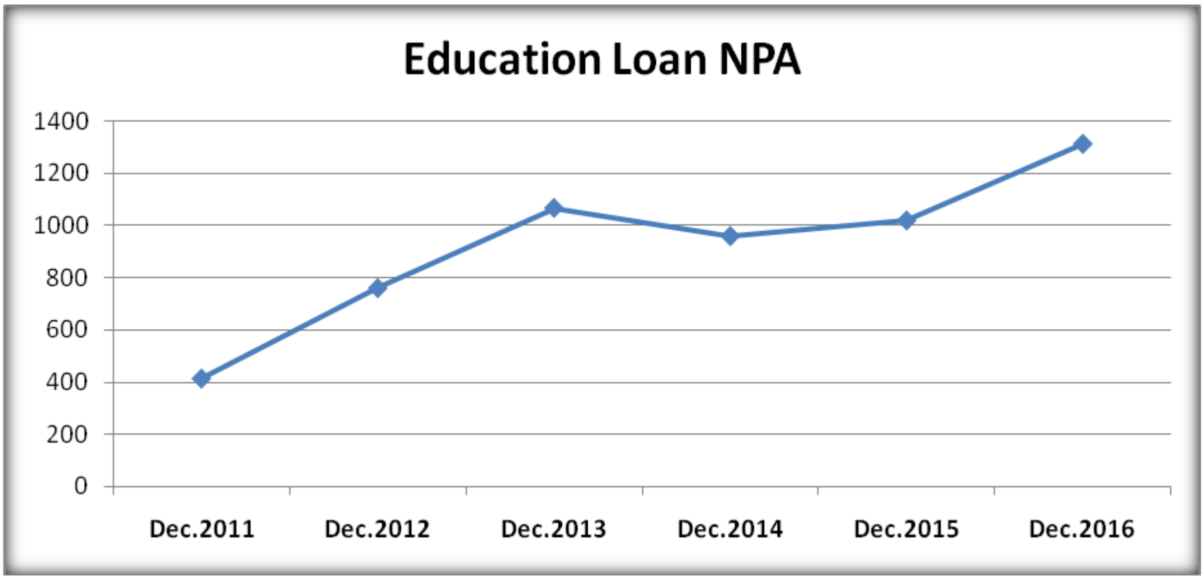
B. Banking Group wise Growth in Education Loan



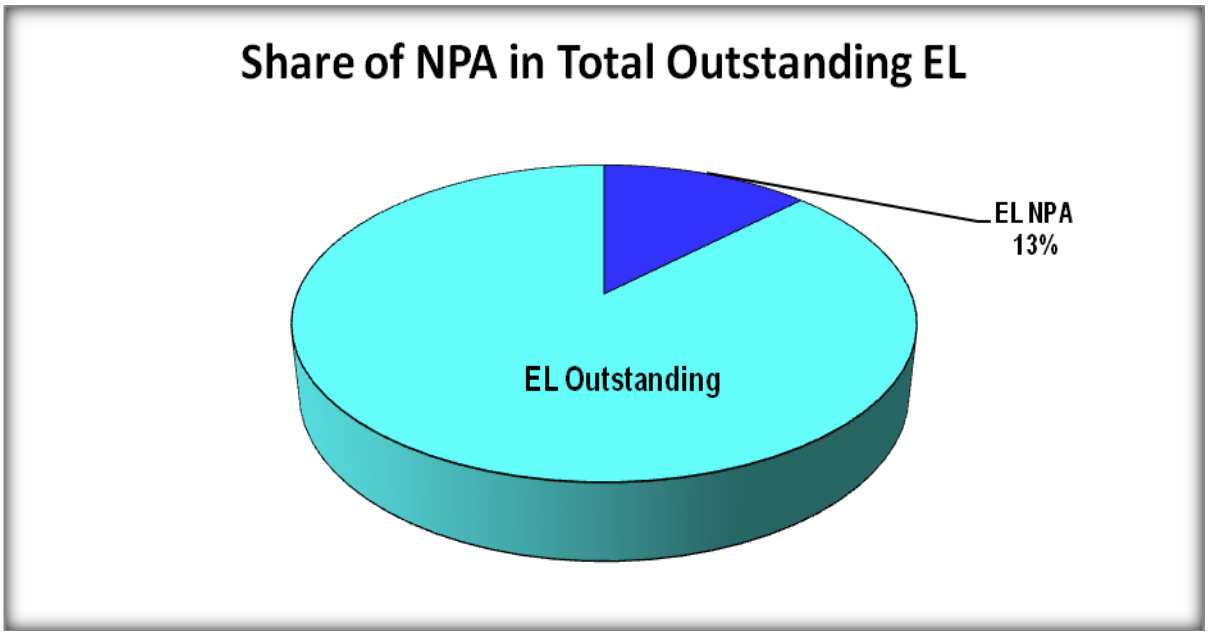
C. **Education Loan NPA over the years**

(Rs. in crores)

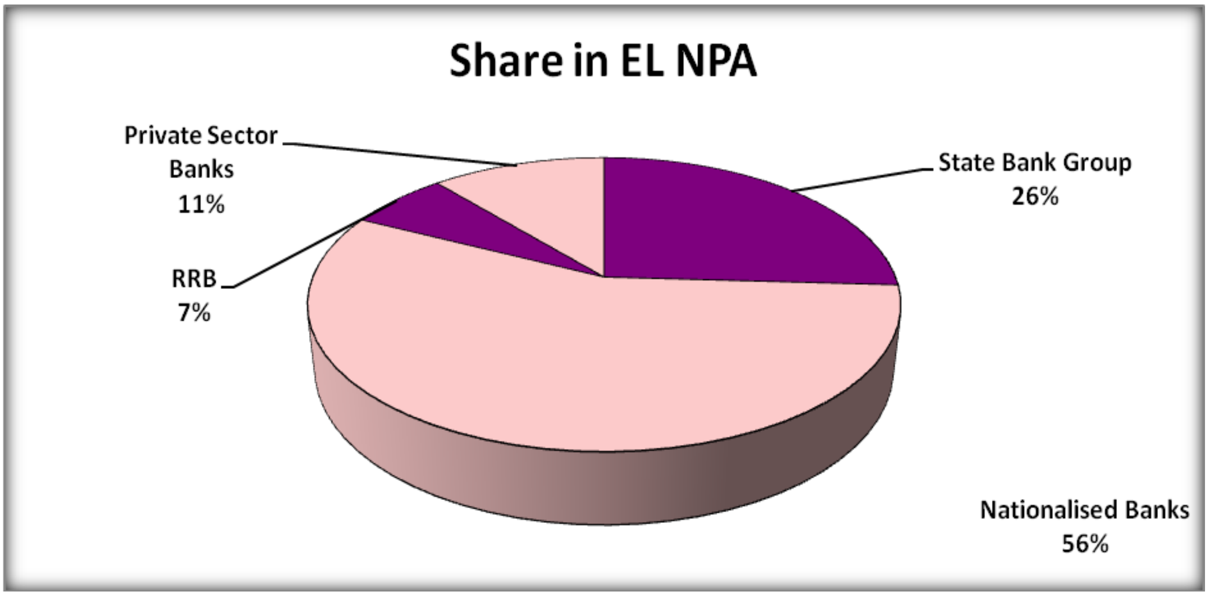
Parameter	Outstanding EL NPA					
	Dec.2011	Dec.2012	Dec.2013	Dec.2014	Dec.2015	Dec.2016
Education Loan NPA	414	761	1069	961	1021	1315



