



State Level Bankers' Committee, Tamil Nadu

Convener: Indian Overseas Bank

Minutes of the 163rd Meeting of SLBC

Held on 30-09-2020 through Virtual Mode

The 163rd meeting of SLBC, Tamil Nadu was held on 30th of Sept 2020 through virtual platform due to restrictions in place on account of COVID 19 pandemic.

Welcome Address:

Shri. S.C.Mohanta, GM – IOB and Convenor SLBC welcomed Shri. A.K.Dogra, Deputy Secretary, DFS, MoF, GOI; Shri. Krishnan, I.A.S, Additional Chief Secretary, Department of Finance, Government of Tamil Nadu, Shri.P.P.Sengupta, MD & CEO of IOB and Chairman, SLBC-TN; Shri. SMN.Swamy, Regional Director, RBI, Chennai, Mr. Selvaraj, CGM NABARD, Chennai and officials from State Government departments, RBI, NABARD and the fellow bankers. The following are the highlights of his welcome address:

Between the 162nd and 163rd meeting, SLBC had conducted the 163rd Sub Committee on Credit Flow and Financial inclusion on 23rd of August 2020 and the Steering Sub-Committee of 163rd SLBC on 22nd of September 2020.

He briefly touched upon the important issues that were discussed during the course of the meeting.

CHAIRMAN'S ADDRESS:

Shri. P.P.Sengupta MD & CEO of Indian Overseas Bank & the Chairman of SLBC, Tamil Nadu welcomed the participants to the meeting. Before proceeding on the performance of banks in the state, he touched upon the Global & National economic scenario briefly.

GLOBAL SCENARIO:

The global economy is estimated to have suffered the sharpest contraction in living memory in April-June 2020 on a seasonally adjusted quarter-on-quarter basis. World merchandise trade is estimated to have registered a steep year-on-year decline of more than 18 per cent in Q2 of 2020, according to the Goods Trade Barometer of the World Trade Organization (WTO). Global economic recovery from the covid-19 crisis may take as much as five years. There will probably be a quick rebound as restrictions linked to lockdowns are lifted, but full recovery will take as much as five years as per the world Bank estimate.

National Scenario:

- India's exports slipped 12.66% y-o-y to \$22.7 billion in August, on account of fall in the shipments of petroleum, leather, engineering goods and gems and Jewellery items.
- The government has permitted Foreign Direct Investment (FDI) up to 74% under automatic route in the Defence sector with a view to attracting overseas investors.
- Total GST revenue shortfall during FY 2020-21 is estimated at Rs.3 lakh crore. Since collection through the compensation cess is likely to be Rs.65,000 crore, the net shortfall could be Rs.2.35 lakh crore. Out of this, based on 10% nominal growth and other assumptions, the shortfall on account of GST implementation and pandemic are Rs.97,000 crore and Rs.1.38 lakh crore respectively.
- Government has raised its borrowings for the current year by 53% to Rs.12 trillion to deal with the humanitarian and economic impact of the coronavirus crisis.
- India Ratings and Fitch have further slashed GDP forecast for India. FY21 GDP growth forecast downward to -11.8 per cent, from earlier -5.3%. The economic loss in FY21 is estimated to be Rs.18.44 lakh crore.
- MGNREGS funds is drying up fast as demand surges amid COVID. The central government in its 2020-21 Budget had allocated around Rs.61,500 crore for the scheme. This was enhanced by further allocation of Rs.40,000 Crores. Almost 63 per cent of the increased allocation of around Rs.1.01 trillion has been spent in the first five months of 2020-21.

Banking Environment in India:

