

State Level Bankers' Committee, Tamil Nadu

Convenor: Indian Overseas Bank

175th & 176th Meeting of SLBC – 01.11.2023

The 175th meeting of SLBC, Tamil Nadu was held on 1st of Nov 2023, at Secretariat, Chennai.

Welcome cum Chairman's address:

Thiru. Sanjay Vinayak Mudaliar, Executive Director, IOB and Chairman, SLBC-TN welcomed Thiru. Thangam Thennarasu, Hon'ble Minister for Finance, Human Resources Management, Government of Tamil Nadu, Thiru T. Udhayachandran, IAS, Principal Secretary to Government, Finance Department, Tamil Nadu. Smt. Uma Sankar, Regional Director, RBI, Chennai, Smt. Jothi Srinivas, General Manager, NABARD, Chennai, all other Secretaries/Department Head, Government of Tamil Nadu, Collectors & LDMS of all the districts of Tamil Nadu and other Senior Officials from various Government Departments, RBI, NABARD & various member banks

Before commencing his speech, which dealt briefly on Domestic and banking developments in the State of Tamil Nadu, he congratulated the State Government for introducing an innovative scheme called "Kalaignar Magalir Urimai Thogai" Thittam. Highlights of his speech is given below:

- The Real gross domestic product (GDP) posted a growth of 7.8 per cent year-on-year in Q1:2023-24. Gross fixed capital formation rose by 8.0 per cent and private consumption by 6.0 per cent in Q1.
- The International Monetary Fund (IMF) lifted its 2023-24 growth projection for India to 6.3% from its July estimate of 6.1%, citing "stronger-than-expected consumption" during the June quarter.
- The Credit Deposit Ratio of the Banks in Tamil Nadu registered an increase from 114.64 % as of June 2023 to 119.42% as of Sep 2023.
- The aggregate of agricultural advances extended by Banks in Tamil Nadu have increased from Rs. 3,47,311 crores as of Jun 2023 to Rs. 3,65,105 crores as of Sep 2023.
- Advances to Micro, Small and Medium Enterprises sector (MSME) witnessed an increase of Rs. 11,727 Crores.

- The outstanding under Educational Loans has increased from Rs. 10,920 Crores as of June 2023 to Rs. 11,590 Crores as of Sep 2023.

Other observations:

- Quantum of loans under Agri Infrastructure to be increased
- Number of bank branches/BC network in the coastal areas to be increased
- inactive BCs to be made active
- Banks to further increase/take forward the digital banking technology among the public and actively participate in the RBI Innovation HUB initiative.
- Banks to give extra focus under Education Loan category as admissions in various collages across the state is going to happen.

Before concluding his speech, he thanked the Central and State Governments, RBI and NABARD, for their good support and guidance given to the member banks/SLBC and wished everyone a Happy and Prosperous Diwali.

Highlights of the speech of Regional Director, RBI, Chennai:

- Informed that the team from Govt. Schools, Tamil Nadu won the Bronze medal in the recently concluded Annual Financial Literacy Quiz, in Mumbai.
- Congratulated the Bankers & State Government officials for the stupendous performance adjudging our State as outstanding performer under PMFME scheme by Government of India.
- Briefly outlined some of the important regulatory developments announced by the Reserve Bank since the last SLBC meeting.
- Briefed on the important developments viz., strengthening of customer service rendered by Credit Information Companies and Credit Institutions and Framework for compensation to customers for delayed updation/ rectification of credit information, Public Tech Platform for Frictionless Credit, PM Vishwakarma Scheme, and Enhancing transaction limits for Small Value Digital Payments in Offline Mode.

- Highlighted a few important issues concerning SLBC Tamil Nadu particularly issues pertaining to Credit flow to agriculture infrastructure and Kisan Credit card, Expansion of banking outlets, Monitoring inactive Business Correspondent outlets etc.
- Advised all the banks and other stakeholders to extend their support and co-operation in effectively implementing the policy initiatives of the Government and Reserve Bank of India so that the banking services will reach every citizen of the State.

Highlights of the speech by GM, NABARD:

- Exhorted the banks to cover all eligible farmers under KCC since Ghar Ghar KCC Abhiyan is the priority for both the Gol and GoTN.
- Requested SLBC to convene the meeting of the Sub Committee on Ghar Ghar KCC Abhiyan to workout strategies and ensure coverage of all eligible farmers under KCC by 31 December 2023.
- Highlighted on the Jansuraksha campaign, which has been extended up to 31 Dec 2023 and advised banks to cover all eligible farmers under KCC.
- Informed the bankers about the Gol's ACABC Scheme and conduct of the State level Workshop on 23 November 2023 with a request to bankers to participate in the Workshop and benefit out of it.
- Highlighted on the initiatives of the Gol on strengthening PACS for rejuvenating the rural economy and PACS Computerisation and NABARD's Refinance to PACS as Multi Service Centers at concessional rate. She also expressed her concern about the poor performance under AIF.

