

108th MEETING OF STATE LEVEL BANKERS' COMMITTEE, KERALA AGENDA AND BACKGROUND NOTES

Date : 03.01.2013 (Thursday)
Time : 10 a.m.
Venue: Hotel Residency Tower
Govt. Press Road, Trivandrum

1. ADOPTION OF MINUTES

The minutes of the 107th Meeting of SLBC, Kerala held on 18th September, 2012 has already been forwarded to the members vide Convener's letter SLBC 35 1734 2012 KRA dated 10th October, 2012.

The House may adopt the said minutes.

2. ISSUES RELATING TO GOVERNMENT DEPARTMENTS

2.1. FRESH ISSUES

2.1.1. PRIMARY SECTOR

2.1.1.1. **Opening of Zero Balance Accounts** (Suggested by Food & Civil Supplies (A) Department, Government of Kerala)

- Ration card holders may be permitted to open zero balance account in Banks, so that kerosene subsidy can be disbursed to them through banks.
- Authorized Wholesale dealers & Authorized Ration Dealers may be permitted to open zero balance account in Banks under SLBC so that commission to Retail dealers can be disbursed through Banks.

The Sub-Committee of SLBC, Kerala on Primary Sector Issues that met on 26.11.2012 decided to place the above items in SLBC for adoption by banks.

2.1.2. SECONDARY SECTOR

2.1.2.1. **Issuance of Weavers Credit Card** (Suggested by Directorate of Handloom & Textiles)

Director of Handlooms & Textiles has collected and forwarded 13541 numbers of applications to the banks. 127 numbers of applications were sanctioned by banks in different districts. SLBC may review the status.

*The Sub-Committee of SLBC, Kerala on Secondary Sector Issues that met on 27.11.2012 noted that Secretary, Industries Department had conducted a review meeting of banks on 19.10.2012 wherein all banks have agreed to clear the pending proposals by 15.11.2012 and furnish the status report to SLBC. Banks are yet to confirm the same. The status of loan applications as at 15.11.2012 compiled by the Handloom Directorate is given in the **Annexure- 9.66.***

Directorate of Handloom & Textiles shall inform the latest position in the SLBC meeting.

2.1.3. TERTIARY SECTOR

2.1.3.1. Education Loan Interest Subsidy Scheme – 2004-2009 for unemployed BPL category beneficiaries (Suggested by Finance (Planning-A) Department, Government of Kerala)

As per the Government Order G.O (MS)No.36/12/Planning dated 18.10.2012 of Planning & Economic Affairs (F) Department, it is ordered that the interest burden of Education loan availed by students during the period 2004-2009, belonging to BPL category and are unemployed shall be provided by the Government of Kerala as per the budget pronouncement.

The Sub-Committee of SLBC, Kerala on Tertiary Sector Issues that met on 27.11.2012 noted the contents of the decision of the committee constituted by Government of Kerala on Education Loan Issues held on 21.11.2012 at the Chamber of Principal Secretary, Finance, Government of Kerala. The major highlights are as follows:

- (1) The interest subsidy scheme is applicable only to students falling under BPL category as per the list published by LSGD and unemployed as on date of application.
- (2) Only loans sanctioned after 01.04.2004 would be considered under the scheme.
- (3) The amount of eligible subsidy is restricted to the quantum of interest debited to the account during the duration of the course plus the moratorium period of one year between the period 01.04.2004 and 31.03.2009. (Penal interest, other charges etc debited to the account during the notified period is to be excluded from the claim made).
- (4) The date of passing the course would be considered as date of completion of the course.
- (5) True copy of the degree/diploma certificate and a certificate from the Block Development Officer (BDO) to the effect that the applicant is eligible as per the list published by LSGD, shall be attached along with the request for the claim submitted to the District Collector.
- (6) The Applicant shall furnish exact Residential Address, Name of the Husband (in case of married girl student) apart from the details and address of Guardian and their contact telephone numbers.
- (7) The amount of interest charged by respective banks during the duration of the course plus the moratorium period of one year as per the scheme between the period 01.04.2004 and 31.03.2009 only shall be claimed by the Branch Manager. Verification of the same shall be done by the statutory auditors of respective banks subsequently.
- (8) A grievance redressal mechanism is to be constituted in all districts with the District Collector as Chairman, District Planning Officer and LDM of respective districts as members.

(9) **Time frame and procedure stipulated for implementation of the scheme:**

- a) All eligible applications under BPL category are to be submitted/ collected at the District Collector's Office of respective districts on or before **31.12.2012**.
- b) Verification of applications so received would be done at the District Collector's Office within 15 days or before **15.01.2013** and the same is forwarded to the Lead District Managers, who would in turn will distribute the same to the respective bank branches.
- c) Bank branches in turn shall compute the actual amount of claim to be made on such applications during the eligible period (ie between 01.04.2004 & 31.03.2009) and furnish the same to the District Collector duly incorporating a certificate as to the correctness of the amount claimed with in **31.01.2013**.
- d) The District Planning Officer after processing the paper would put up to the District Collector who would then release the claim to the beneficiaries account by electronic mode on or before **28.02.2013**.
- e) The list of settled cases and amount shall be published in the Districts website.

*A modified Government Order incorporating all the amendments suggested in the aforesaid meeting was released by State Government which is given in **Annexure-9.64**.*

2.1.3.2. One Family One Account Campaign – Issue of coverage certificate by peoples' representatives (Suggested by Canara Bank)

All rural/semi-urban branches in the state have to ensure that each family in their service area villages is having at least one bank account. A completion certificate is to be obtained from the Village Headman (Panchayat President/Member) after completion of this campaign. Even among those branches which have completed the task, only a few have got completion certificates.

We suggest that the SLBC may formulate a common procedure for all banks to complete this task. A survey for confirming 100% coverage all families may be conducted in all villages with the help of Kudumbashree mission and the expenses involved to be borne by the respective banks for their allotted area.

*The Sub-Committee of SLBC, Kerala on Tertiary Sector Issues that met on 27.11.2012 decided to take up the matter with Local Self Government Department, Government of Kerala for issue of appropriate direction to the Panchayats for issue of certificates in the model format provided in **Annexure-9.44**.*

2.1.3.3. UIDAI - AEBA - Aadhaar Enabled Bank Accounts (Suggested by Canara Bank)

Government of India is planning to make payment of all benefits/ subsidies/ scholarships through Aadhar linked bank accounts. On a pilot basis, Canara Bank is entrusted with the task of opening 6800 Aadhar linked bank accounts in 3 FI villages in Wayanad Dist. (Kuppadithara, Cherukattoor and Krishnagiri villages). The present achievement level is approx 34 % (Accounts opened & linked 1800, Ineligible cases 500: total 2300).

Despite intense efforts made by Bank staff, the local representatives, LDM and Kudumbasree workers, the campaign is not making the required progress. Unless there is a compulsion from Government level, people will not show much interest in such a campaign. Government may issue clear guidelines to all line departments to popularize the concept of Aadhar Enabled Bank Accounts and to assist bank branches in the process of linking bank accounts to Aadhar number.

The representative from Local Self Government Department informed that a policy decision from Government of India is required in this regard.

The Sub-Committee of SLBC, Kerala on Tertiary Sector Issues that met on 27.11.2012 decided to take up the matter through Local Self Government Department, Government of Kerala for issuing appropriate direction.

2.1.3.4. Non Receipt of Government Subsidy for Bank Loans sponsored by Scheduled Caste Development Offices (Suggested by LDM, Kollam)

Scheduled Caste Development Officers sponsor Bank Loan applications received from SC candidates for starting Self Employment / Business Activities. As per the scheme guidelines, the Bank Loan is to be disbursed and assets are to be created first. After verification of the assets created from out of bank loan by the officials of SC Development Office, the Government Subsidy will be released.