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



E. Banking Group Wise Share Education Loan NPA

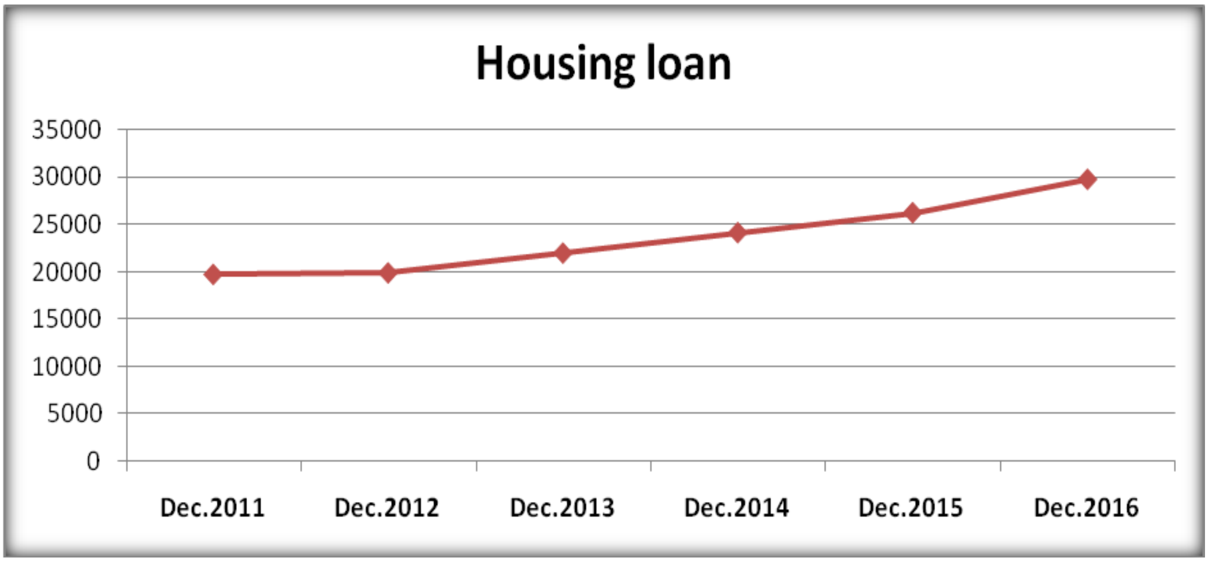


6.7. Outstanding Performance under Housing Loan (Refer Annexure 8.7)

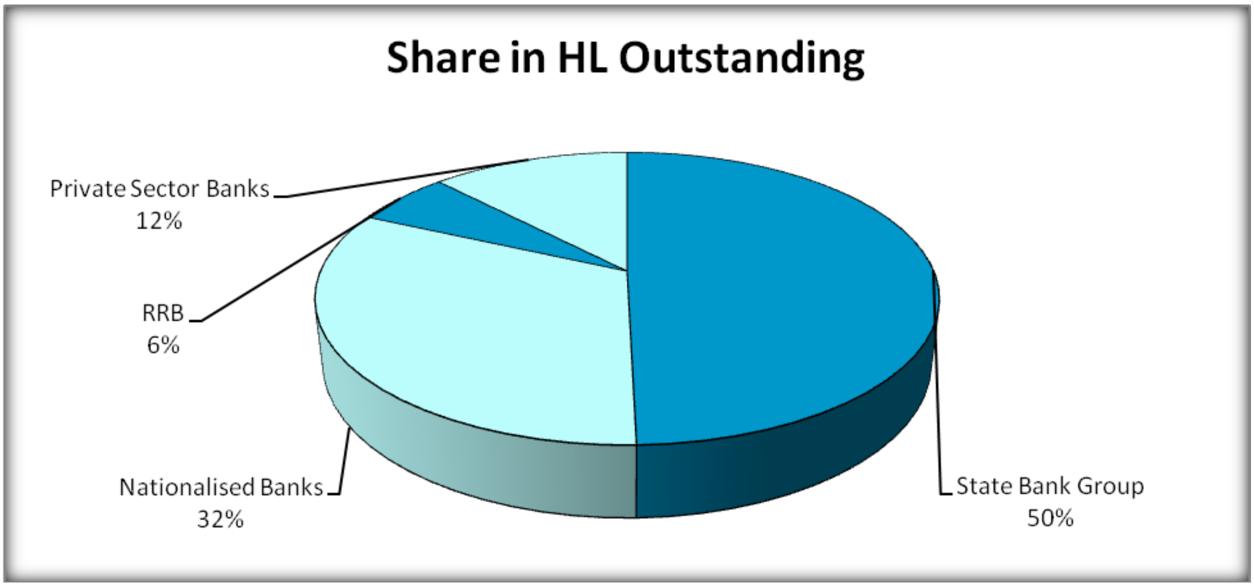
A. Growth in Housing Loan

(Rs. in crores)

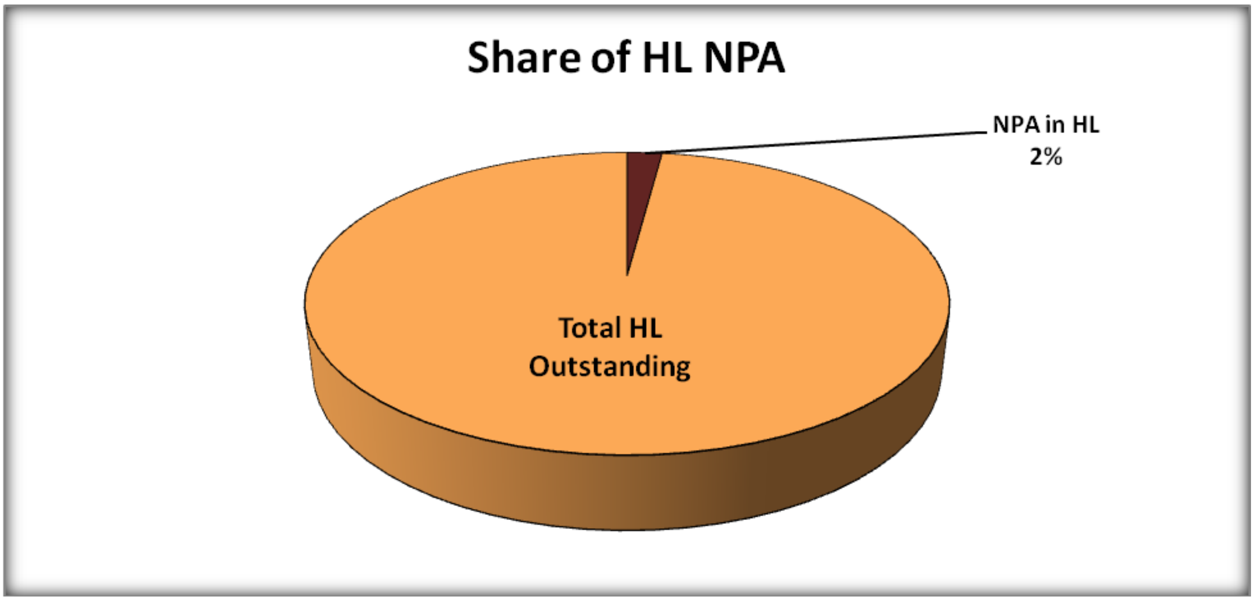
Parameter	Outstanding					
	Dec.2011	Dec.2012	Dec.2013	Dec.2014	Dec.2015	Dec.2016
Housing loan	19742	19898	21993	24153	26247	29774