Highlights of FS speech:

- Congratulated all the banks in achieving proportionate target under ACP.
- Banks to focus and lend more under Agri Infrastructure Fund.
- Methodology of functioning of Digital Banking Transactions is under special focus of the State Government and advised to include a separate agenda in the next SLBC meeting on the performance of digital banking.

- Advised all the banks to actively participate in the RBI innovation Hub initiative launched as a pilot project in Tamil Nadu.
- Sub-Committee to discuss on the ways to take forward the digital products/schemes to individual borrowers to make them apply for credit in a hassle free manner.
- Performance of banks under Education loan needs to be given more focus.

Highlights of Hon'ble Finance Minister, GoTN speech:

- His active participation in the SLBC meeting is to emphasise the importance of coordinated efforts of banks and the government in improving the economy of the State
- Tamil Nadu's gross state domestic product (GSDP) is estimated to be Rs. 28.3 trillion (US\$ 342.82 billion) in 2023-24 which is an increase of 11.66% between 2018-19 and 2023-24.
- CD ratio of banks in Tamil Nadu continues to be above 100%, registered an increase from 114.64 % as of June 2023 to 119.42% as of Sep 2023.
- Important flagship program "Magalir Urimai Thogai" introduced by this Government has also helped in Financial Inclusion growth in the State and appreciated all the banks in making this scheme a success.
- Banks have achieved 49% under ACP and congratulated the banks for this performance and desired the banks to surpass the target set forth under ACP.

Agenda: **ANNUAL CREDIT PLAN**

The Convenor briefed the forum on the achievement of banks under various priority sector lending under Annual Credit Plan as of September 2023. He requested the banks to continue their efforts to not only achieve but also surpass the target under ACP for 2023-24. He wanted Banks to give more focus on Education loans and Social Infrastructure schemes.

Finance Secretary informed that admissions in colleges will start from November onwards and necessary support from the Government including NPA recovery will be provided to the banks.

DGM, RBI informed that few banks are reporting outstanding figures instead of disbursement and the same is taken up with those banks for necessary corrections. Similarly, on-lending to NBFCs should not be included in the States ACP.

Secretary-Agri: Suggested that sub-classification under Agri if shown under ACP would give a better clarity on disbursement %.

SBI informed that they are picking up the performance and better results will be shown in Q3.

RCS, Co-operative Bank informed that there is some delay in refinance from NABARD. ACS informed that except TAHDCO where there are some minor issues other sectors like Agri, SHG etc. performance is relatively good.

HDFC representative informed the forum that out of Rs. 20,000 cr achievement under MSME, around Rs.160 cr only is towards on-lending.

Under CD ratio, performance of public sector banks, FS wanted IOB and Indian Bank to improve their performance.

DGM, RBI observed that districts like Ariyalur, Perambalur, Kallakurichi and Theni, CD ratio is more than 200%, average persons per branch is very high and advised that either the number of branches to increase or raise the commission of BCs so that their services are available at their doorsteps.

HDFC representative informed that in order to penetrate into unbanked areas, they have come out with Alternate Business Channel in addition to BC network. Bank on wheels launched in Virudhunagar and The Nilgris to cover villages with both Credit and deposits facilities.

FS observed that IPPB opened more accounts in many districts than conventional banks when Kalaingar Magalir Urumai Thogai Thittam was launched. He further observed that digital banking modes like mobile banking

etc., should further be embraced by banks if banking has to reach to the youth population.

RD, RBI suggested IOB & Indian Bank to compare their CD ratios in other States with TN and come out with ways to improve the CD ratio.

Action Points: Banks

Agenda: Atal Pension Yojana

The convenor briefed the forum on the performance of banks under APY and shared the observation of PFRDA on low performance of some private sector banks under the scheme. He requested all the banks to achieve the target so that collectively the performance of the State at National level improves.

Action Points: Banks

Agenda: Performance under Educational loans:

The convenor informed the forum on the performance of banks/districts under the Educational loan category and requested banks to improve their performance.

Hon'ble FM observed that under Education loan both Public as well private sector banks needs improvement.

FS informed that a detailed schedule has been drawn to conduct the camps and uploading of details in Vidyalakshmi portal.