But we observe that many bank branches have not received Government Subsidy for the loans sponsored by SC Development Offices. Few bank branches are quoted below:

- Canara Bank, Sasthamcottah Branch : 2 Loans – Loans disbursed during 2011-12. Subsidy not yet received.
- Indian Bank, Kallumkadavu: 1 Loan – Loan disbursed during 2011-12 and repayment is also prompt. But SC Development Officer reported that Asset Creation is not satisfactory and hence he has not recommended for release of Government Subsidy.
- Corporation Bank, Thrikkaruva: 2 Loans disbursed in 2011-12 and 2 Loans disbursed in 2012-13 first half. Subsidy not yet received.
- Indian Overseas Bank, Chemmakkad Branch: 1 Loan disbursed in 2009-10. Project Cost is Rs.1.00 Lakh and Eligible Subsidy of Rs.0.33 lakh is not yet received.
- SBT, East Kallada Branch: 1 Loan disbursed in 2011-12. Project Cost is Rs.3.00 lakh and eligible subsidy of Rs.1.00 lakh is not yet received by the bank branch.
- Central Bank of India, Kunnicode Branch: 15 No of Loans - disbursed during the two financial years – 2005-06 and 2006-07. Total Cost of projects is Rs.9.12 lakhs and total subsidy portion is Rs.3.04 lakhs. The subsidy is not yet received by the bank branch.

Due to non receipt of subsidy from the sponsoring agency, many loan accounts slipped into NPAs. In some cases, staff accountability is also fixed against the Branch Managers who have sanctioned these loans. During the current financial year also, the bank branches are getting the loan applications from the offices of SC Development Officer.

Though we have discussed this matter in various DLRC Meetings, there is no positive outcome from the side of District Level & Block Officers of SC Development Offices.

Hence we are bringing this matter to the notice of SLBC, Kerala. Our recommendations/ requests are as follows:

- A] Suitable instruction is to be given to the concerned officials for release of eligible subsidy for all the Bank Loans which were already disbursed by the bank branches based on the sponsorship of SC Development Offices.
- B] The Scheme Guidelines are to be amended and the Government Subsidy is to be released in advance, before disbursement of the bank loan, based on the In Principle Sanction by the bank branches. This will reduce the interest burden of the beneficiaries.

The Sub-Committee of SLBC, Kerala on Tertiary Sector Issues that met on 27.11.2012 took a decision that henceforth the disbursement of loans shall be done only after getting the subsidy upfront from SC/ST Development Department, Government of Kerala.

2.1.3.5. Request for Interest Subvention for Bank Loans to SHGs [Andhra Pradesh Model] (Suggested by LDM, Kollam)

In the state of Andhra Pradesh, the State Government has introduced a 3% Interest Subvention Scheme for Bank Loans sanctioned to SHGs. Under this, all SHGs who have availed Bank Loans up to Rs. 5.00 Lakhs and pay EMI/ installment amount promptly will be eligible for interest subvention. The interest subsidy amount is paid into the accounts of the Self Help Group (SHGs) once in half year. After seeing the response and its impact, the Government of AP has amended the scheme and is giving full reimbursement of interest on Bank Loan. The name of this scheme is 'VADDI LENU RUNALU'. The scheme operates as per the following guidelines.

- a) The Vaddi lenu Runalu' (VLR) Scheme will be implemented with effect from 1.1.2012 for all repayments made after that date for the outstanding SHG Bank Loans including any fresh loans given thereafter. (Copy of Andhra Govt Order provided in **Annexure-9.45**).
- b) The interest incentive will be released to the groups once in 6 months.
- c) Only groups which repay regularly will be eligible for the incentive.
- d) The incentive amount will be released directly into the amount of the SHG concerned.

Recommendation of DCC, Kollam:

As Self Help Groups play a vital role in meaningful financial inclusion in the State of Kerala, Government of Kerala may also come out with an Interest Subvention Scheme similar to the VADDI LENU RUNALU' (VLR) SCHEME of Andhra Pradesh for the prompt repaying SHGs.

The Sub-Committee of SLBC, Kerala on Tertiary Sector Issues that met on 27.11.2012 decided to take up the matter with Rural Development Department, Government of Kerala for examination and favourable consideration.

2.1.3.6. Issues relating to Education Loans (Suggested by Planning & Economic Affairs (F) Department, Government of Kerala)

Issues	Recommendation of the Sub-Committee of SLBC, Kerala
1. The IBA guideline is silent about Service Area Approach. In the absence of such a concept banks should not insist on Service Area for a particular applicant.	<i>As per IBA guideline, Service Area Approach cannot be insisted for Education Loan. Hence, banks are to be guided by IBA guideline.</i>
2. Since different Banks charge different rates of interest based on their Base rates the loanees should have the freedom to opt a bank that charges lowest interest rates irrespective of Service Area.	<i>The clarification for item (1) stands applicable for the issue. Accordingly borrower has the freedom to opt bank.</i>
3. Banks deny Education Loan if the family has availed any other loan from the bank. This is unjust as Education loan is given to a student for his studies and the repayment is supposed to be made on getting employment. Therefore it is unjust to refuse loans on the ground that the family has already availed loan for any other purpose. The SLBC may also state whether IBA guidelines exist in this regard.	<i>As per IBA clarification, in case the parent/ Guardian is a defaulter of a loan availed from the bank where Education loan is applied, the bank may consider Education loan by stipulating suitable alternate person as co-borrower.</i>
4. As per the statistics furnished by the SLBC (performance under Education Loan as at June 2012) the New Generation Banks have sanctioned only negligible number of Education loans.eg: <u>Bank</u> : <u>No. of loans sanctioned</u> Axis Bank (35 branches) : 1 ING Vysya Bank (23 branches) : 4 ICICI Bank (80 branches) : 23	<i>The matter maybe reviewed by the forum and specific reasons, if any, may be elicited.</i>

2.2. PENDING ISSUES IN SLBC & ACTION TAKEN REPORT

2.2.1. PRIMARY SECTOR

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
2.2.1.1	Allocation of Agri. Term Loan (ATL) - Agency-wise target - 2012-13	<i>In the 107th Meeting of SLBC, it was decided that SLBC would allocate the revised target for term loans agency wise. Based on the apprehension that the enhanced target may affect the PLP and DCP already put in place, the forum concurred with the view that Government may constitute a committee comprising of various departments so as to enable identification and allocation of the activities. Agriculture Department was entrusted to convene a meeting with respective commodity Boards, Planning Board and Banks to identify and allocate the activities to be promoted under investment credit.</i>	<i>Agriculture Department</i>	Agriculture Department to inform the progress in this regard. However, no meeting was convened and there has been no progress in the matter. Steps initiated to be informed to the forum.
2.2.1.2	Non payment paddy price to farmers by M/s. Civil Supplies Corporation	<i>The non payment of paddy price to farmers on account of paddy procurement through Civil Supplies Corporation is yet to be redressed. An early settlement of the dues is sought and the issue has been taken up in 107th meeting of SLBC, Kerala. It also recommended that EBT system be implemented by Civil Supplies Corporation in this regard.</i>	<i>Civil Supplies Corporation</i>	<i>Civil Supplies Corporation to inform the present position.</i>
2.2.1.3	Stamp Duty exemption for Agricultural loans availed from Commercial Banks	<i>Stamp duty on agricultural loan is exempted for co-operative banks in Kerala. However, such exemption is not available for Commercial Banks and RRBs. The share of primary sector credit by Commercial banks is substantial. It is recommended by Department of Financial Services, GoI, that, the same may be made applicable to commercial banks also which may result in an increased credit flow to agriculture sector. During the 107th Meeting of SLBC, the representative from Taxes Department informed that financial implication on the matter is under the consideration of Finance Department.</i>	<i>Taxes / Finance Department, Government of Kerala.</i>	No progress has been made on the issue and Taxes/ Finance Department, Government of Kerala to inform the position.