B. Banking Group wise Growth in Housing Loan



C. % Share of NPA in Housing Loan



6.8. Total Outstanding Under MUDRA Loans (PMMY) as at December 2016

(Refer Annexure 8.31)

(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	17575	43	11768	277	4251	328	33594	648
Nationalized Banks	73307	216	55291	787	8063	445	136661	1448
RRB	29291	49	18718	267	1026	65	49035	381
Private Sector Banks	19778	49	9438	134	1754	101	30970	284
State total	**139951**	**357**	**95215**	**1466**	**15094**	**938**	**250260**	**2761**

6.9. Loan Outstanding under Pradhan Mantri Awas Yojana as at December 2016 (Refer Annexure 8.34)

(Rs. in Lakhs)

Banking Group	PMAY Scheme	
	A/cs	Amount
State Bank Group	37	183
Nationalized Banks	337	1242
RRB	101	393
Private Sector Banks	241	1950
State Total	**716**	**3768**

6.10. Cumulative enrollment under Pradhan Mantri Jan Suraksha Yojana as at December 2016 (Refer Annexure 8.32)

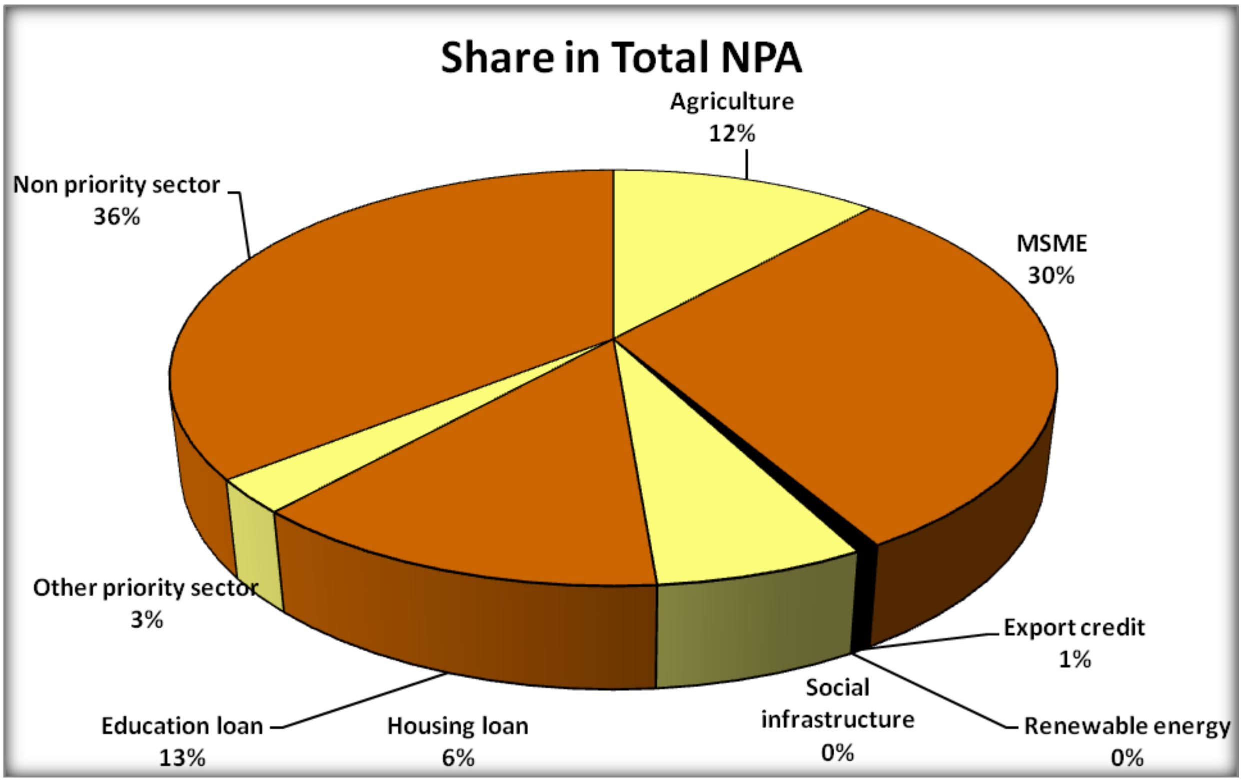
Banking Group	PMJJBY	PMSBY	APY	Total No.
State Bank Group	165303	1220710	34350	1420363
Nationalized Banks	313823	1275159	33900	1622882
RRB	85071	414931	14199	514201
Private Sector Banks	134778	390726	24884	550388
Co-operative Banks	1287	2201	186	3674
State Total	**700262**	**3303727**	**107519**	**4111508**

6.11. NPA Position of Commercial Banks (Refer Annexure 8.33)

Sector wise NPA outstanding

(Rs. in crores)

Net NPA Outstanding as on December 2016		
Parameter	**No of Accounts**	**Amount Outstanding**
Priority Sector	**277941**	**6216**
(1)Agriculture	83256	1132
(2)MSME	107147	2882
(3)Export credit	99	64
(4) Renewable energy	2	1
(5)Social infrastructure	9	3
(6)Housing loan	18493	624
(7)Education loan	50401	1253
(8)Other priority sector	18534	257
Non priority sector	**107097**	**3447**
Total NPA	**385038**	**9663**



6.12. 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 December 2016								
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 Dec 2016	Pending
1	Pathanamthitta	KGB	Kozhenchery	Iravan	1	0	1	0
2	Thrissur	KGB	Talappilly	Vadakkethara	1	0	0	1
3	Kozhikode	KGB	Kozhikode	Neeleswaram	1	0	0	1
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	0	0	1
Total					**6**	**0**	**2**	**4**

