



STATE LEVEL BANKERS' COMMITTEE-TAMIL NADU

Convenor :

Indian Overseas Bank

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SLBC /TN/ /2018-19

15.02.2019

To

All the Members of State Level Bankers' Committee, Tamil Nadu

Madam /Dear Sir,

**Minutes of 156th Meeting of State Level Bankers' Committee – Tamil Nadu
Held on 17.12.2018**

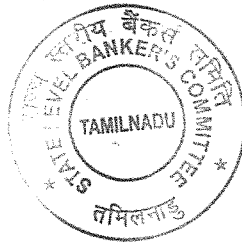
We enclose the minutes of the 156th State Level Bankers' Committee meeting held on 17th December 2018.

We request you to initiate necessary follow up action on the points relevant to you and keep us advised of the developments.

With regards,

Yours faithfully,

(N Rajan)
Assistant General Manager
SLBC-Tamil Nadu



Encl: as above



State Level Bankers' Committee, Tamil Nadu
Convenor: Indian Overseas Bank
Minutes of the 156th Meeting of SLBC
Held on 17.12.2018 at Hotel Regenta Central Deccan, Chennai

The 156th meeting of SLBC, Tamil Nadu was held at Chennai on 17th December, 2018. The meeting was chaired by the Chairman-SLBC, Shri. Ajay Kumar Srivastava, Executive Director, Indian Overseas Bank.

Welcome Address:-

Smt. Uma Maheswari, General Manager, Indian Overseas Bank and Convenor, SLBC, Tamil Nadu, welcomed the participants to the 156th meeting of SLBC, Tamil Nadu. She welcomed Ms. Pooja Kulkarni, I.A.S., Additional Secretary, Finance Department, Govt. of Tamil Nadu, the CGM of NABARD, DGM of RBI and other Senior Officials from RBI and NABARD. She also welcomed the other senior functionaries of various government Departments and fellow bankers to the 156th SLBC meeting on behalf of I.O.B and as Convenor SLBC-TN.

In her address, the Convenor mentioned about the following important events that took place in the previous quarter.

- Launch of 100 days MSME Support and Outreach program by the Hon'ble Prime Minister across 100 centers in the country on 02.11.2018 and she briefed on the Campaign.
- The G.O issued by the Government of Tamil Nadu on notification of Agricultural and Horticulture crops including Rabi III crops with State Government subsidy during 2018-19 under PMFBY.
- The G.O issued by the GoTN on areas affected by natural calamities for the recent GAJA cyclone which played havoc in many parts of the southern districts resulting in loss of life and properties.

Further, the Convenor mentioned various issues listed for deliberations in the meeting and sought active participation by all the participants.

Inaugural Address by the Chairman, SLBC: -

Shri. Ajay Kumar Srivastava, Executive Director, Indian Overseas Bank and Chairman of SLBC, Tamil Nadu in his inaugural address welcomed the participants to the meeting and informed the forum on the performance of banks under various parameters during the six months of FY 2018-19 i.e. up to the quarter ended September 2018. The Chairman

advised in brief on various measures to be taken by bankers like restructuring/rescheduling, conversion of short term loans to long term loans and so on for the GAJA cyclone affected districts as per the guidelines of RBI as well as their own bank's guidelines. Before proceeding on the performance of banks in the state he touched upon the Global and National economic scenario briefly.

Global Environment.

The Chairman, SLBC, said that the economic activity decelerated in major emerging market economies (EMEs) in Q3 and quoted Russia and china where the growth has slowed down. He further said that crude oil prices declined sharply, reflecting higher supplies and easing of geo-political tensions while the inflation scenario has remained broadly unchanged in the US and the Euro area.

Domestic Environment

On the domestic front, he observed that GDP growth slowed to 7.1 per cent (2011-12) in the July-September quarter, the lowest in three quarters while half-year growth at 7.6 per cent has been quite robust and healthy. He mentioned that Retail inflation dipped further to 2.33 per cent in November whereas automobile and steel sectors were on growth trajectory. The trade deficit widened to \$17.13 billion against \$14.61 billion last October, he noted.