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
2.2.1.4	E-payment Mechanism for Department of Agriculture	<p><i>In the 107th Meeting of SLBC it was informed that banks are supporting the EBT mechanism. It was suggested that a uniform mechanism be evolved for all payments effected from the Government side rather than individual departments going in for payment mechanism which may result in issues at a later stage.</i></p> <p><i>The forum concurred with the suggestion that Government of Kerala may evolve a uniform payment mechanism adaptable for all departments - the modus operandi of which shall be evolved at the earliest.</i></p> <p><i>The Additional Director of Agriculture, Government of Kerala informed that the transfer of credit assistance to farmers would be done at the Directorate itself. Accordingly RKBY group farming scheme with an outlay of Rs. 3000 lakhs was identified. So far Directorate had arranged payments to 1517 farmers directly to their account. On account of certain issues the Directorate had requested Government for modifying the process. As per Government letter dated 16.09.2012 Government had issued directions to open current account by the Principal Agriculture Officers (PAOs) at district level and Assistant Directors (ADs) at Block level. Now PAOs and ADs are approaching the banks for opening current account especially for transaction related to e-payment for the implementation of the scheme by the Department of Agriculture during the financial year. SLBC may give necessary directions to the banks for supporting the scheme for e-payment system.</i></p> <p><i>The forum suggested holding separate discussions for streamlining the issue and hence instructed to have separate meeting for this.</i></p>	Agriculture Department/ .Banks/SLB C	Agriculture Department to inform the present position and outcome of the meeting held, if any, for evolving a uniform mechanism.

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
2.2.1.5	Financing of tenant farmers/oral lessees and share croppers	<p><i>Formation and credit linking of Joint Liability Groups (JLGs) has been a priority area for the Central and State Governments as well as NABARD for inclusive growth of small & marginal farmers and oral lessees. JLG financing by banks in Kerala has helped in revival of paddy cultivation and other farming activities through lease land cultivation. However, considering the fact that leasing of land is legally not permitted as per the existing Kerala Land Reforms Act, banks find it difficult to extend adequate finance to JLGs for undertaking productive activities. Land owners too, are not willing to lease their land since they are interested in their land being put to agriculture activity. Hence, it is a felt need that there shall be a process of providing access to formal credit by tenant farmers/ oral lessees by making appropriate legal provisions.</i></p> <p><i>During the 107th Meeting of SLBC, Kerala held on 18.09.2012, the Additional Director of Agriculture, Government of Kerala informed that Government has not issued any orders. Government is implementing one contract farming scheme which was informed to SLBC. He added that RKBY scheme would be implemented by the Government during the current year on the same line as that for tenant farmers.</i></p> <p><i>As the matter falls under the Kerala Land Reforms Act, a policy decision may have to be taken by the Government. It was suggested having a meeting with Revenue Department, Finance Department and Chief Minister for early resolution of the matter.</i></p>	<p><i>Agriculture / Revenue / Law Department, Government of Kerala.</i></p>	<p>The present position may be appraised.</p>

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
2.2.1.6	Widening and deepening the spread of Kisan Credit Card (KCC)	<p><i>As per Ministry directives all banks need to obtain certification from the village headman/Panchayat member/ ward member for having covered all the farmers in their service area with a KCC.</i></p> <p><i>Banks to come out with ATM enabled KCC for fresh loans and renewals.</i></p>	<p><i>SLBC / Member Banks / Agriculture/ Local Self Govt. Dept.</i></p>	<p>As per reports from Agriculture Department around 14.32 lakhs farmers have registered with the Agriculture Department. Data from SLBC reveals that 17.68 lakh KCCs are outstanding in the State. Agriculture Department to inform the latest position.</p>
2.2.1.7	Pilot project for registration of farmers in Wayanad District	<p><i>With regard to providing statistical data on the number of farmers in the State, an attempt is being made on a pilot basis to register all the farmers in the website of Agriculture Department specially developed for the same. Accordingly Wayanad District was selected for the registration of farmers in the web based package of the Agriculture Department. If found successful the exercise would be extended to all the districts of the State. This also would enable the Agriculture Department to effectively implement the EBT payment systems besides having a complete data base of farmers in the state.</i></p>	<p><i>Agriculture Department, Government of Kerala.</i></p>	<p>Agriculture Department to present the position of the registration process undertaken districtwise.</p>
2.2.1.8	Debt Relief scheme for Fishermen - Government proposal for extending relief to loans availed from Nationalized / Scheduled Banks	<p><i>The Kerala Fishermen Debt Relief Commission (KFDRC) Act 2008 was enacted and brought into force for constituting a Commission to recommend relief measures to the fishermen who are in distress due to indebtedness. Based on the recommendations of the commission Government has already settled the loans availed by fishermen from Co-operative banks. The Commission has now approached SLBC for working out modalities for settling dues of fishermen who have availed loans from Commercial Banks. To begin with broad guidelines have been evolved regarding the eligible amount, cutoff dates etc. and bankers have requested the Commission to provide the complete list of eligible beneficiaries bank-wise and amount wise.</i></p>	<p><i>Kerala Fishermen Debt Relief Commission</i></p>	<p>Kerala Fishermen Debt Relief Commission vide its letter dated 21.11.2012, had provided a draft scheme for approval by SLBC Kerala. The suggestions of the Government of Kerala is provided in <u>Annexure-9.46</u> for independent view of SLBC forum for carrying forward the matter.</p>

2.2.2. SECONDARY SECTOR

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
2.2.2.1	<p>Review on Rehabilitation of Sick but Viable MSME units</p>	<p><i>The data on rehabilitation of sick viable MSME units has not been drawn by many of the bankers correctly and the data submitted also was not consistent. This data is significant for timely identification and rehabilitation of the sick units.</i></p> <p><i>From the data compiled it was observed that only a small percentage of sick MSE units have been identified as potentially viable and of this an abysmally small number have been placed under nursing.</i></p> <p><i>There is strong feeling of lack of awareness at the branch level and hence programmes to be organized for branch level functionaries to bring in awareness on this.</i></p> <p><i>The need for proper and prompt reporting is also emphasized.</i></p>	<p><i>Industries Department / LDMs / Controlling Offices of Banks</i></p>	<p>The matter has been repeatedly brought to the notice of Controlling Offices of banks.</p> <p>Industries Department, LDMs and Controlling Offices of banks to ensure prompt and proper reporting and organise awareness camps for branch level functionaries at district level.</p> <p>Industries Department to present the status paper.</p>

2.2.3. TERTIARY SECTOR

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
2.2.3.1	Land Allotment for construction of RSETI Buildings	<i>Land allotment for construction of RSETI buildings is pending in 3 districts viz. Kollam, Kozhikode & Palakkad.</i>	<i>Commissionerate of Rural Development</i>	<p>The 107th Meeting of SLBC, Kerala held on 18.09.2012, Sri. M. Nanda Kumar, IAS, Commissioner for Rural Development informed that the land allotment problems would be sorted out within two months.</p> <p>The present position is to be informed by Commissionerate of Rural Development.</p>
2.2.3.2	Inclusion of banks under Kerala Land Conservancy Act 1957	<i>The Kerala Land Conservancy Act, 1957 is applicable to Government lands, which was amended by providing for punishment in case of unauthorized occupation by encroachers in Government land. District Collector is empowered to evict them, by way of a summary procedure. This act was made applicable to lands of Kerala State Electricity Board, University, Devaswom Board etc. It was suggested that Public Sector Banks may also be notified as per the Act, so that bank's property in Kerala can be safeguarded from illegal occupants.</i>	<i>Revenue Department, Government of Kerala</i>	<p>In the absence of representative from Revenue Department, the 107th Meeting of SLBC, Kerala and also in the Sub-Committee meeting held on 27.11.2012, it was suggested to pursue the matter.</p> <p>Revenue Department may apprise the position</p>
2.2.3.3	Giving Provision to Controlling offices of banks to monitor status of RR	<i>RR filing in the State is now online. The view option/function should be made available to the Controlling offices of banks to enable them to monitor the status.</i>	<i>Revenue Department, Government of Kerala</i>	<p>In the absence of representative from Revenue Department in the Sub-Committee meeting held on 27.11.2012, the member from Indian Bank informed that the provision is now made available in some Districts. The Sub-committee suggested following up the matter with Revenue Department. Revenue Department may apprise the position.</p>