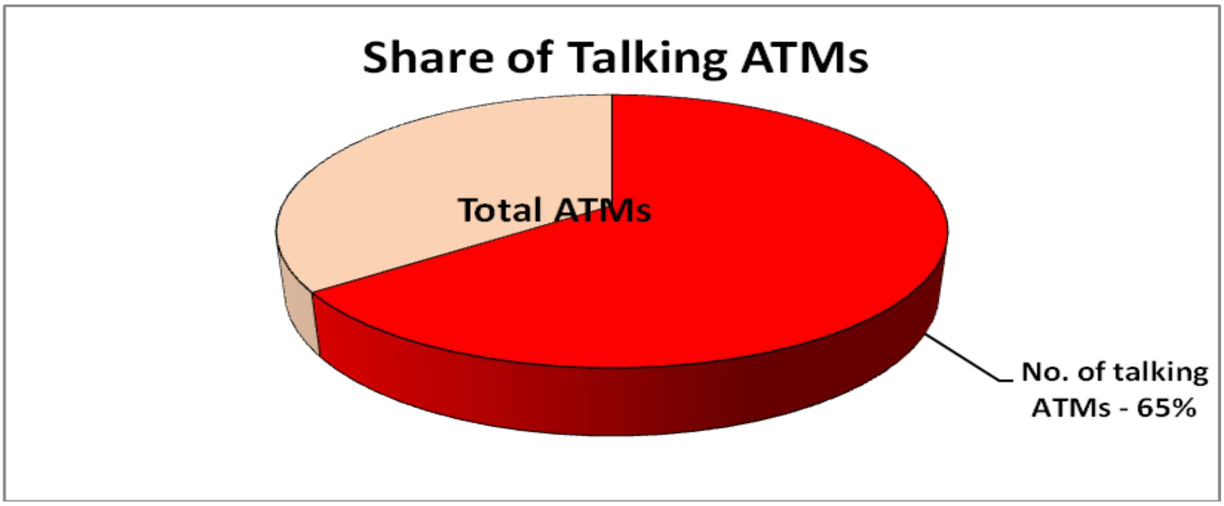
6.13. Status of Loan Outstanding under Stand up India Programme as at December 2016 (Refer Annexure 8.35)

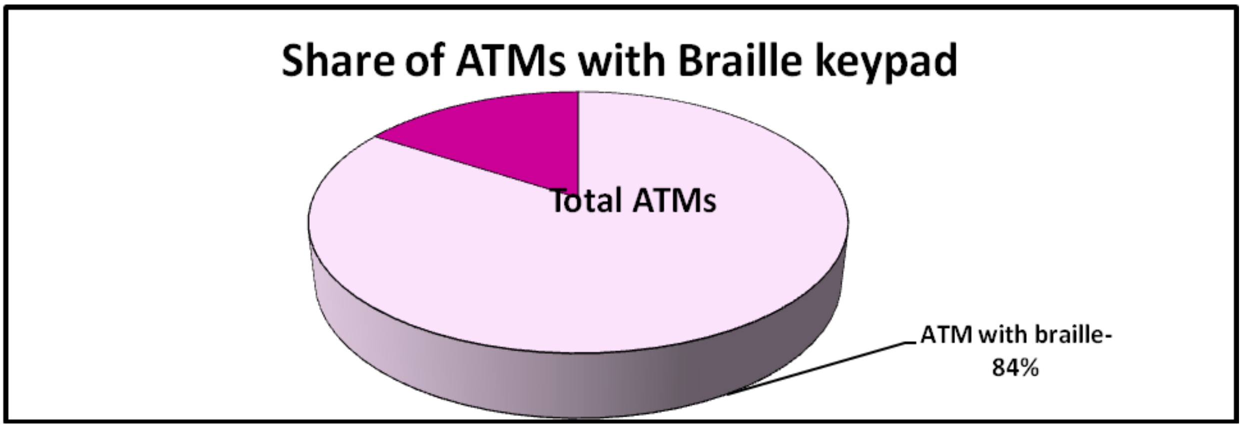
(Rs. in Lakhs)

Banking Group	SC/ST		Women	
	No.	Amount	No.	Amount
State Bank Group	12	73	150	1763
Nationalized Banks	119	1368	240	3265
RRB	0	0	17	219
Private Sector Banks	4	64	72	1350
State Total	**135**	**1505**	**479**	**6596**

6.14. Status of Creating Banking environment for the visually challenged (Refer Annexure 8.23)

Banking Group	No.of ATM Outstanding	No. of talking ATMs	No. of ATMs with Braille keypad
State Bank Group	2818	2700	2799
Nationalized Banks	2762	1528	1531
RRB	284	284	284
Private Sector Banks	3044	1280	2832
State Total	**8908**	**5792**	**7446**





7. Review of Performance under Priority Sector Disbursement – 2016-17

7.1. Review of Priority Sector Advances (Disbursement) as at December 2016 - ACP 2016-17 achievements (Refer Annexures 8.11 & 8.12)

The performance of banks with reference to the Annual Credit Plan 2016-17 as at December 2016 with Bank wise and District wise break up is furnished in the annexure. The abstract of the performance as at December 2016 under ACP 2016-17 is as follows.

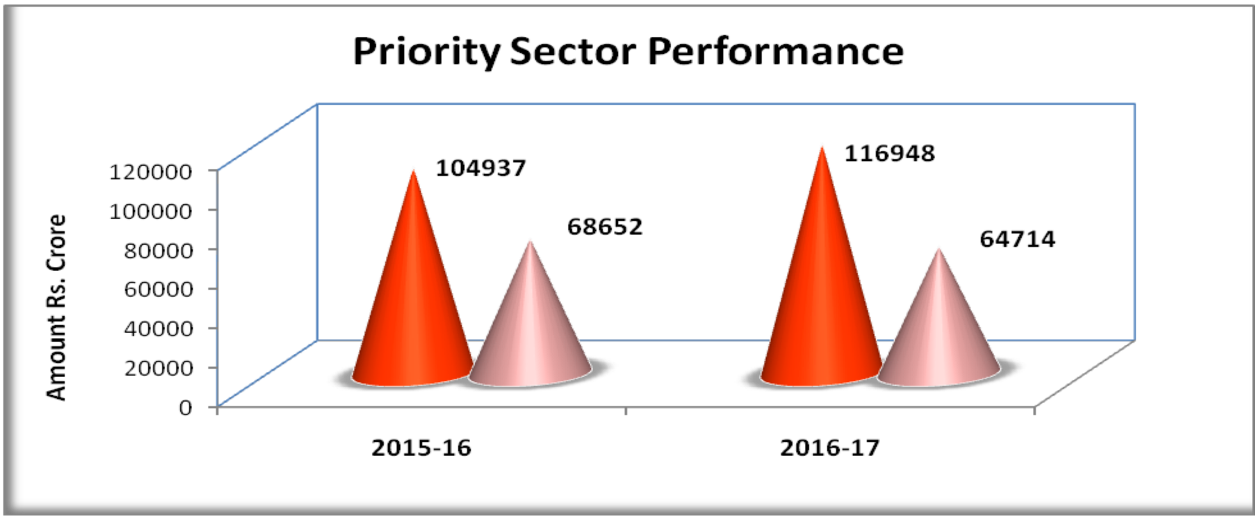
(Rs. in Crores)

Bank / Banking Group	Primary Sector			Secondary sector			Tertiary Sector			Total Priority Sector Advances		
	Target	Ach.	% Ach.	Target	Ach.	% Ach.	Target	Ach.	% Ach.	Target	Ach.	% Ach.
State Bank Group	9729	5332	55	4489	2350	52	5020	3422	68	19238	11105	58
Nationalized Banks	13271	9406	71	6905	2424	35	6929	2906	42	27105	14735	54
RRB	4935	6151	125	1926	637	33	1726	598	35	8588	7386	86
Private Sector Banks	8815	5913	67	6147	3141	51	5409	2313	43	20371	11367	56
Cooperatives	17516	7272	42	6999	2911	42	16591	9738	59	41106	19922	48
KFC	0	0	215	455	165	36	86	33	39	541	199	37
Total	54266	34075	63	26921	11629	43	35762	19010	53	116948	64714	55
% to Total Disbursement	xx	53	xx	xx	18	xx	xx	29	xx	xx	100	xx