Banking Sector in Tamil Nadu:

Chairman, SLBC informed the forum that the performance under various parameters during the first half of the financial year 2018-19 has been satisfactory in the state of Tamil Nadu. He said the Deposits grew to Rs.7,46,981 crores as of September 2018 recording a growth rate of 10.36% y-on-y basis and Credit grew by 12.77% y-on-y to Rs.8,25,118 crores. The CD ratio stood at 110.46% as against the national norm of 60%.

Chairman, SLBC listed the following performance highlights of the banks under credit disbursement in the state of Tamil Nadu during the half year ended September 2018.

- The achievement is 98% under Priority Sector and 85% under Non Priority sectors.

Again Under Priority Sector,

- The disbursements to Farm Sector is 101 percent
- MSME & Education is 98% and 99% respectively
- Housing and others is 109% and 85% respectively
- Achievement under Export credit, renewable energy and social infrastructure stands at 83%,45% and 53% respectively.

Agriculture:

Chairman, SLBC commended the Banks for disbursing Rs. 61,539.84 crores as against the half year target of Rs. 61,161.71 Crores during the period April to Sept 2018. He observed

that the Govt of India has increased the Ground Level target for Agriculture from Rs.10 Lakh Crores to Rs.11 Lakh Crores for the current FY 2018-19 for the country while the target allocated is Rs.1,01,514 crores to our state.

SHG-BLP:

The Chairman in his speech stressed upon the need for more credit linkage to SHGs from the formal banking sector as the present scenario of credit linkage was far below the target for the FY 2018-19. He termed the performance under the sector was far below satisfactory with hardly four months left. He advised Member Banks to process all the applications pending with them immediately, grade the SHGs and disburse loan to all eligible groups.

MSME:

The Chairman was happy to note that banks in the state have disbursed a sum of Rs. 31,846 crores to MSME sector for the period from April 2018 to September 2018 for the FY 2018-19. The performance of Banks under MUDRA loans as on 09.11.2018 stands at Rs.12272 crores so far during the year. He appealed to all banks to give priority to PMMY scheme and extend more of MUDRA loans.

He further shared his concern on the NPA level under MSME which continues to be high and it is at Rs.12,736 crores (8.50%) as at the end of September 2018. He urged upon the MSME industry associations and the State Government to help the banks in recovery of NPAs under this sector.

Education Loans:

Chairman informed the forum that banks have disbursed 735.77 crores for Education during the period from April 2018 to September 2018 out of which Rs.51.73 Cr & Rs.66.45 Cr were granted to SC/ST and Minorities respectively.

He said that NPAs in Education Loans continues to be the cause of concern to the Banks. The position of NPA under this sector stood at Rs.2786.29 Cr as of September 2018. In percentage terms, NPAs stood at 16.93%. He appealed to the State Government to help the banks in recovery of such NPA loan accounts.

MSME – Support and Outreach Campaign

The Chairman informed the forum that during the Quarter, the notable event connected with banking sector has been the launch of MSME Support and Outreach Campaign on 02.11.2018 by the Hon'ble Prime Minister of India and announced a slew of initiatives for the benefit of MSME Sector. It has opened a new chapter for the MSME sector. The Campaign is in 100 districts pan India of which seven locations are in our state.

Global Investors' Meet 2019

Another notable event informed by the Chairman was the 2nd Global Investors Meet (GIM 2019) on 23rd and 24th of January 2019 at Chennai Trade Centre to be conducted by the State Government. This summit proposes to showcase the competitive strengths and opportunities in Tamil Nadu. Hence, GIM 2019 provides an ideal platform for understanding Tamil Nadu as a preferred Investors' Choice. HE advised bankers to participate in the GIM by putting up their stalls and take advantage of this summit.