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
2.2.3.4	Objections raised by sub Registrar's Offices on the sale of properties attached by Banks	<i>Sub Registrar's Offices have been objecting to the sale of properties by Banks on the plea that subsequent attachment by private individuals exists. Necessary instruction to be given to SROs emphasizing the fact that the Bank's charge overrides all subsequent charges by private individuals.</i>	<i>Revenue Department, Government of Kerala</i>	In the absence of representative from Revenue Department in the Sub-Committee meeting held on 27.11.2012, the Sub-Committee decided to pursue the matter with Revenue/Taxes Department. Revenue Department may apprise the position.
2.2.3.5	E-Collection of Kerala State Commercial Taxes - Inclusion of major banks in the State in addition to banks handling the same at present	<i>Proposal to authorize major banks to transact Kerala Government business of e-payment of Commercial Tax – issue relating to accreditation of all major banks in addition to those listed banks as per the existing Government Order.</i>	<i>Taxes Department, Government of Kerala</i>	In the Sub-Committee meeting held on 27.11.2012, the representative from Taxes Department informed that the needful would be done before the SLBC date. Taxes Department may apprise the position and in case the revise order is effected, the Sub-Committee suggested dropping of the issue.

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
2.2.3.6	Green Initiative - e-payment	<p><i>To enhance use of e-payments, it will be appropriate if all schemes of Government of India and the State Governments are implemented by carrying out the following:</i></p> <p>(i) <i>All payments to beneficiaries are to be made by electronic fund transfer to the respective accounts of beneficiaries.</i></p> <p>(ii) <i>Banks have been asked to open 'no frill' accounts.</i></p> <p>(iii) <i>The Lead Bank of the area has been advised to ensure that no beneficiary has any difficulty in opening a bank account.</i></p>	<p><i>Finance Department / Member Banks/ LDMs</i></p>	<p>1. Government of Kerala had constituted a core group to work out the modalities for complying with the requirements suggested by the Government of India under EBT. The progress in the implementation of EBT –status paper may be placed in the SLBC by the Finance Dept.</p> <p>2. Banks have been instructed to permit opening of no frill account and the same is in progress wherever required.</p> <p>3. LDMs are monitoring this in their respective districts.</p> <p>The Government of India instruction for a common system is yet to be implemented in the State. However, a few departments of the State Government have initiated e-payment system in their own manner which is not as per the common guidelines evolved or indicated by RBI.</p> <p>The Sub-Committee meeting held on 27.11.2012 suggested to have a detailed discussion to evolve a common procedure for all the departments to comply with the Government of India requirements.</p> <p>Finance Department to place a status paper.</p>
2.2.3.7	Inclusion of Banks under “Public Utility Service” - under S 22 A of Legal	<p><i>As per the Legal Services Authorities Act, 1987 (amendment Act 2002) the jurisdiction of the Permanent Lok Adalath is applicable only to “Public Utility Services” such as –</i></p> <ul style="list-style-type: none"> • <i>Transport service for the carriage of passengers or goods by air, road or water</i> • <i>Postal, telegraph or telephone service</i> 	<p><i>Finance/ Law Department, Government of Kerala</i></p>	<p>The Sub-Committee meeting held on 27.11.2012 observed that no progress has been made in respect of issuing any notification for including banking service under the purview of the act. Hence, recommended to pursue the matter with Finance/Law Department, Government of Kerala.</p> <p>Finance Department to inform the present position.</p>

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
	<p>Services Authorities Act - Establishment of Permanent Lok Adalath under S 22 B</p>	<ul style="list-style-type: none"> • <i>Supply of power, light, air, water to the public by any establishment</i> • <i>System of public conservancy or sanitation</i> • <i>Service in hospital or dispensary</i> • <i>Insurance service</i> • <i>And includes any service which the Central Government or the State Government, as the case may be, in the public interest, by notification, declares to be a Public Utility Service.</i> <p><i>As per the definition of the Act, Banks do not fall under the purview of “Permanent Lok Adalaths”. However, if Central Government or State Government, in the interest of public declares by notification, the same can be brought under the purview of the Act.</i></p> <p><i>In the larger interest of the public especially the low income group, issuance of a notification to the effect that Banks also fall under “Public Utility Service” for the purpose of the Act.</i></p>		
2.2.3.8	<p>Automation of Interface of State Government Treasuries with</p>	<p><i>The Department of Financial Services, Ministry of Finance, Government of India desires that full automation and interface of State Government Treasuries with the banks should be</i></p>	<p><i>Planning & Economic Affairs Department/ Finance Department,</i></p>	<p>The Sub-Committee meeting held on 27.11.2012, recommended to pursue the matter with Planning & Economic Affairs Department, Government of Kerala. It also recommended that the Planning &</p>

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
	Banks	<i>given top priority as it would help the concerned state government and the Banks to implement EBT, funds transfer to beneficiaries and credit of Government grants/subsidy/funds, quick credits etc.</i>	<i>Government of Kerala.</i>	Economic Affairs Department may place a status paper on the further developments to apprise the forum.
2.2.3.9	Levying of Service Charges under SARFAESI – Pending since June 2011	<i>The Government of Kerala vide GO (MS) No. 39/11/RD dated 20.01.2011 had ordered recovery of service charge @ 7.5% of the amount demanded from the borrower/guarantor under SARFAESI for which action U/S 14 of the Act is initiated.</i> <i>Levying of Service charges under SARFAESI is not permissible under the present law. Hence it was suggested to withdraw the Service Charges imposed by the Government for SARFAESI related cases.</i>	<i>Revenue/ Taxes Department, Government of Kerala</i>	The Sub-Committee meeting held on 27.11.2012 recommended to pursue the matter with Revenue/Taxes Department, Government of Kerala.
2.2.3.10	Computerization of Land Records – Pending since June 2006	<i>To computerise land records in the State of Kerala – This will enable financing banks to make online notings, regarding their lien and help to bring down the transaction cost for getting various certificates from village office.</i>	<i>Revenue Department</i>	In the absence of representative from Revenue Department, the progress was not informed to the Sub-Committee that met on 27.11.2012. Hence, it was decided to pursue the matter. Revenue Department to inform the developments.