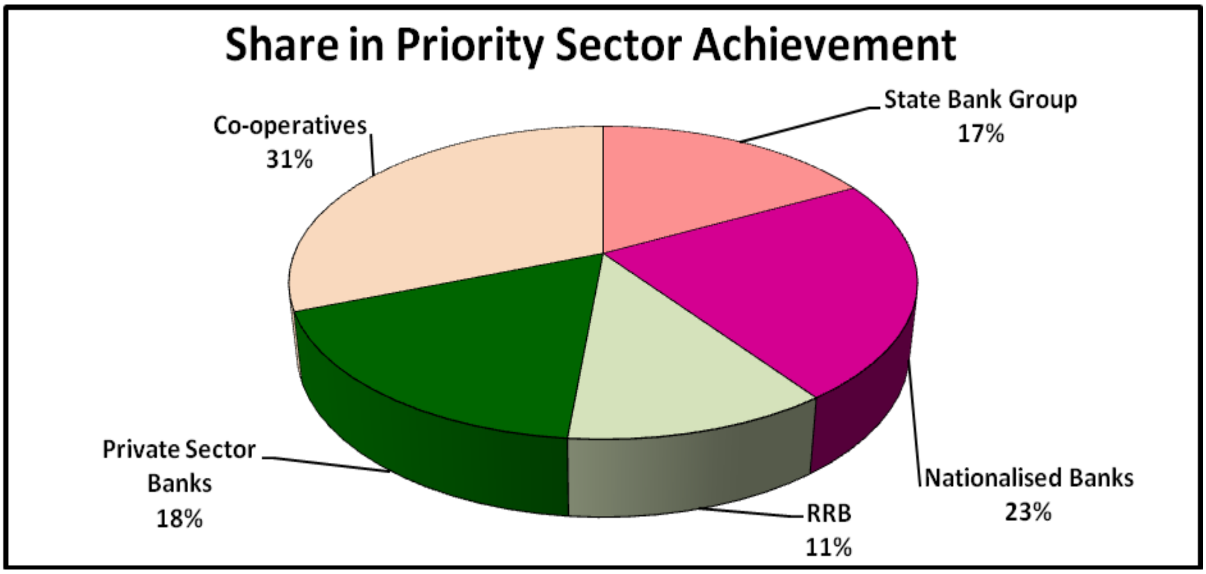
7.1.1. Overall Performance under Annual Credit Plan

(Rs. in Crores)

Parameter	2015-16	2016-17
Target for the whole year	104937	116948
Achievement of Q3	68652	64714
% of achievement for Q3	65%	55%



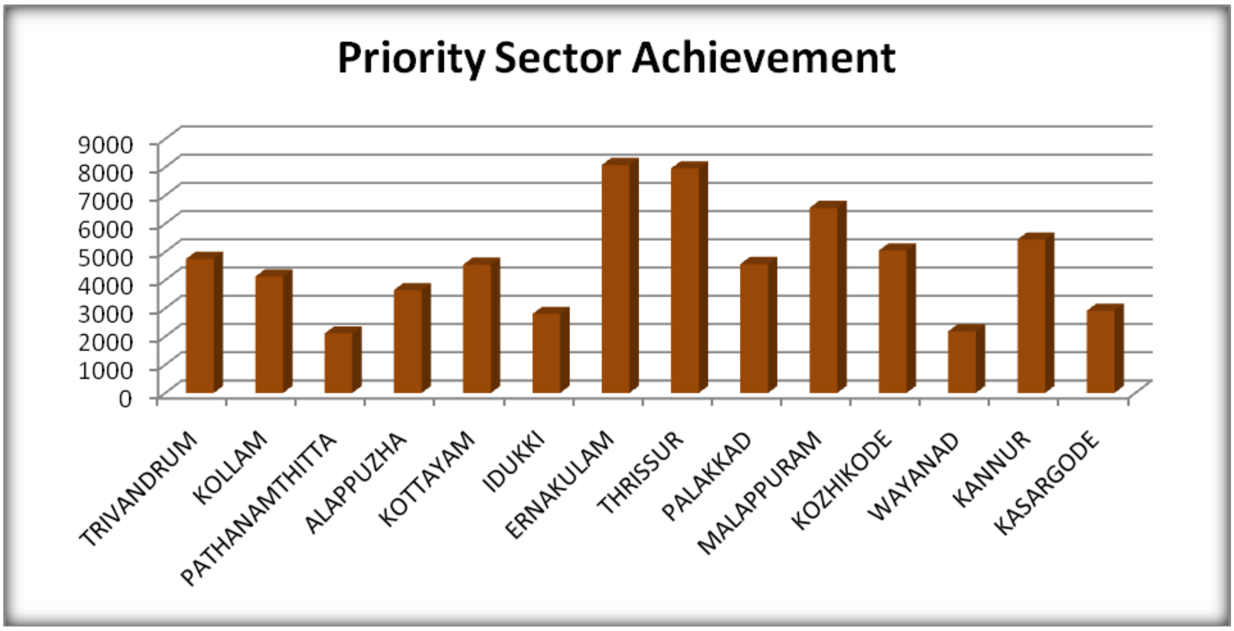
7.1.1.1. Banking GroupWise Performance under Priority Sector



7.1.1.2. District wise Performance under Priority Sector

(Rs. in Crores)

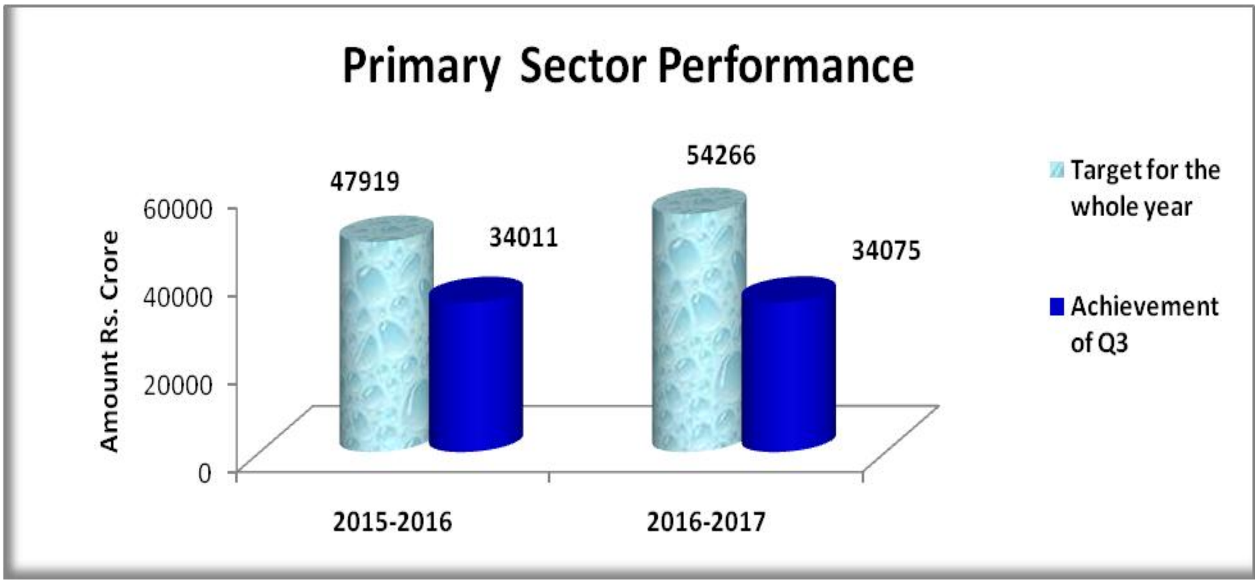
Sl. No.	District	Target for 2016-17	Achievement of Q3	% Achievement
1	TRIVANDRUM	9390	4751	51
2	KOLLAM	8632	4124	48
3	PATHANAMTHITTA	5476	2109	39
4	ALAPPUZHA	6661	3645	55
5	KOTTAYAM	9616	4547	47
6	IDUKKI	5401	2799	52
7	ERNAKULAM	15992	8077	51
8	THRISSUR	12700	7955	63
9	PALAKKAD	10831	4569	42
10	MALAPPURAM	6916	6557	95
11	KOZHIKODE	7661	5048	66
12	WAYANAD	3600	2184	61
13	KANNUR	10371	5437	52
14	KASARGODE	3703	2912	79
TOTAL		**116948**	**64714**	**55**