SLBC Sub-Committee on opening of banking outlets:

The Chairman informed that the subject of opening of Brick and Mortar Branches had been part of SLBC Meeting for a longer period and the progress was not satisfactory though a lot of emphasis has been made in this regard. He said that RBI has come out with the concept of Banking Outlets wherein even a Fixed Point BC is also considered as a Banking Outlet and requested Member Banks to come out with BOs at the centers allotted to them at the earliest.

SLBC Sub-Committee on Data Flow:

Reserve Bank of India vide its circular on Revamp of Lead Bank Scheme (LBS) has laid emphasis on Standardisation of information /data on SLBC Website. As the Agenda for the SLBC quarterly meetings largely comprises of the data like Financial Inclusion initiatives, credit disbursements by banks, position of NPAs etc., which are compiled from data submitted by Member Banks and LDMS he emphasized the importance of submission of data within the stipulated time. He further said that as per RBI's Master Direction on Lead Bank Scheme, the SLBC Meeting for a quarter should be conducted within 45 days from the end of the quarter and it is imperative that the data should reach SLBC within 20 days of the end of the quarter. However, he said that the data submission is happening very belatedly and accuracy of data is also a matter of concern and requested the fellow Bankers to take note of it and submit the data accurately and in time.

Recovery Challenges

The Chairman expressed his concern about the large number of applications pending with the District Collectors/Magistrates for approval under Sec 14 of SARFAESI Act. He further stated that SLBC Convenor has been invited to participate in the review meetings of Government with District Collectors to highlight this point. He advised Member banks to liaise with the LDMS at the district level, and requested the State Government to support the Banking sector in implementation of the provisions of the Act which would help the banks to recover their bad loans.

The Chairman concluded his speech by thanking the Central and State Governments, RBI and NABARD, for their good support and guidance given to the member banks and to SLBC.

Key Note Address by Ms. Pooja Kulkarni, Additional Secretary, Department of Finance, Government of Tamil Nadu:

The Additional Secretary in her address mentioned about the recent GAJA cyclone and the preparation of the State Government to face the impending disaster which was commendable. Hence it resulted in minimizing the loss of life but at the same time huge devastation was caused to flora especially to coconut trees and banana plantations. She requested the Bankers to come forward to help the farmers in rescheduling their loans as per guidelines and cover the coconut plantations under the Coconut Palm Insurance Scheme [CPIS]. She observed that though the credit for MSME and Agriculture sectors have increased compared to previous years, percentage wise they have come down. She called upon the bankers to give more credit to industrial MSMEs as Service MSMEs alone sustain for long on their own and to participate actively in the forthcoming GIM 2019. The Government of Tamil Nadu is creating ten integrated Agro Processing clusters which would encompass processing and marketing facilities, she said. She requested the Bankers to support the cause and come forward to finance the Farmers Producers' Organisations. Further, she informed about implementation of World Bank funded Rural Transformation Project by the State Government in 120 Blocks. She requested bankers to lay more emphasis on Individual/Group based economic activity lending to SHG which has more scope.

Special Address by Mrs. Padma Ragunathan, CGM, NABARD:

The Chief General Manager, NABARD observed that though the priority sector targets have been achieved and the CD ratio also has gone up, the performance under renewable energy and social infrastructure needs improvement. She observed that sectorwise, Bankwise and district wise agriculture disbursement data would help in formulating potential linked plans (PLPs) and District level plans. She informed the forum that the PLPs for all districts have been prepared and launched already. Now the LDMs to prepare the District Annual Credit Plans based on the credit potentials and launch the same in time. NABARD would conduct the State Credit Seminar shortly to deliberate on the aggregate credit needs and potential for the state as a whole. She further informed that the GoI has issued the guidelines on the revised subsidy scheme of Agriculture Marketing Infrastructure. She mentioned about revised PMFBY guidelines which carry penalties and incentives to the stake holders. Govt of India has introduced a Scheme for financing Sugar Mills for establishing/expansion of ethanol producing units with interest subvention for five years. She advised the banks to participate in the fair being organized by NABARD in Chennai for the products of FPOs, Rural Artisans, SHGs and Weavers in Chennai. She requested bankers to give more thrust to SHG Bank linkage program and achieve the given target of financing 3.15 lakh SHGs.