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
2.2.3.11	<p>Creation of a Central Registry titled National Mortgage Repository – Pending since October 2008</p>	<p><i>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.</i></p> <p><i>This is aimed at bringing in more transparency and prevention of frauds on property transactions.</i></p>	<p><i>Revenue Department, Government of Kerala</i></p>	<p>During the 107th Meeting of SLBC, Kerala held on 18.09.2012, the representative from Taxes Department informed that the matter is related to Land Titling Bill of Revenue Department and hence to be dealt with by Revenue Department.</p> <p>In the absence of representative from Revenue Department in the Sub-Committee meeting held on 27.11.2012, the developments in the matter was not made available. The Sub-Committee suggested that Revenue Department may provide the developments.</p> <p>Revenue Department to inform the developments.</p>
2.2.3.12	<p>Need for Reduction in Stamp Duty and Registration charges for Registered Memorandum - Pending since December 2007</p>	<p><i>The proposal is aimed at:</i></p> <ol style="list-style-type: none"> 1) <i>Enforcing stamp duty on Equitable Mortgages (EM) put forth by banks by putting through “Registered Memorandum” with a maximum nominal monetary ceiling on the stamp duty imposed.</i> 2) <i>To make registration of Memorandum of Agreement relating to deposit of title deeds mandatory in the State instead of making it optional.</i> 	<p><i>Taxes Department, Government of Kerala</i></p>	<p>In the Sub-Committee meeting held on 27.11.2012, the representative from Taxes Department informed that the recommendation of SLBC is under active consideration of the Government of Kerala.</p> <p>Taxes Department to inform the developments.</p>
2.2.3.13	<p>Registration of Equitable Mortgage created in</p>	<p><i>To make provision for noting/recording the Equitable Mortgage (EM) transactions (ie. Mortgage by deposit of title deeds) created by banks in the revenue records of the Government by enacting suitable provisions for the</i></p>	<p><i>Taxes Department, Government of Kerala</i></p>	<p>In the Sub-Committee meeting held on 27.11.2012, the representative from Taxes Department informed that the Central Act need to be amended and hence may not be possible to effect the change suggested by SLBC. Hence recommended to drop the item.</p>

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
	<p>favour of the banks with Sub-Registrar - Pending since March 2003</p>	<p><i>same in the revenue regulations of the State of Kerala to minimize frauds.</i></p>		
2.2.3.14	<p>Amendments suggested in the format for issuing Encumbrance Certificate for landed property issued by Sub-Registrar Office (SRO) - Pending since May 2008</p>	<p><i>The format used by SRO's for issuing Encumbrance Certificates (EC) is to be modified and it should be with out any "Disclaimer Clauses" as presently appearing in Note No:2 & 3 of EC format. This is detrimental to the interest of the banks. This could be done by suitably amending Section 57 and Rule 165 (1) of the Registration Act.</i></p>	<p><i>Taxes Department, Government of Kerala</i></p>	<p>Taxes (E) Department vide letter No.5262/E2/2012/TD dated 29.09.2012 forwarded the clarification which is shown in <u>Annexure-9.47</u> and requested to drop the said item from the list of pending issues.</p>
2.2.3.15	<p>Amendment/ modification in Kerala Registration Rules empowering the</p>	<p><i>To make suitable amendment in the Registration Rules and to empower the SROs to make an entry of possession of immovable properties under SARFAESI Act 2002 also in their Book I, as done in the case of property attachment made by</i></p>	<p><i>Taxes/ Registration Department, Government of Kerala</i></p>	<p>In the Sub-Committee meeting held on 27.11.2012, the representative from Taxes Department informed that the matter is under active consideration of the Government. However, since amendment of Act is involved informed that it may take more time.</p>

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
	<p>SROs to make entry of possession of immovable properties by banks under SARFAESI Act, in Book I - Pending since December 2007</p>	<p><i>Civil or Revenue courts.</i></p>		<p>The Sub-Committee decided to pursue the matter with Taxes/ Registration Department.</p> <p>Developments, if any, may be informed.</p>
<p>2.2.3.16</p>	<p>Waiver of Stamp duty on SHG loans - Pending since March 2006</p>	<p><i>The proposal was to waive stamp duty on loans availed by Self Help Groups so as to augment credit flow to SHGs</i></p>	<p><i>Taxes Department, Government of Kerala</i></p>	<p>In the Sub-Committee meeting held on 27.11.2012, the representative from Taxes Department informed that the matter had been taken up with Local Self Government Department. It was informed that on receipt of the comments from the matter would be recommended to the Government.</p> <p>The Sub-Committee recommended to pursue the matter with Taxes Department.</p> <p>The present position may be informed by Taxes Department.</p>

3. GENERAL ISSUES

3.1. FRESH ISSUES

3.1.1. SECONDARY SECTOR

3.1.1.1. Implementation of loan waiver under financial package in the Handloom sector (Suggested by Directorate of Handloom & Textiles)

The Revival, Reform and Restructuring package for Handloom Sector will be implemented, starting with the previous financial year, as a new centrally sponsored scheme (Plan) with a total outlay of Rs. 3884 cores. The required funds will be placed with NABARD as the implementing agency. Under the scheme, funds will be provided for repayment of 100% of principal and 25% interest as on date of loan becoming NPA which is overdue as on 31/3/2010 in respect of viable and potentially viable primary weavers co-operative societies and apex societies as well as in respect of individual handloom weavers, master weavers, self help groups and joint liability group who have taken such loans for handloom weaving purposes, provided the banks agree for sanctioning fresh loans.

The Government has also approved an interest subvention of 3% for 3 years to be extended from the date of disbursal of the fresh loan extended by banks to the eligible handloom co-operative societies and individual handloom weavers covered under the scheme.

Number of applications received by the Banks may be reviewed.

*The Sub-Committee of SLBC, Kerala on Secondary Sector Issues that met on 27.11.2012 requested that banks to submit pending claims under the package to NABARD, Regional Office, Trivandrum expeditiously. The banks which are not having pending claims should submit NIL statement to NABARD. The status paper on the implementation of the package and the claim status given by NABARD are given in the **Annexure-9.65**.*

3.1.1.2. Weavers Credit Card Scheme (Suggested by Federal Bank)

Federal Bank requested the following clarifications on Weavers Credit Card Scheme:

- (i) As per the Weavers Credit Card scheme norms, weavers are eligible for three Government support like - margin money assistance, interest subvention of 3% and reimbursement of one time Guarantee Fee and Annual Service Fee for three years for guarantee cover under CGTMSE for loans granted under WCC scheme. On enquiry with NABARD on the modalities of Government support, we were given to understand that private sector banks are not eligible for Government support and they have given a written reply that - Matter is taken up with GOI and clarification is awaited.
- (ii) What is the minimum loan amount to be eligible for the margin money assistance of Rs.4200/- , Rs.20,000/- or Rs.25,000/-
- (iii) Procedure for CGTMSE Guarantee Fee/Annual Service Fee reimbursement.

SLBC Cell had received a clarification from NABARD that Private Sector banks are not eligible for margin money, interest subvention and other benefits under the package. The Sub-Committee of SLBC, Kerala on Secondary Sector Issues that met on 27.11.2012 suggested that SLBC may recommend to Government of India to include the subject scheme under Government sponsored programme. It was suggested to take up with the Ministry to include private sector banks for implementing the scheme and draw up guidelines regarding allocation of targets and sponsoring of applications to private sector banks also.

It also suggested taking a clarification with regard to item (ii) & (iii) stated above with the Directorate of Handloom & Textiles and place it in the SLBC.

3.1.1.3. Issues relating to MSME segment (Suggested by MSME Development Institute)

(i) Issue of acknowledgement to MSME Borrowers

In the Sub-Committee Meeting of SLBC, Kerala on Secondary Sector Issues held on 27.11.2012, it was suggested that banks may adopt the following:

- *All applications shall be acknowledged by banks and due receipts are given to the applicants.*
- *Inwarding register shall be maintained by banks*
- *Reasons for rejection of applications shall be specifically noted and conveyed.*

RBI direction on “Issue of Acknowledgement of Loan Application to MSME Borrowers” vide circular RPCD MSME & NFS BC No.53/06.02.31/2011-12 dated 12th dated 4th January 2012 is given in **Annexure - 9.48** for information and compliance.