- RBI has specified five key financial parameters – (i) Total Outside Liabilities/Adjusted Tangible Net Worth, (ii) Total Debt/EBITDA, (iii) Current Ratio, (iv) Debt Service Coverage Ratio and (V) Average DSCR, that lenders must consider before finalising the resolution process for eligible borrowers in 26 sectors, ranging from auto to trading, to mitigate the impact of COVID related stress.
- SBI raises Rs.4, 000 crore via additional tier I bonds at a record low coupon rate of **7.74%**.
- According to Credit rating agency CRISIL, nearly two-thirds among the more than 8500 companies rated by CRISIL would be eligible for one-time debt restructuring based on the financial parameters under the Resolution Framework for COVID-19 related Stress.
- As the RBI operational twist, mainly focusing on the 10-year bonds, the yield on three and five year bonds has risen sharply owing to sell-offs from July. However, between Jan'20 and April'20, the yield fell by a sharper 150 bps and 90 bps. The shorter tenure bond yields will have an impact on deposit and loan rates.
- Government announced the conversion switch of seven securities maturing between April 2021 and December 2022, through auction for an aggregate amount of Rs.24, 000 crore (Face value) on Sep '21.
- The stimulus announced by the RBI enhanced liquidity and pulled down the spread of AAA-rated three-year corporate bonds to the lowest level in about 15 years. In March, the RBI also hiked the limit for foreign portfolio investor (FPI) to hold more than 20 per cent of the corporate bond portfolio to a single corporate including exposure to entities related to the corporate.
- According to industry estimates, promoters have provided personal guarantees to state-run banks for dues worth Rs.1.85 lakh crore.
- Banks have sanctioned Rs.9,849.74 crore to individuals under the government backed emergency credit line guarantee scheme (ECLGS), out of which 27% of the credit has been disbursed as on 21st Sep, 2020.

Banking Sector in Tamil Nadu:

The State of Tamil Nadu has witnessed a satisfactory performance under various parameters during the first quarter of FY 2020-21. The CD ratio reached 108.20%.

- Deposits of the Banks in Tamil Nadu have increased from Rs. 781225.66 crores as of June 2019 to Rs. 868372 crores as of June 2020, registering an increase of Rs.87145.89 crores in absolute terms and 11.16 in percentage terms.
- The total advances increased from Rs. 877434.69 crores as of June 2019 to Rs.938047crores as of June 2020, registering an increase of 6.91% YoY.

The performance of the state under Annual Credit Plan for 2020-21 under select parameters also needs mention here:

- The achievement under Priority Sector and Non Priority sector to target stood at 85% & 129% respectively.
- Under Priority Sector, the disbursements from April 20 to June 2020 to Farm Sector is 92%, MSME 99%, Education 41% and Housing 45%.

On number of pending applications and submission of Utilization certificates under TAHDCO, the chairman expressed his displeasure as there were around 10059 applications to the tune of Rs.144 crores pending with various bank branches for issue of Form III and around 7826 applications to the tune of Rs.115 crores where subsidy has been received by branches and are pending for disbursement as on 31.08.2020. He requested all bankers to give suitable instructions to their branches to dispose of the pending applications at the earliest and disburse loans immediately for all such cases where subsidy has been received by branches.

On timely submission of data by banks, the Chairman SLBC opined that for successful conduct of SLBC meeting timely submission of data by Banks and LDMS are of utmost important. Hence, he requested the Member Banks and LDMS to submit the data required by SLBC on time.

The Chairman congratulated all the bankers for their active participation in Lead Bank Scheme and for their active participation in Government sponsored schemes including Annual Credit Plan.

He thanked the Central and State Governments, RBI and NABARD, for their good support and guidance given to the Member Banks and to SLBC.

Special Address by Shri. A.K.Dogra- Deputy Secretary-DFS, MoF, GOI:

- He insisted Member Banks to submit data to SLBC well in time as SLBC has to collate the data and prepare the agenda.
- He informed the forum that under the National Strategy for Financial Inclusion there must be proper co-ordination between various stakeholders like Banks/FIs, Telecommunication department, state Government and others in order to achieve the objectives of Universal access to financial services.
- He requested Member Banks to process applications submitted by government departments, which are pending at the branch level without further delay in order to help the intended beneficiaries.

Special Address by Shri. Krishnan, I.A.S- Addl Chief Secretary-Finance
Department- GoTN:

- The growth rate for Tamil Nadu for the year 2019-20 has been reasonable at 8.03%.
- He congratulated the banking fraternity for providing excellent service during the pandemic period especially in the rural/remote places, which has really helped in reviving the economy fairly better in certain quarters.
- Tamil Nadu is the only State in the country to have carried out 100% screening and testing for COVID based on the RT/PCR test standard.
- The report of the high-level committee on revival of economy chaired by Shri. C.Rangarajan has been submitted to the Government of Tamil Nadu and he requested bankers to lend their active support in implementation of various measures as given in the report.
- With the onset of monsoon, the Kuruvaai crop sowing has been good in the State.
- He insisted a decisive shift is needed from Agricultural Jewel Loan lending to KCC.
- There has been a strong growth in the Animal Husbandry sector in the last four years in the State.
- As far as lending to MSME sector is concerned, he placed his sincere appreciation to all the bankers for making the State march ahead in this regard.
- He cast the apprehensions of the State Government with regard to the recent RBI master directions on priority sector lending dated 4th of September 2020 on adjustments for weights in PSL Achievement and informed that the State Government has taken up with RBI to have a revisit on this particular policy.