Higher Education Secretary briefed the forum on the initiatives taken by the department under various schemes like engineering, Medical, Arts & Science for covering eligible students under the loan scheme. Coimbatore district is having lot of colleges, however the disbursals are very less.

District Collector, Salem & Coimbatore narrated their experience on how they went about in organising camps and distribution of loans to eligible students. On the question on processing of loan application of students studying in one district but hailing from another district, it was informed that while entering the

details in the Vidyalakshmi portal the preferred bank details are entered and follow up are being made for processing of such loans.

Hon'ble FM wanted the higher education department to have the data on the ratio of government school students applying for education loan.

Action Points: Banks/Education Department, GoTN

Agenda: Stand-Up India

The Convenor briefed the forum on the performance of the Banks under SUI scheme and opined that the performance of major private sector banks needs improvement.

Action Points: Banks

Agenda: Performance under Self Help Group:

The performance of Banks/District as provided by TNSRLM as on 15.10.2023 was reviewed.

MD, TNCDW informed that out of the target of Rs.30,000 for the FY 2023-24, banks in the State as of 15.10.2023 have disbursed Rs.18,494 Crore. She requested the Member Banks to speed up the process so that the target is achieved well before the timeline. She further requested banks to lend actively to groups.

District Collector, Thiruvallur, Pudukkottai were reviewed on the performance of their district under Mathi & Non-mathi SHG.

FS suggested to the District Collectors that PDS shop wise list of beneficiaries under KMUT can be explored to see if new groups can be formed area wise. He further suggested to all the banks if they can come out with some sort of micro savings product to lure the beneficiaries of KMUT into savings habit.

District Collector, Cuddalore informed that the disbursement as on 15.10.2023 stands @ 55%. Target for Mathi & Non-Mathi groups fixed and disbursement of bulk loans will be starting shortly.

MD, TNCDW informed that bulk loans do not qualify for interest subvention. Further she informed that some banks are levying charges on SHG loans even

for the exempted level stipulated by RBI. Also interest on SHG loans few banks are charging more than what is stipulated by RBI. Stamp duty charges are being levied on SHG loans by few banks. PAACS are not getting interest subvention since they are not on CBS platform. There are 7000 trained Bank Shakis who can be used by banks as BCs.

GM, NABARD informed the forum that PAACS are eligible & can claim it through DCCBs.

Action: Banks/Dist. Collectors

Agenda: TAHDCO:The Convenor reviewed the performance of Banks in processing of applications under EDP & SEPY as on 10.10.2023. The Convenor requested the Member Banks to bring down the **pendency of applications** considerably on priority basis and submit UCs to TAHDCO immediately.

MD, TAHDCO informed that consent for Form III and UC for all sanctioned loan up to 2021-22 have been cleared. For the Year 2022-23 there is some delay by banks in submitting the Form III and submission of UC. He requested the banks to speed up the process in submission of UC at the earliest. Few banks are delaying the process of disbursement of loan even after receiving the subsidy.

District Collector, Kallakurichi informed that there is lot of scope for TAHDCO loan and will be achieving the target by Q3.

District Collector, Namakal informed that regular meetings are held along with the LDMs and Banks to speed up the process of sanction.

FS advised TAHDCO to concentrate on the quality of applications before sending it to banks.

Action: Banks/TAHDCO

Agenda: Performance under Micro, Small and Medium Enterprises

The Convenor briefed the forum on the performance of the banks under MSME sector under various categories viz., PMFME, UYEGP, NEEDS, AABCS and opined that the performance of banks under MSME has been satisfactory.

Secretary, MSME requested banks that out of the total applications forwarded only around 40% of the applications have been processed and requested the banks to process the pending applications under the above schemes at the earliest.

Collector Karur, Erode, Myladuthurai and Ranipet briefed on the status of pending applications under the NEEDS/AABCS scheme with the banks pertaining to their districts.

Action: Banks

MD-TNCDW informed that under MGP-TNRPT requested PNB, UCO Bank, Union Bank of India and Bank of India under PSB category to speed up the process of entering into the MOU and other private banks like HDFC, Axis, ICICI, IDFC, Karnataka Bank to come forward to sign the MOU. Further MD requested that MGP – TNRPT to be taken up as a regular Agenda from the next SLBC meeting.

Action: Above mentioned Banks

Agenda: Review of performance under PMAY(U)-Housing for All:

The Convenor briefed the forum on the performance of the banks under the scheme.

Secretary, Urban Habitat informed that around 8100 applications have been mobilised through special camps out of which around 3150 applications have been processed amounting to Rs.64 crores. HDFC and IOB have come out with special loan product and requested other banks to also come up with such loan products.