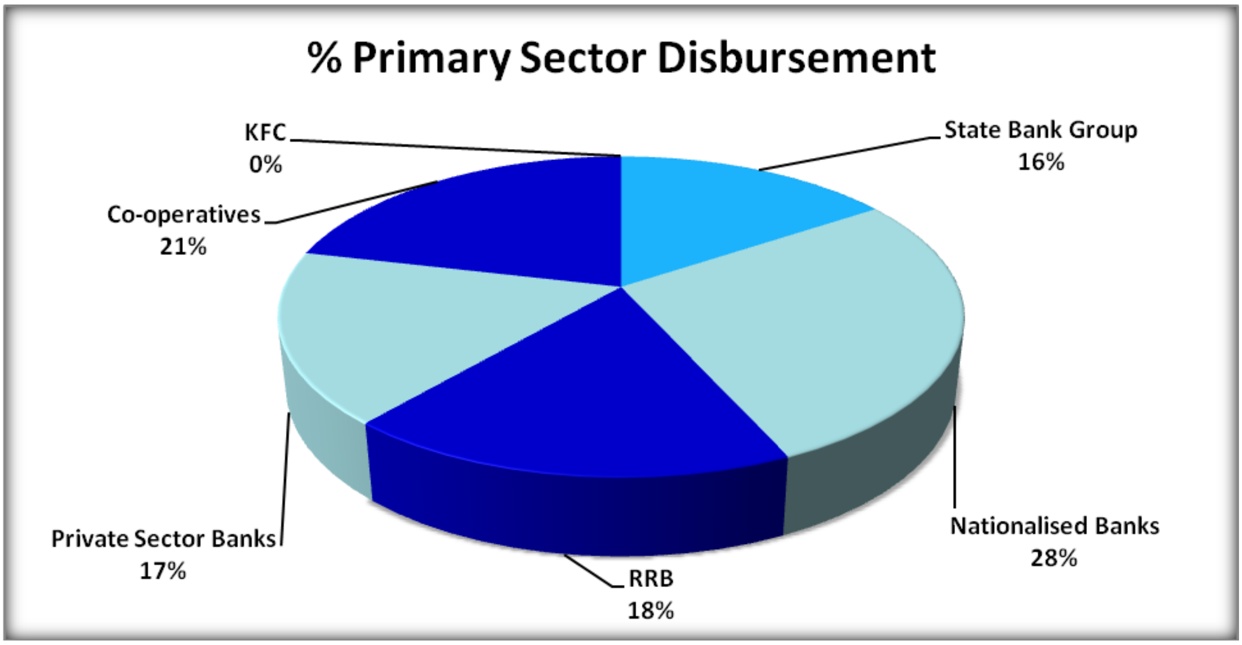
7.1.2. Performance under Primary Sector

(Rs. in Crores)

Parameter	2015-2016	2016-2017
Target for the whole year	47919	54266
Achievement of Q3	34011	34075
% of achievement for Q3	71%	63%



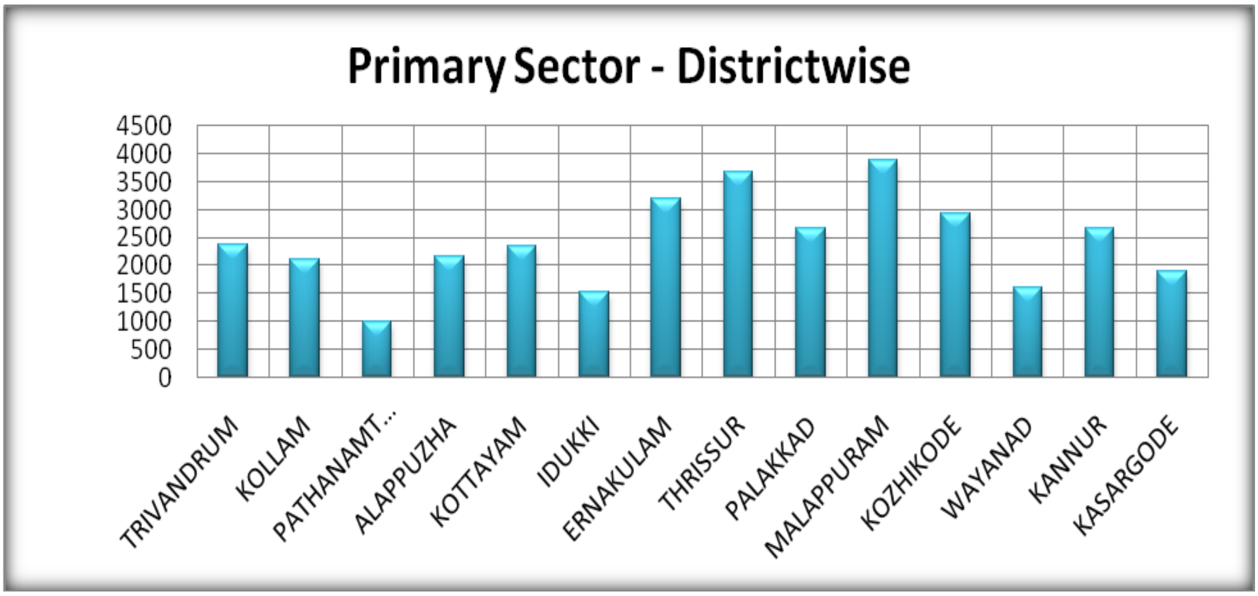
7.1.2.1. Banking GroupWise Performance under Primary Sector



7.1.2.2. District wise Performance under Primary Sector

(Rs. in Crores)