Key Note Address by Shri.S.M.N Swamy, Regional Director, RBI, Chennai:

- RBI has taken various measures to see that there is seamless credit flow to Agriculture, MSME, SHGs and other sectors of the economy.
- To help the MSME sector, which has been badly, affected by this pandemic, RBI has brought out various measures like granting of moratorium, easing out working capital requirements, conversion of accumulated interest on CC/OD during the moratorium period into Funded Interest Term Loan and so on.
- He requested bankers to come out at the earliest the board approved resolution plan to help the eligible MSME borrowers.
- In order to minimize the risk of fraud at the time of processing the loan applications he appealed to the bankers to have a vibrant internal control mechanism to monitor and prevent fraudulent activities.
- He informed the bankers that the RBI has issued the revised Priority Sector Lending guidelines to commercial banks wherein there are, among others, certain changes brought about in the Targets and Sub-targets set under Priority sector lending.
- He requested Member Banks to submit the various data's in time so that the committee can take a decision on the facts of the priority sector lending.
- He informed the forum that RBI has taken seriously the issue of non-submission of data by Member Banks on time and decided to take up with their Top Management in this regard.
- In addition, he informed that the track record of non-compliance would reflect appropriately under the compliance risk assessment report prepared by RBI under Risk based supervision.
- He requested bankers to give suitable instructions to their branches to conduct the periodical customer service committee meetings and FLC camps through on line mode.
- He requested bankers to create awareness among their customers about the Positive Pay feature introduced by RBI in Cheque clearing system and to be implemented from January 2021.

Key Note Address by Mr. Selvaraj, CGM, NABARD, Chennai:

- NABARD has sanctioned loans during the first half to the tune of Rs.13000 crores.
- Various projects have been sanctioned under RIDF like combined drinking water scheme in Sivagangai and Karur districts to the tune of Rs.525 crores, Advanced Integrated Institute for livestock Research in Salem district at the cost of Rs.416 crores to name a few.
- In Tamil Nadu under Fisheries Infrastructure development, Banks have sanctioned a sum of Rs. 348 crores and Rs.82 crores released so far, the first of its kind in the country.
- Around 600 FPOs are functioning in the State and around 275 has been promoted by NABARD under Agriculture Infrastructure Fund.
- He requested bankers to saturate eligible general farmers, fish farmers, animal husbandry farmers under KCC, as there are good number of such persons who are to be provided with KCC.
- He also requested bankers to promote more of SHGs/JLGs in the State by providing adequate credit.
- Under Micro Food processing sector refinance is provided by NABARD @ 4% and he requested bankers to make use of this opportunity to avail refinance.
- Under Education loan sector rising NPA is a cause of concern and he requested bankers to look into the issue to bring down the level of NPA.
- He requested bankers to see that Aadhar seeding is done in all KCC accounts so that the benefits are passed on to the intended beneficiaries.

Review of ATR of the 160th SLBC:

The ATR of the 161st and 162nd SLBC meeting on Crop Season and NPA norms, Revamp of Lead Bank Scheme, Delay in disposal of applications U/s 14 of SARFAESI Act 2002 and Monograph on the State of Sikkim's Organic Transformation was reviewed.

REGULAR AGENDA of 163rd SLBC

Agenda No.1:

The forum confirmed the minutes of the 161st & 162nd SLBC meeting's held on 26.08.2020.

Agenda No.2:

163rd SLBC

Financing facility under Agriculture Infrastructure Fund

The convenor informed the forum that under the Central Sector Scheme of Financing Facility under Agriculture Infrastructure Fund facility would be provided for setting up and modernization of various Post Harvest Management Projects & Community farming assets. . The purpose of the scheme is to provide medium-long term debt financing facility for investment in viable projects for post-harvest management infrastructure & Community farming assets to improve Agriculture Infrastructure in the country. As on date, 13 banks have entered into MOU.