(ii) Central Registration of loan applications

(iii) Online tracking of SME loan application

In the Sub-Committee Meeting of SLBC, Kerala on Secondary Sector Issues held on 27.11.2012, RBI observed that majority of banks in the State are not implemented online tracking system. It was suggested that each bank shall have a corporate system and confirmation may be obtained from individual banks to this effect.

3.1.2. TERTIARY SECTOR

3.1.2.1. Implementation of Aadhaar enabled payments in the pilot districts of Pathnamthitta and Wayanad (Suggested by Reserve Bank of India)

UIDAI have selected the above two districts for rolling out Aadhaar enabled payments. Lead bank offices of respective districts to coordinate with concerned authorities for its successful implementation. Co-operation from the LDM of the districts for support and co-ordination with UIDAI for the successful implementation of the same. Submission of regular quarterly status report by SLBC to the RO of RBI in the prescribed proforma.

Sl No	State Name	District Name	Lead Bank	No of Aadhaar linked bank accounts	No of Aadhaar-Enabled BCs Deployed by the Bank
	Kerala	Pathanamthitta	State Bank of Travancore		
		Wayanad	Canara Bank		

The Sub-Committee of SLBC, Kerala on Tertiary Sector Issues that met on 27.11.2012 requested controlling Offices of respective banks in Pathanamthitta and Wayanad districts to take adequate steps for implementation of Aadhaar Enabled Payment System in these districts. Bankers to ensure opening of one bank account for each family and Aadhaar number to be seeded into the bank accounts and the process should be completed before 31.12.2012. LDMs of these 2 districts to give the latest update on the matter.

3.1.2.2. Strengthening Bank Linkage for Farming JLGs (Suggested by Kudumbashree)

Kudumbashree has been engaged in the formation and nurturing of collective farming through Joint Liability Groups (JLGs) across the state since 2010. As of now 49385 JLGs have been formed with the active participation of 2.62 lakh women farmers thereby bringing 48,451 hectares including fallow land under cultivation. Among the 49,385 JLGs only 3541 groups have been able to get formal credit.

The analysis of District wise data shows that there exist inter district variation in the credit linkage and disbursement of credit. Also there exist vast potential to increase the credit outreach to these groups as they are involved in the farming activities directly and benefits of low cost funds would get transmitted to the groups and thus the group members. NABARD and Kudumbashree are working together to improve the credit access to the JLGs and make it easier for banks to lend to them. A meeting in this regard was held at Kudumbashree, attended by executive Vice Chairman, Kudumbashree and CGM NABARD. The meeting discussed the issues related to the JLG bank linkage and decided that the following points be placed before the SLBC forum.

- Establishing a District level committee consisting of DDM, LDM and DMC of Kudumbashree for monitoring and supporting the JLG bank linkage activity.
- Evolving a commonly accepted documentation requirement for sanction of the loan for the JLG.
- Circulation of the same among all the bank branches in the District and creation of awareness by DDM/LDM through BLBC/DLCC.

In the Sub-Committee Meeting of SLBC, Kerala on Tertiary Sector Issues held on 27.11.2012, it was informed by NABARD that:

- *15 point rating tool has been evolved for rating the JLGs so formed for bank linkage.*
- *A district level committee is constituted with DDM, LDM and DMC Kudumbashree as members for monitoring and supporting JLG bank linkage activity (Convenor : DMC Kudumbashree)*
- *Data flow to be streamlined by banks.*

The Sub-Committee recommended for adoption of the above by SLBC.

3.1.2.3. Interest Subsidy Incentive to NHGs for Bank Linkage - Revamped of Kudumbashree (Suggested by Kudumbashree)

The Interest Subsidy Scheme launched in March, 2010 has not been able to produce the desired results. Many factors like base rate regime, non-participation by major banks etc have negatively affected the field level implementation & absorption of the scheme. An interest subsidy component has now been introduced in the NRLM guidelines. In view of the above circumstances, it is proposed that a thorough revamp of the ISS, keeping in mind the new banking realities and availing of the opportunities of the new scheme be undertaken. Kudumbashree Mission has already started working on the same and prepared a draft proposal. The draft proposal is placed before SLBC for the opinion, suggestions and final approval. The details of the proposal are given in the **Annexure-9.63.**

3.2. PENDING ISSUES IN SLBC & ACTION TAKEN REPORT

3.2.1. PRIMARY SECTOR

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
3.2.1.1	Mobile enabled KCC project	<i>Agriculture Department, Government of Kerala had identified Sultan Bathery block for implementing the pilot project on Mobile enabled KCC within a fixed time. SMGB and SBT agreed to participate in this project at Sultan Bathery.</i>	<i>LDM Wayanad / Agriculture Department</i>	SMGB after a study done at Pallavan Gramin Bank has concluded that the system will be superfluous since KCC Rupay card which is ATM and POS enabled are in force. Hence, they are not evincing interest in implementing the project. SBT is yet to inform the progress.
3.2.1.2	Non availability of Interest subvention incentive to farmers availing Short Term Crop Loans (KCC) from KSCARDB	<i>KCCs availed through KSCARD Bank at present do not qualify for interest subvention and prompt repayment incentives provided by Government of India, since KSCARD Banks are not authorized to provide Short Term loans. SLRM 2012 & 107th SLBC had decided to take up the matter with Government of India recommending payment of incentives to KSCARD Bank also.</i>	<i>SLBC / Government of India</i>	The non availability of the facility to ARDBs is due to the reason that they are not in the approved list of institutions authorized to issue ST loans by Government of India and ARDBs are not banks as provided in the BR Act. As decided in SLRM 2012 & 107 th SLBC, SLBC Cell has taken up the matter with Government of India and reply in this regard is awaited.
3.2.1.3	Initiatives to compile development schemes implemented through various developmental agencies	<i>For the benefit of all financing agencies it was suggested to compile all the schemes implemented through various agencies like NABARD/National Horticulture Mission/ National Horticulture Board/SFAC/Agriculture related Departments and different Commodity Boards and release as a hand book. This would be of benefit for the farmers and bankers.</i>	<i>NABARD</i>	The present position on the development may be placed by NABARD.

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
3.2.1.4	Introduction of a Credit Guarantee Scheme for Agriculture Term Loans similar to CGTMSE	<i>In the SLRM 2012, it was suggested that in view of the mounting NPA under Agriculture Term Loans after implementation of ADWDRS, banks are facing serious issues. It was recommended to suggest introduction of a Guarantee Scheme similar to CGTMSE, particularly for Term Loans under Agriculture.</i>	<i>SLBC / Government of India</i>	SLBC has taken up the matter with the Government of India and the reply is awaited.

3.2.2. SECONDARY SECTOR

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
3.2.2.1	Proposal to introduce penalty for delayed payment of premium for coverage under CGTMSE	<i>As per the existing Rule of CGTMSE the borrowers or applicants have to pay premium amount on policies taken by them within a specified time and the policies will be cancelled by the lending institutions on delayed payments. It was suggested that instead of cancelling the policy it would be advisable to charge penalty for delayed payments of premium.</i>	<i>SLBC/ CGTMSE, Mumbai.</i>	SLBC, Kerala had taken up the matter with MSME Development Centre at Mumbai and response is awaited.
3.2.2.2	Providing loans under KSEDM at base rate by Banks	<i>Hon'ble Finance Minister of the State had requested Banks to handhold with State Government in the implementation of KSEDM scheme by granting the loans at base rate</i>	<i>Banks</i>	Banks to inform the position and the decision on the rate of interest taken by the corporate offices.