Special Address by Mrs. J Sujatha, DGM, RBI:

The DGM, RBI, Chennai in her address informed the forum on the following latest updates from RBI - appointment of Shri. Shaktikanta Das as new RBI Governor, Monetary policy statement released by RBI wherein the repo rate has kept unchanged. Moving from Internal benchmark to external benchmark based lending rates, either based on RBI policy repo rates or any other benchmark based on market interest rates guidelines for which are expected to be given by the end of December 2018. Now, NBFCs are also brought under Banking Ombudsman scheme. There is a proposal to include digital transactions also under the scope Banking Ombudsman scheme. A committee is being formed shortly to look into the problems faced by MSMEs as they are different from bigger corporates.

She also highlighted on important circulars issued by RBI during the quarter like Master circular on Day-NULM with latest amendments and the circular on increase of Interest Subvention for exports by MSMEs under Interest Declaration Scheme. She advised the Bankers to identify the eligible MSME borrowers and pass on the benefit.

She noted that about 35% of SHG financing is going for consumption / non-productive purposes. The target for the year is Rs.15000 Crores and the achievement is not proportionate. Bottlenecks are to be identified and addressed. She requested banks to be more proactive while lending to SHGs and give the feedback. She requested LDMS to give inputs of centers having more than 3 banks but not having clearing house so that necessary arrangements can be made and advised SLBC to collect the data in the specified format and forward to RBI, Chennai. She also emphasized, to all banks, the importance of submitting the requisite data on time to SLBC /RBI for conducting of the meetings. She advised the Banks to ensure prompt attendance at appropriate levels in all District level meetings and attend with requisite data. She advised SLBC to look into the issue of PMFBY claims pertaining to 2016-17 as well as remittance of premium in couple of districts to wrong insurance companies and sort out the same at the earliest. Opening of Banking Outlets in the identified Unbanked Rural Centres is yet to be completed. She called upon the Banks to hasten and complete by January 2019. Regarding GAJA Cyclone she advised SLBC to ensure that the crop loss is 33% and more before acting upon the G.O. and she also briefed on the Master Circular of RBI issued in this regard. She advised the Banks to have a sympathetic view for the cyclone affected people and extend the relief measures as per the guidelines. She advised the Banks to strictly adhere to the guidelines with respect to financing of Agriculture Jewel loans and cautioned against violations which may cost heavily. She informed that the delinquency under Shishu category Mudra loans are on the rise and advised the Banks to follow the basic banking procedures like inspection, end use verification etc.

SPECIAL ADDRESS BY DR.D. JAGANATHAN, I.A.S-PROJECT DIRECTOR-GRRRP:

Dr. Jaganathan, I.A.S, the Project Director, Gaja Cyclone Reconstruction, Rehabilitation and Rejuvenation Project for undertaking rehabilitation works in the GAJA Cyclone

affected areas of the five districts, elaborated the forum on the recent G.O issued by GoTN and the role to be played by LDM's in these districts. He said that the District Collectors of the affected are instructed to issue Annewari Certificates.

Later the agenda items were taken up for discussion.

AGENDA NO.1:

Confirmation of the minutes of the 155th SLBC meeting held on 10.10.2018:

The forum confirmed the minutes of the 155th State Level Bankers' Committee Meeting convened on 10.10.2018.