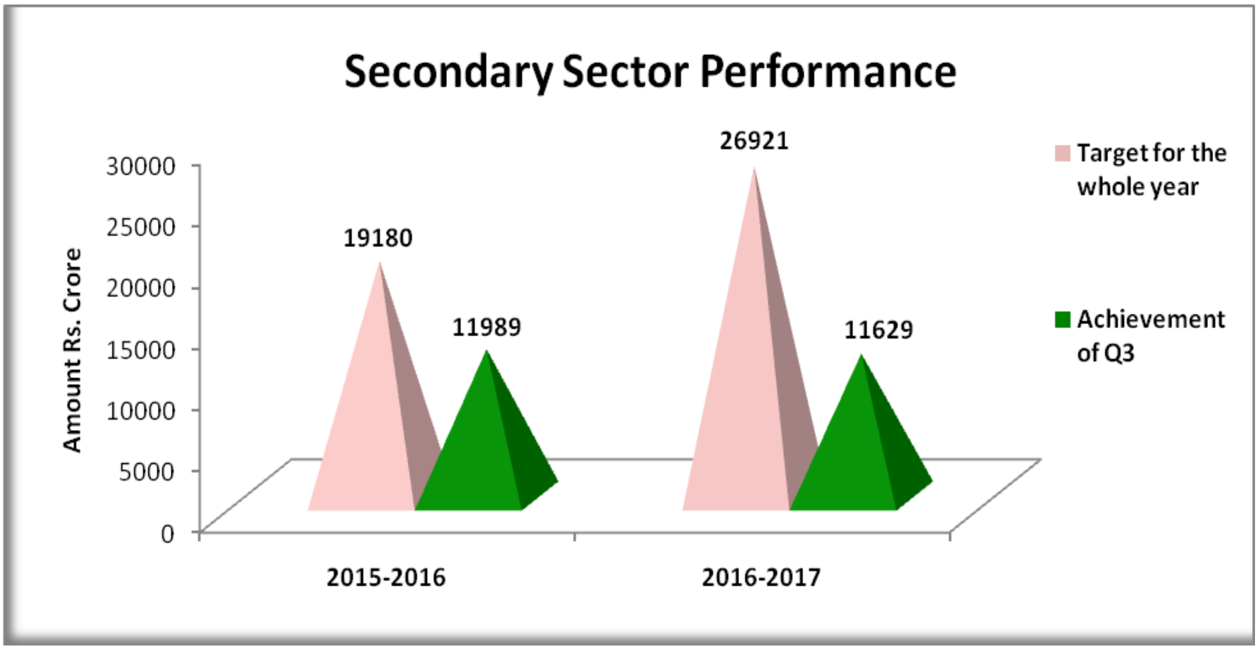
Sl. No.	District	Target for 2016-17	Achievement of Q3	% Achievement
1	TRIVANDRUM	4312	2387	55
2	KOLLAM	4383	2116	48
3	PATHANAMTHITTA	2801	989	35
4	ALAPPUZHA	2648	2155	81
5	KOTTAYAM	5380	2355	44
6	IDUKKI	2839	1516	53
7	ERNAKULAM	5262	3184	61
8	THRISSUR	4970	3684	74
9	PALAKKAD	4862	2671	55
10	MALAPPURAM	4308	3893	90
11	KOZHIKODE	4408	2945	67
12	WAYANAD	2720	1620	60
13	KANNUR	3142	2661	85
14	KASARGODE	2230	1898	85
	TOTAL	**54266**	**34075**	**63**



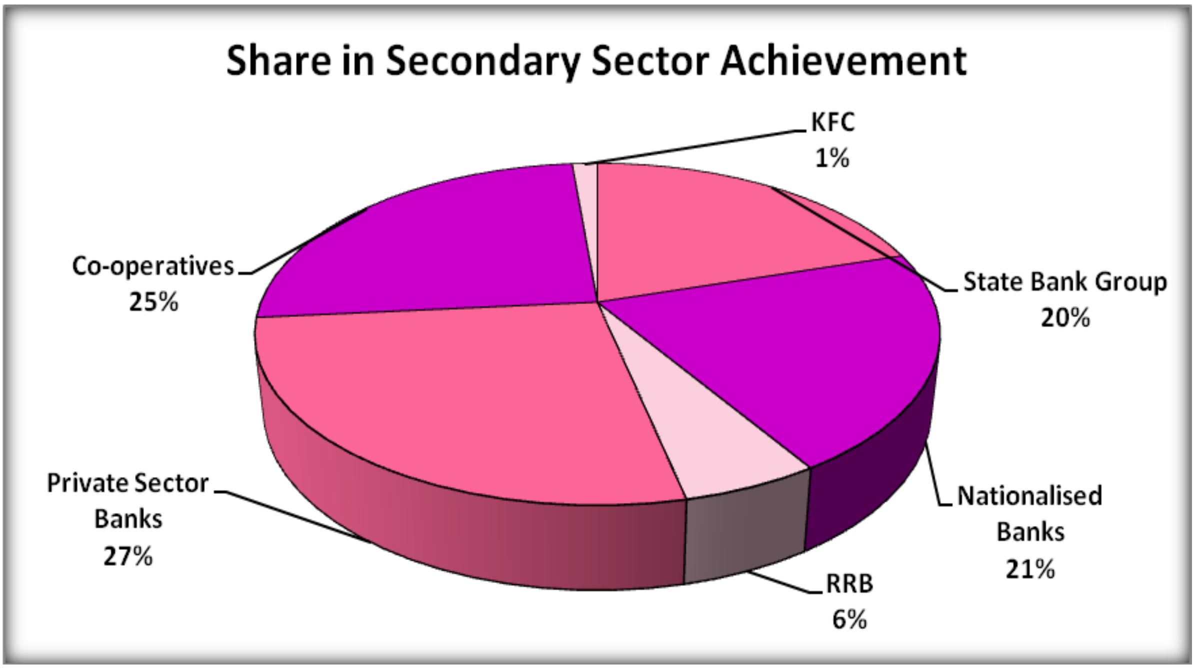
7.1.3. Performance under Secondary Sector

(Rs. in Crores)

Parameter	2015-2016	2016-2017
Target for the whole year	19180	26921
Achievement of Q3	11989	11629
% of achievement for Q3	63%	43%



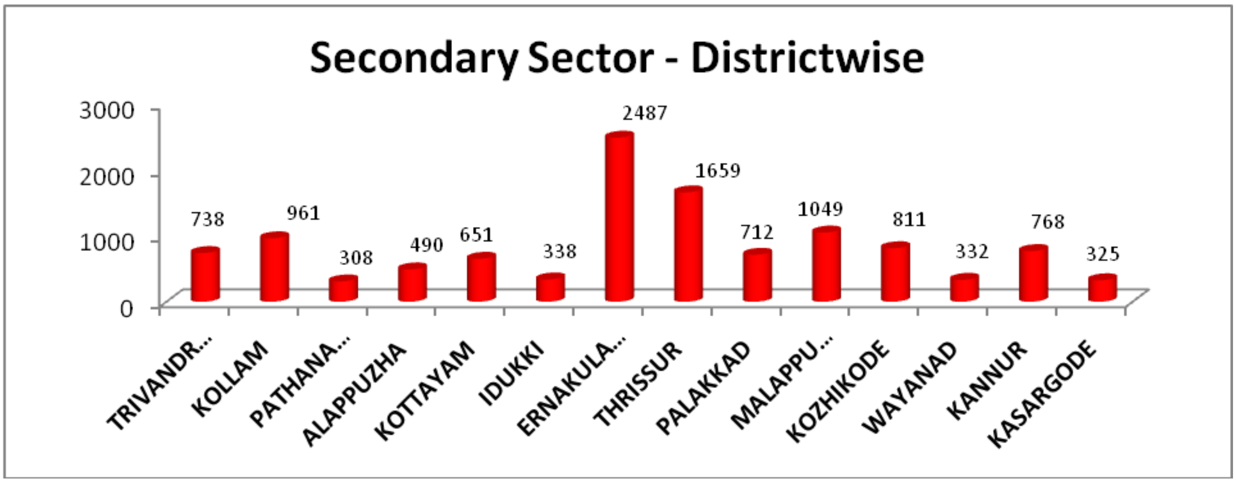
7.1.3.1. Banking GroupWise Performance under Secondary Sector