As the scheme is applicable to all scheduled commercial banks, scheduled cooperative banks, Regional Rural Banks (RRBs), Small Finance Banks apart from NBFCs and National Cooperative Development Corporation, the convenor requested the Member banks to participate after signing of Memorandum of Understanding (MoU) with NABARD/DAC&FW.

Action: Banks

Pragati Meeting – Review of Social Security Schemes – PMJJBY & PMSBY

The forum was informed on the action points advised by RBI on increasing the coverage and spreading awareness among the targeted beneficiaries in implementation of social security schemes. SLBC vide its communication dated 21.04.2020 advised Member Banks to take forward the directions issued by Govt. of India to increase the coverage and spread the awareness in these Social Security Schemes and share issues/concerns, if any, associated with implementation of PMJJBY & PMSBY schemes so that the same shall be addressed.

SLBC advised Member Banks to improve on the enrollments and streamline the process of lodgment and settlement of claims so that the benefits under the schemes reaches the claimants/beneficiaries without undue delay.

Action: Banks

Pradhan Mantri Awas Yojana (Urban) – Housing for All

The Convenor informed the forum that under the Pradhan Mantri Awas Yojana (PMAY) – Housing for All (Urban) Mission for urban areas, Tamil Nadu Slum Clearance Board is the nodal agency for implementing the scheme for our State. Housing and Urban Development Department has informed that as the EWS households are mostly employed in unorganized sector, they do not have income proof and hence they find it difficult to get loan from Scheduled Commercial Banks.

Action Banks

DAY-NRLM – (SHG-BLP program) – recent modifications by RBI

The Convenor informed the forum on the recent modifications issued by RBI with regard to DAY-NRLM scheme. TNCDW requested Banks to provide timely sanction, provide adequate quantum of loans and allow operations in the Cash Credit Limit (CCL) up to Drawing Power to meet the short-term working Capital gap. SLBC advised the member banks to sanction timely, eligible adequate quantum of loan and allow operations up to DP in the CCL adhering to RBI latest guidelines.

Representative from TNCDW informed the forum on the performance of the banks so far under the regular SHG-BLP and COVID-SHG loans scheme and requested bankers to speed up the process of sanction as only around six months of time is left for the Financial Year to end. He further informed that the month of October and November 2020 is being observed as NPA recovery month and requested bankers to participate in the NPA camps conducted by Project Directors in the districts to bring down the NPA position under SHG loan category. Similarly, they also requested the Convenor to take steps to establish RSETIs in the newly formed districts at the earliest and the Convenor replied that already communications has been sent in this regard and the process of establishing RSETIs is underway.

Action: Banks

PM Street Vendor's AtmaNirbhar Nidhi (PM SVANidhi)

Under the PM Street Vendors AtmaNirbhar Nidhi (PM SVANidhi) a scheme for providing Special Micro-Credit facility to street vendors for sanctioning affordable working capital loan to resume their livelihoods that have been adversely affected due to COVID-19 lockdown, TNULM, Chennai has informed that out of 41621 applications sent to Banks, 27400 applications are still pending for sanction. SLBC advised the member banks to issue suitable instructions to their branches to process the pending applications and enter the data in the Udyami Mitra Portal.

Action: Banks

Saturation of farmers under Kisan Credit Card (KCC) Scheme

The forum was informed that in order to cover all the eligible farmers under KCC Scheme, the modalities to be followed by Banks as instructed by DFS along with the Department of Agriculture, Co-operation and Farmers Welfare was duly communicated by SLBC. Further, SLBC has also issued various communications to Member Banks for speedy sanction of all eligible applications and issue of KCC Cards. Department of Agriculture, GoTN had provided the list of KCC applications forwarded and handed over to Banks, branch-wise and the same was communicated to the concerned banks by SLBC advising them to process such eligible applications immediately. SLBC once again advised Member Banks to ensure that their branches enter the applications received data and dispose of the pending applications at the earliest, and achieve the goal of saturation of all PM KISAN beneficiaries with KCC scheme.