Agenda No: 2:

MSME Support & Outreach Program – 100 Days Campaign by Govt. of India:

The Convenor informed the forum about the introduction of MSME Support and Outreach Program- 100 days' campaign launched by Hon'ble Prime Minister on 02.11.2018 covering 100 districts out of which the State of Tamil Nadu has Seven districts where the concerned LDMs are taking the lead in conducting the camps every Tuesday and Friday wherein it shall be the Mega Camp on Fridays. She further briefed the forum on the Credit linked and Non-credit linked activities that are undertaken during the campaign. She requested the member banks having significant presence in the above said districts to actively participate in the camps and surpass the targets given by DFS.

Agenda No.3:

GAJA Cyclone – Aftermaths (Role of Banks):

The Convenor briefed the forum on the extensive damage caused by the GAJA Cyclone which was earlier detailed by Dr. Jaganathan, I.A.S-Project Director-GRRRP. She requested the member banks to extend the relief measures once the guidelines are formulated in the Special meeting on GAJA Cyclone to be convened in line with the G.O issued by the GoTN and the Master circular issued by RBI in this regard.

Agenda No.4:

SHG-BANK Linkage Program – Slow Progress:

The Convenor informed the forum that though there is enough scope for financing to SHGs in the State based on which the target was revised upward to Rs. 15,000 crores from Rs. 11,000 crores, but as per the data available there are around 35% to 40% graded SHG groups that have not been financially assisted even once with a single dose of credit through formal banking sector. SLBC requested TNSRLM to share the list of groups identified by them for credit linkage. The Convenor also informed that at the request of TNCDW, SLBC has advised member banks to observe the month of December as "SHG BLP Linkage Month". TNSRLM informed that the pending applications district wise/ bank

wise data has been collected and the same will be shared with SLBC. The Convenor requested member banks to sanction the eligible pending applications and achieve the target set.

Shri. Praveen Nair, I.A.S – MD TNCDW in his address on SHG BLP informed the following:

- Northern Districts in the State are not performing up to the mark under SHG BLP.
- Indian Bank and IOB have sanctioned loans to the tune of Rs.591 crores and Rs.103 crores and a lot more has to be sanctioned especially during the months of December and January.
- Requested banks to clear the pending applications at the earliest once the data shared by TNSRLM
- NPAs under SHG loans (NRLM) is 3.14%.
- Community Banking Coordinators/CBRM available for helping the banking sector for recovery of NPA under SHG portfolio.
- CBRM Committees have to be set up wherever the same are not available.
- Role of BLBC was emphasized.
- OTS camps to be conducted so as to bring chronic NPAs to the table.
- Months of December-January are to be observed as SHG bank linkage months.

Agenda No.5:

Opening of Banking Outlets in the allotted URCs/ Villages:

The Convenor informed the forum on the Status of opening of Banking Outlets in the allotted URCs/Villages wherein to the dismay only 10 BOs were opened in the allotted URC's/ villages out of the allotted 451 centres. She further informed the forum about IBA trained and certified list of Bank Mitras given by TNCDW whose services can be utilized by the banks for opening of BOs at these centers.

Agenda No.6:

Constitution of Issue based sub-committee for BOs & submission of data through portal:

The Convenor informed the forum that since the progress in opening of Banking Outlets has been poor, constituting of a separate issue based sub-committee for Banking Outlets was proposed for better follow up with more focused attention. The forum agreed upon the proposal. The Convenor mentioned about the guidelines in RBI's circular on "Rationalization of Branch Authorization Policy – Revision of Guidelines" dated 18.05.2017 wherein the concept of Banking Outlet was introduced.

Data Collection through portal:

The Convenor informed the forum regarding the RBI's Master Circular on Lead Bank Scheme dated 02.07.2018, wherein RBI advised to update the SLBC website as well as to make convenient for Online Portal submission all LBS related data. Since submission of Accurate Data and submission on time are cause of concern, SLBC proposed to

constitute a Sub-Committee consisting of SLBC coordinators & technical officers of Banks to deliberate and implement the data flow through Portal. The forum agreed for the same.