7.1.3.2. District wise Performance under Secondary Sector

(Rs. in Crores)

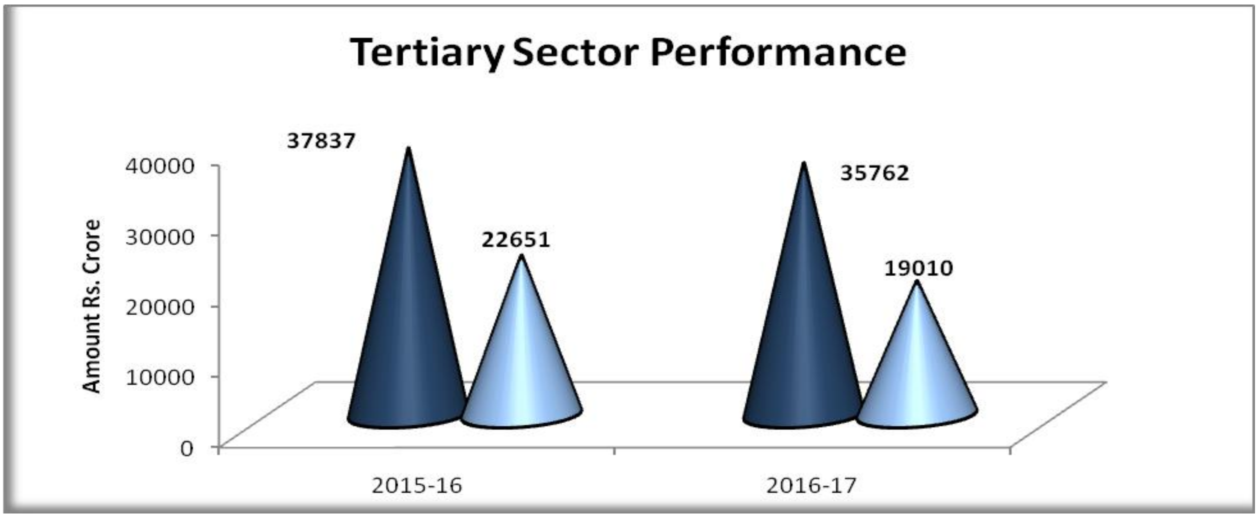
Sl. No.	District	Target for 2016-17	Achievement of Q3	% Achievement
1	TRIVANDRUM	1705	738	43
2	KOLLAM	1932	961	50
3	PATHANAMTHITTA	981	308	31
4	ALAPPUZHA	2904	490	17
5	KOTTAYAM	1779	651	37
6	IDUKKI	648	338	52
7	ERNAKULAM	5050	2487	49
8	THRISSUR	3030	1659	55
9	PALAKKAD	3798	712	19
10	MALAPPURAM	1319	1049	80
11	KOZHIKODE	1301	811	62
12	WAYANAD	480	332	69
13	KANNUR	1476	768	52
14	KASARGODE	517	325	63
TOTAL		**26921**	**11629**	**43**



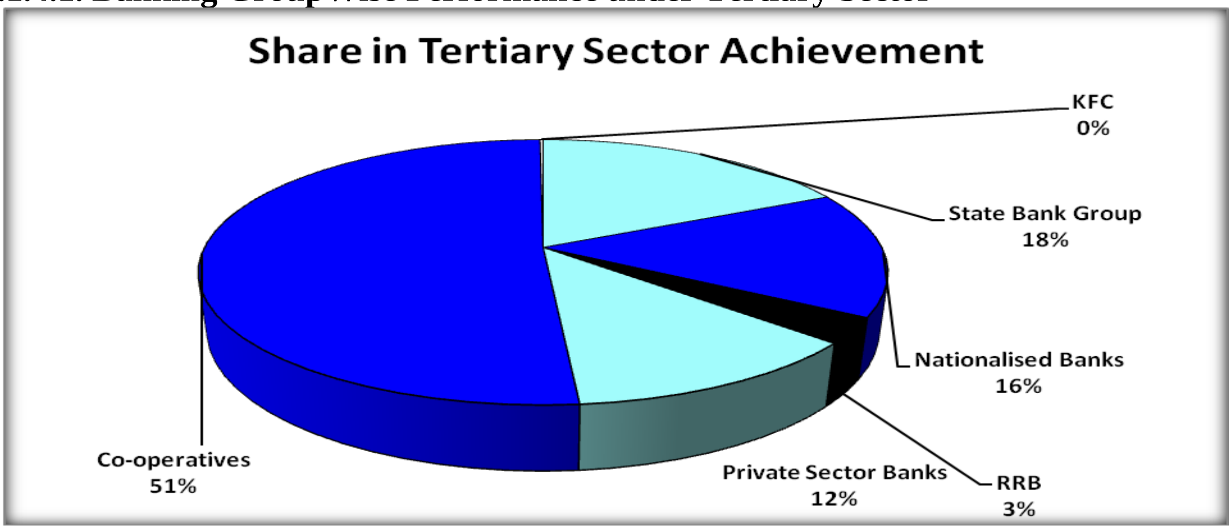
7.1.4. Performance under Tertiary Sector

(Rs. in Crores)

Parameter	2015-16	2016-17
Target for the whole year	37837	35762
Achievement for Q3	22651	19010
% of achievement for Q3	**60%**	**53%**



7.1.4.1. Banking GroupWise Performance under Tertiary Sector



7.1.4.2. District wise Performance under Tertiary Sector

(Rs. in Crores)

Sl. No.	District	Target for 2016-17	Achievement of Q3	% Achievement
1	TRIVANDRUM	3373	1627	48
2	KOLLAM	2317	1046	45
3	PATHANAMTHITTA	1693	811	48
4	ALAPPUZHA	1109	1000	90
5	KOTTAYAM	2457	1541	63
6	IDUKKI	1914	945	49
7	ERNAKULAM	5680	2407	42
8	THRISSUR	4700	2612	56
9	PALAKKAD	2171	1185	55
10	MALAPPURAM	1289	1615	125
11	KOZHIKODE	1952	1293	66
12	WAYANAD	400	233	58
13	KANNUR	5752	2008	35
14	KASARGODE	956	689	72
TOTAL		**35762**	**19010**	**53**