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
3.2.2.3	PMRY 2006–07 & 2007–08 - Non receipt of Subsidy	<p><i>Subsidy on PMRY loans granted during 2006-07 and 2007-08 are yet to be released to various banks in few accounts. Such borrowers are forced to pay interest on the subsidy portion also till it is received by Banks. Also subsidy portion remaining unpaid are becoming NPA. Due to this customers are penalized as their names would be appearing in the CIBIL defaulters list.</i></p>	<p><i>Reserve Bank of India</i></p>	<p>RBI had vide letter RPCD (T) No.LBS/391/03.02.002/2012-13 dated 07.11.2012 informed that the claims submitted by the 24 implementing banks have been forwarded by RBI, Central Office to KVIC for reimbursement.</p> <p>Further, it is clarified that banks are permitted not to classify PMRY accounts, where the borrowers have repaid their portion of loan in full (only Government subsidy is outstanding), as NPA unless the Government repudiates the claims of banks for release of subsidy. However, PMRY accounts where the borrowers have not paid their portion of loan, classification should be governed by extant classification norms prescribed in the Master Circular - Prudential Norms on Income Recognition, Asset Classification and Provisioning Norms pertaining to Advances.</p> <p>Developments in this regard, if any, may be informed.</p>

3.2.3. TERTIARY SECTOR

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
3.2.3.1	Non availability of Government of India Interest Subsidy on Education loans granted by KSCARD Bank	<i>Education Loans granted by KSCARD Bank also to be provided with interest subsidy extended by Government of India</i>	<i>Government of India</i>	SLBC had referred the matter to Ministry of Finance, Government of India. Reply is awaited.
3.2.3.2	Contact details of Nodal Officers of Revenue department identified for Revenue Recovery	<i>It was suggested that the contact details of Nodal Officers of Revenue department identified for Revenue Recovery of Bank's dues, at various centres, may be provided to all the Banks by way of a consolidated circular".</i>	<i>SLBC/LDMs</i>	The Contact details of Nodal Officers of Revenue Department identified for RR is provided in <u>Annexure-9.49</u> . This will also be placed in the website of SLBC. Hence the item may be <u>dropped</u> .

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
3.2.3.3	Sanctioning OD in no frills accounts	<i>The agenda item was to ascertain the reasons for not sanctioning OD in no-frills accounts opened as part of financial inclusion and reasons for low credit off-take under GCC and KCC in identified model villages.</i>	SLBC/Member Banks	The 107 th Meeting of SLBC, Kerala suggested collecting the status of providing inbuilt OD in no frill accounts from Controlling Offices of all Banks. SLBC had written to Controlling Offices of all banks and LDMs. The reports from banks are yet to be obtained. The sub-committee suggested collecting the confirmation in the meeting and drop the agenda in case confirmation is received from banks.
3.2.3.4	Number of BCs and BFs operating in the State (separately)	<i>The details of the BCs, CSPs and BFs operating in the State to be collected and placed in SLBC.</i>	SLBC/Member Banks	SLBC had taken up the matter with controlling offices of banks. Many banks are yet to furnish the details. The sub-committee suggested collecting the information within a deadline and arrange for early closure of the item.
3.2.3.5	Action Taken Report on the implementation of Directives of Finance Ministry	<i>Department of Financial Services (DFS), Ministry of Finance, Government of India has come out with a series of instructions and guidelines on Financial Inclusion and general bank matters for implementation and compliance by banks & LDMs.</i>	SLBC/Banks / LDMs	SLBC had conducted three exclusive special sub-committee meetings (on 15.10.2012, 08.11.2012 & 11.12.2012) for reviewing the performance of banks under the financial inclusion roadmap and implementation of Finance Ministry directives. Action Taken Report (ATR) by SLBC on the directives of Ministry and the present position is furnished in Annexure - 9.50 . Banks/LDMs/Government Departments may inform the further progress regarding compliance.

3.3. INFORMATION NOTES

3.3.1. Scheme suggested by Directorate of Animal Husbandry

3.3.1.1. Entrepreneur Development Programme

During 2012-13 under the Animal Husbandry Department there is a scheme for **Entrepreneur Development Programme**. The aim of the scheme is to promote new entrepreneurs into the sector by providing and equipping them to handle different activities under the sector and their by increase the internal production. This scheme has two components

1. Investor meet – The meet is organised at every District. It is requested that the DLBC and district level NABARD office may be directed to participate in such meet.
2. Training programmes- The Department is providing training programmes to entrepreneurs at free of cost on various activities through which self employment can be met. The training programmes are arranged through different Livestock Management Training centres functioning under the Department.

Sl. No	Topic	No of days of training	No of personals to be trained
1	Hi-tech dairy farming	7	500
2	Dairy products manufacturing	5	1000
3	Scientific milking practices	7	200
4	Poultry dressing	5	1000
5	Poultry value addition	5	1000
6	Hatchery Management	25	200
7	Meat processing	15	200

Hence it is requested that the various financing agencies may be directed to avail this facility and also to direct any entrepreneur interested to undergo such training. The financing agencies may be directed to contact the District Animal Husbandry Officer concerned to avail the benefit. The entrepreneur will be provided TA / accommodation for the training period.

In the Sub-Committee Meeting of SLBC, Kerala on Primary Sector Issues held on 26.11.2012, the representative from the Department of Animal Husbandry explained the salient features of the scheme:

- *No age criteria or minimum qualification is stipulated.*
- *The selection of applicants would be done at the district level meetings convened for selection of beneficiaries.*
- *Training programmes to the entrepreneurs under the scheme would be completed during the current year (2012-13)*
- *Applications under the scheme would be sponsored by the Department during 2013-2014 onwards.*
- *Banks can sponsor applicants for training.*

3.3.1.2. Skill development

AIM

- To build up skill development among farmers so as to create self employment.
- To increase the economic status of farmers

Sl. No	Name of training	No of days of training	No of personnel to be trained
1	Training for clean milk production	2	700 nos
2	Training on scientific rearing of livestock and poultry	5	1400 nos. Plus 2 students with Animal Husbandry, Dairying & poultry preferred
3	Training for establishment of private hatcheries.	4	20 nos

The training is been taken up through Kerala State Veterinary Council Peroorkada Thiruvananthapuram. Hence it is requested that the various financing agencies may be directed to avail this facility and also to direct any entrepreneur interested to undergo such training. The financing agencies may be directed to contact the District Animal Husbandry Officer concerned to avail the benefit.

The Sub-Committee of SLBC, Kerala on Primary Sector Issues that met on 26.11.2012 decided to place the item for approval and suggested that banks can also sponsor applications for the programme.

3.3.1.3. Cattle Rearing Under 13th Finance Commission for Kuttanad Package

The project proposes to induct 4000 cows in Kuttanad with an objective to mitigate agrarian distress in the area. The project will be implemented as per special package guidelines of government of India. 4000 cows each will be inducted in three districts of Kuttanad area viz Alapuzha, Pathanamthitta and Kottayam. The unit cost of the project is Rs 60000 for induction of 2 cows, subsidy will be Rs 30000 per beneficiary (50%) and Rs 30000 will be met as bank loan.

Number of districts covered = 3
 Number of beneficiaries = 2000
 Number of milch cows to be inducted = 4000 (2 per beneficiary)
 Unit cost = Rs 60000
 Subsidy = Rs 30000(50%)
 Bank loan = Rs 30000
 Total Bank Loan required= Rs 3000 x 2000 = Rs 600 Lakh

Item	Assistance/subsidy	Bank Loan	Total
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Cattle shed	5000	5000	10000
2 Milch animals	20000	20000	40000
Transportation	2000	2000	4000
Utensils	500	500	1000
Insurance	1320	1320	2640
Fodder cultivation	1000	1000	2000
Training and implementation expense	180	180	360
Total	30000	30000	60000

Total Bank Loan required = Rs 30000 x 2000 = Rs 600 Lakh

The Sub-Committee of SLBC, Kerala on Primary Sector Issues that met on 26.11.2012 decided to place the item for information and approval for implementation in the respective districts.