Action: Banks

Agenda: Performance of the Banks under Kisan Credit Card

The convenor briefed the forum on the performance of the banks under KCC, Animal Husbandry and Fisheries as of September 2023.

Secretary, Agriculture informed that around 15 lakhs farmers are yet to be saturated and requested the banks to expedite the process of sanction. Action

plans for conduct of camps are also planned to speed up the process of sanction.

Action: Banks

Agenda: Performance under PM SVANidhi scheme

The performance of various banks under the scheme was reviewed in the forum. The Convenor informed that the performance of banks under Tranche 3 is quite low when compared to the first two tranches.

District Collector, Tenkasi assured to improve the performance of the district under the scheme.

Action: Banks

Agenda: Performance of banks under PMMY scheme

The Convenor briefed the forum on the performance of the banks under the scheme under all the three categories viz., Sishu, Kishore and Tarun as of September 2023.

Agenda: Performance of banks under Weavers Mudra scheme

Secretary, Handlooms informed the forum that for around 4843 loans uploading in the PNB portal are still pending for last year cases. He requested the concerned banks to expedite the process of uploading in the portal so that the interest subvention will reach the intended beneficiaries. Similarly, for the current year around 1000 odd cases details are to be uploaded in the PNB portal. He requested the banks to increase the quantum of loan so that optimum benefit reaches the weavers.

Action: Banks

Agenda: Status of Jansuraksha Schemes in the State

The Convenor briefed the forum on the ongoing 3 months Saturation Campaign for Jansuraksha Schemes at Gram Panchayat level from 01.10.2023 to 31.12.2023 and requested member banks to advise their branches to conduct campaign in the allotted GP and intimate the data to LDMS.

Action: Banks

Agenda: Expanding and Deepening of Digital Payments Ecosystem in identified districts in each State

The Convenor informed the forum that all the districts in Tamil Nadu are covered under Expanding and Deepening of Digital Payments advised all member banks to be proactive and work together to make the entire State of Tamil Nadu, 100% digitally enabled by December 31, 2023.

Action: Banks

Agenda: Review of Business Correspondents:

Member Banks were advised to look into the issue of remuneration of BCs, investment by BCs for the BC operations and uploading the correct data on the number of BCs (active and inactive BCs, fixed and other BCs) in the portal.

Action: Banks

Agenda: Internal Working Group to Review Agricultural Credit

Through the forum the State Government was requested to give access to banks to digitized land records in order to verify land title and create charge online. In such states banks should not insist on submission of land title documents and reform their legal framework on the basis of Model Land Leasing Act proposed by NITI Aayog/ Land Licensed Cultivators' Act, 2011 of the state of Andhra Pradesh so that formal lending to tenant farmers can improve.

FS informed that TNeGA is on the Job and would complete at the earliest.

Action: State Government

Agenda: Financial Inclusion Interventions - Support under Financial Inclusion Fund (FIF) for FY 2023-24

NABARD briefed the forum on various FI interventions support available under FIF for the year 23-24 and requested banks to avail the support under FIF.

Action: Banks

Agenda: Strengthening of SLBC and LEAD BANK OFFICE:

RBI advised the Banks having Lead bank responsibilities to post adequate staff to strengthen the Lead Bank Office/SLBC as they observed that SLBC and Lead Bank Office, coming under the Regional Office is being managed solely by the Lead District Manager and not adequately staffed particularly IOB and IndianBank.

Action: IOB, Indian Bank, Canara Bank and SBI

Agenda: DCC/DLRC dates to be fixed well in time:

RBI observed that the DCC/DLRC meetings in the districts are fixed in short period resulting in data collection by LDM and coordination from banks difficult. District Collectors were requested to finalise the meeting date at least 10 days in advance so that the Regional Heads of major banks shall also attend.

Action: District Collectors/LDMs

Agenda: Ghar Ghar KCC Abhiyan for PM Kisan Beneficiaries:

The Convenor briefed the forum on the ongoing **Ghar Ghar KCC Abhiyan** Campaign and requested Member Banks to make all efforts to provide KCC to all eligible farmers during the campaign and saturate the PM Kisan Beneficiaries. GM NABARD requested the Convenor to convene the meeting of the sub-committee at the earliest.

Action: Banks/SLBC

Addl. Chief Secretary/Development Commissioner informed on two schemes viz., Makkal Udan Mudalvar to be launched in the 1st week of December. Under KMUT scheme the function will be held on November 10, 2023 for distribution of Rs.1000/- to new beneficiaries and asked the District Collectors to be prepared for the function and be ready.

General Manager, Indian Bank delivered the Vote of thanks.