The Director of Agriculture requested the bankers to speed up the process of issue of KCC cards to all the eligible farmers applications of which are duly submitted to the concerned branches. He further requested the bankers to continue their support in recovery of PM KISAN amount from ineligible beneficiaries.

Action: Banks

Performance under KCC for Fishers/Fish Farmers & Animal Husbandry Farmers:

The Convenor informed that The Principal Secretary to Government, Animal Husbandry, Dairying and Fisheries Department, GoTN vide his letter dated 14.08.2020 has requested to expedite the issuance of KCC to fishers/fish farmers as the progress made so far is not satisfactory. Similarly, Department of Financial Services, MoF, GOI has advised banks to cover the Animal Husbandry farmers in Campaign mode. SLBC requested Member Banks to speed up the process of sanction of all eligible pending applications under Fisheries, Animal Husbandry and more importantly enter the same in the portal daily on cumulative basis so that proper reporting is done.

The Principal Secretary Animal Husbandry, Dairying, Fisheries and MSME, Government of Tamil Nadu requested the bankers to kindly process the applications pending with them so that the targets of covering the intended beneficiaries are achieved before the end of October.

Action: Banks

TAHDCO pending applications & submission of Utilization Certificate:

The Convenor informed the forum that as informed by MD, TAHDCO there are around 10059 applications to the tune of Rs.1,44,31,38,004/- are pending with banks for issue of Form-III and around 7826 applications to the tune of Rs.1,15,12,61,935/- where subsidy has been received by Bank branches but loans are yet to be disbursed. SLBC advised Member Banks to instruct their field level functionaries to process the pending applications without any delay and release the loan amount to the beneficiaries immediately wherever branches have received the subsidy amount.

Action: Banks

PM Formalisation of Micro Food Processing Enterprises Scheme (PM FME Scheme)

The Convenor informed the forum about the guidelines issued by the Ministry of Food Processing Industries, Government of India with regard to Implementation of PM FME Scheme and briefed on the objectives of the Scheme. The Convenor requested Member Banks to extend credit facilities to the targeted groups as per the Scheme guidelines.

Action: Banks

Achievement of Annual Targets under APY:

The Convenor informed that SLBC vide its communication dated 04.06.2020 addressed to all the Member Banks and LDMs informed the targets allotted for the Financial Year 2020-21 as per letter received from the Department of Financial Services, Ministry of Finance, Government of India and requested Member Banks to achieve the same. He also requested LDMs to keep the progress of achievement as an agenda and review the same in all their District level/Block level meetings.

Shri. Mohit Yadav, PFRDA informed the forum that banks in the State have done reasonably well but still needs to improve to achieve the targets. He requested bankers to have maximum enrollments to make the citizens choice campaign a success.

Action: Banks

National Strategy for Financial Inclusion for India:

The Convenor informed that the National Strategy for Financial Inclusion for India 2019-24 prepared by RBI under the aegis of the Financial Inclusion Advisory Committee is based on the inputs and suggestions from Government of India and other Financial Sector Regulators namely SEBI, IRDAI and PFRDA. In order to achieve the said objectives the Convenor informed the forum that co-ordination of various stakeholders is required to ensure creation of requisite infrastructure for moving towards completely digital on boarding of customers and involvement of Co-operative Banks, Payment Banks, Small Finance Banks and other non-bank entities to come together to promote efficiency and transparency through digital transactions. SLBC requested Member Banks to actively participate in achieving Universal Access to Financial Services by strengthening and expanding their digital infrastructure.

Action: Banks

Agenda No: 13**Timely submission of data by Banks for conduct of SLBC meetings:**

As envisaged by the MD & CEO of IOB and Chairman-SLBC and by the Deputy Secretary, DFS, the Convenor reiterated the importance of timely submission of various data by the Member Banks/ LDMs to SLBC so that it will help in conducting of SLBC meetings within the prescribed time.

The Principal Secretary MSME briefed the forum on COVID related special Schemes like ECLGS, Subordinate debt scheme etc. and congratulated banker's for extending their support under the scheme. He also requested bankers to lend more under UYEGP and for Deep Sea fishing.

Vote of Thanks

The meeting ended with Vote of thanks proposed by Shri. Nageswara Rao, Deputy General Manager, State Bank of India.