Agenda No.7:

Coverage of Credit Facilities extended to Micro & Small Enterprises under CGTMSE:

The Convenor informed the forum briefly on the major policy changes made by CGTMSE in simplifying existing procedures of Guarantee coverage & Claim settlement. The Additional Commissioner, Industries and Commerce requested the Convenor to provide the details of coverage made under CGTMSE to MSME sector. He further mentioned that there are pending applications under NEEDS Scheme with various banks and requested SLBC to take up with the concerned banks for expedite sanctions of eligible pending applications.

Agenda No.8:

Status of applications pending with District Collectors under section 14 of SARFAESI Act, 2002:

The Convenor informed the forum that as per the data provided by the member banks there are 1143 applications pending under Sec 14 of SARFAESI Act 2002 as on 31.08.2018 amounting to Rs.2496 Crores. SLBC requests the Commissioner, Land Administration to include the matter on Status of applications pending with District Collectors u/s 14 of SARFAESI Act 2002 as a regular agenda item in their review meetings with the District Administration. SLBC has advised the LDMs as well to include it as an agenda item for review in District Level Bankers' Meetings.

Agenda No.9:

PMFBY – Extension of cut-off date for Remittance - Paddy II 2018-19

The Convenor informed the forum that due to the GAJA Cyclone, the Agriculture Department of GOTN has extended the cutoff date ONLY for remittance of crop insurance premium from 15.12.2018 to 31.12.2018 (and NOT for submission of declaration and uploading into the Portal) in the severely affected Five districts viz., Ariyalur, Tiruvarur, Thanjavur, Nagapattinam & Pudukottai. The representative from Agriculture department placed his sincere thanks to all the bankers as 2.77 lakhs farmers have enrolled themselves under Paddy II which is around 23% of the total enrollment and also clarified that enrolment under Coconut Palm Insurance Scheme (CPIS) can be done by the farmers themselves directly with Agricultural Insurance Company of India (AIC) in co-ordination with agriculture department and not by financial institutions.

Agenda No.10:

PMFBY – Notification for Agri & Horticulture Crops of Rabi 2018-19:

The Convenor informed the forum the G.O (RT). No. 319, dated 01.11.2018 issued by GoTN notifying the Crops, Districts, Firkas and Revenue villages for Agriculture and Horticultural Crops during 2018-19 for Rabi Crops and approved agencies involved in covering of PMFBY insurance across the State.

Agenda No.11:

Timely Submission of Data for Meeting & Portal Updation:

The Convenor once again highlighted the importance of timely submission of Data for the meetings and for portal updation and advised the member banks and LDMs to strictly adhere to the schedule of SLBC meetings and submit all returns in time.

Agenda No.12:

Agricultural Marketing Infrastructure (AMI) & Doubling of Farmers Income – A presentation by NABARD:

Mr. Mashar, DGM, NABARD presented in detail the basic objectives of the scheme viz., Agriculture Marketing Infrastructure popularly known as AMI which came into effect from 22.10.2018 and valid up to 31.03. 2020. SLBC vide its mail dated 11.12.2018 had circulated to the member banks/LDMs the operational guidelines for their reference.

Statistical data on Banking Developments in the State/Performance under ACP/NPA position in priority sector advances as on September 2018:

The Convenor informed the forum in brief by providing data on Banking developments in the state esp. highlighting on % of CD ratio, priority sector advances as well as performance under Annual Credit Plan- Priority Sector for the period from April to Sept 2018. She also briefed on the NPA position under priority sector advances.

Other points discussed with the permission of the chair:

Mr. Shanthalingam, Asst Director, MSME-DI, Chennai requested SLBC to provide Bank wise achievement data under Stand Up India Scheme from the next meeting onwards.

Vote of Thanks

The 156th SLBC Meeting ended with vote of thanks by Shri Ravichandran, Chairman, Pandya Grama Bank.