3.3.1.4. Buffalo Rearing under 13th Finance Commission for Kuttanad Package

This project proposes to help those farmers who are desirous of rearing buffalos by providing adequate help to them. The farmers shall also be assisted to construct sheds with raised foundation or basement to guard them from floods. Each selected farmers will be assisted to purchase milch buffaloes and also training will be provided for them for ideal buffalo rearing.

Number of beneficiaries = 1000

Unit cost = Rs 60000

Assistance = Rs 30000(50%)

Bank loan = Rs 30000

Item	Assistance	Bank Loan	Total
Cattle shed	5000	5000	10000
1 Milch buffalo	20000	20000	40000
Transportation	2000	2000	4000
Utensils	500	500	1000
Insurance	1320	1320	2640
Fodder cultivation	1000	1000	2000
Training and implementation expense	180	180	360
Total	30000	30000	60000
For 1000 beneficiaries	3 crore	3 crore	6 crore

Total Bank Loan required = Rs 30000 x 1000 = Rs 300 Lakh

The Sub-Committee of SLBC, Kerala on Primary Sector Issues that met on 26.11.2012 decided to place the item for information and approval for implementation in the respective districts.

3.3.1.5. Cattle Rearing under Idukki Package

The project proposes to induct 1000 cows in Idukki with an objective to mitigate agrarian distress in the area. The project will be implemented as per special package guidelines of government of India. The unit cost of the project is Rs 60000 for induction of 2 cows, subsidy will be Rs 30000 per beneficiary (50%) and Rs 30000 will be met as bank loan.

Number of beneficiaries = 500
 Number of milch cows to be inducted = 1000 (2 per beneficiary)
 Unit cost = Rs 60000
 Subsidy = Rs 30000(50%)
 Bank loan = Rs 30000
 Total Bank Loan required= Rs 3000 x 500 = Rs 150 Lakh

The financial aspects of the project is as given below

Item	Assistance/subsidy	Bank Loan	Total
Cattle shed	5000	5000	10000
2 Milch animals	20000	20000	40000
Transportation	2000	2000	4000
Utensils	500	500	1000
Insurance	1320	1320	2640
Fodder cultivation	1000	1000	2000
Training and implementation expense	180	180	360
Total	30000	30000	60000

Total Bank Loan required = Rs 30000 x 500 = Rs 150 Lakh

The Sub-Committee of SLBC, Kerala on Primary Sector Issues that met on 26.11.2012 decided to place the item for information and approval for implementation in the respective districts.

3.3.2. **Hi-Tech Farming** (Suggested by State Horticulture Mission, Kerala)

In the State Budget for 2012-13, Government of Kerala has allocated Rs. 12 cr. for Hi-Tech Farming. State Horticulture Mission-Kerala is the implementing agency for Hi-Tech Farming in the State. The programme is being implemented by the Deputy Directors of Agriculture (H) at the district level and by the Agricultural Officers of Krishi Bhavans at grass root level.

The project envisages:

- i) Establishment of poly houses under hi-tech farming
- ii) Establishment of green house demonstration units
- iii) Establishment of precision farming units

Under the component establishment of poly houses under Hi-Tech Farming, three units of naturally ventilated green house units of size 400 sq.m. will be established in each panchayat of the state. Thus, a total of 2934 green house units are proposed to be established in the 978 panchayats of Kerala.

The eligible beneficiaries for the scheme are selected by a committee constituted at district level based on various selection criteria like area of land, lie of land, etc. the applicant should have land area equivalent to double the area of the proposed polyhouse, ie., minimum 20 cents of land; the land area should have access to road, electricity and water source, should be shade free, should have good drainage, should not be waterlogged and should have wind breaks at a distance of 30 m.

The scheme is not compulsorily credit linked. For beneficiaries not availing credit facility, the assistance will be released to the bank account of the beneficiaries in two installments (1)75% on completion of the erection of the structure and (2) 25% after the establishment of the crop, based on the inspection of the DLTC and after obtaining proper valuation as mentioned in the operational guidelines. For beneficiaries who are availing credit facility, the assistance will be released in a single installment as back ended subsidy to the loan account as mentioned in the operational guidelines.

The following conditions are to be complied with:

- Assistance will be provided to farmers who has own land. Assistance will not be given to farmers cultivating on leased land.
- The loan for establishment of polyhouses should be considered as agricultural purpose loan and the rate of interest should be as per the norms of NABARD ie., 7%
- Minimum loan amount should be more than the subsidy permissible.
- Subsidy will be released as back ended.
- A lock in period of three years may be provided for repayment of loan since returns from the project starts only after one cropping season.

The operational guidelines provided in **Annexure -9.51.**

In the Sub-Committee Meeting of SLBC, Kerala on Primary Sector Issues held on 26.11.2012, Dr. K. Prathapan, Director, State Horticulture Mission, Government of Kerala explained the salient features of the scheme pertaining to Hi-tech activities which can be credit linked. The forum may adopt the same for implementation.

3.3.3. Ente Gramam – Special Employment Programme (Suggested by KVIB)

The Kerala Khadi and Village Industries Board has decided to implement Special Employment Programme by name “**Ente Gramam**” with slight modification of the ongoing Special Employment Generation Programme (*Flagship*). The salient features of the scheme are:

- A Scheme sponsored by State Government.
- To generate employment opportunities in rural areas by implementing tiny and traditional village industries projects.

- Individuals, Co-operative Societies, Charitable Institutions and SHG's can be the beneficiaries of the Scheme.
- No specific Educational qualification is required.
- Existing units or units already acquired any Government subsidy are not eligible.
- The maximum cost of the project is extended to Rs. 5 lakh.
- The beneficiary can avail loan from any financial institution. All public Scheduled Banks, All Regional Rural Banks, All Private Scheduled Banks, C-operative Banks and all primary Co-operative Banks etc.
- Any industry approved by KVIC excluding those coming under the negative list of KVIC.
- Per Capita investment is Rs. 1 lakh.
- The quantum of subsidy is 25% of the project cost for general category 30% for OBC, Women, Minorities, Ex-Service, PH and 40% for SC/ ST and own contribution limited to 10 % for general category and 5% for other category.
- The financial institution will sanction 90% or 95% of the project cost as loan for general category and special category respectively.
- The District Project Officer of the Board will collect applications from eligible beneficiaries conduct spot verification and scrutiny and place the application before the District Level committee constituted by Government of Kerala with District Panchayath President as Chairman of the committee and Project Officer of District Khadi and Village Industries Office as Convenor, Khadi Board member. LDM and General Manager DIC, Planning Officer of the District as members of the Committee.
- The District Level Committee shall select the beneficiaries. The applications selected by the committee shall be forwarded to the Financing banks.
- The Bank may sanction the loan, release the first installment and claim the subsidy from Board.
- The Board will sanction the eligible margin money and deposit the same as TDR in the name of the beneficiary with lien to the Project Officer for two years from the date of release of first installment.
- Margin Money with accrued interest will be adjusted against the loan account of the beneficiary after the lock in period and successful implementation of the Project.

In the Sub-Committee Meeting of SLBC, Kerala on Secondary Sector Issues held on 27.11.2012, the representative from KVIB explained the salient features of the scheme.

The Sub-Committee decided to place the matter before SLBC for adoption.

3.3.4. Revised guidelines on rehabilitation on sick units (Suggested by RBI)

In view of the recent circular issued by RBI, the definition of sick units has undergone change. The RBI circular is provided in **Annexure-9.52** for information and implementation by banks.

3.3.5. **Disaggregation of Board Approved Financial Inclusion Plans** (Suggested by Reserve Bank of India)

Corporate offices of all domestic scheduled commercial banks had prepared a Board approved Financial Inclusion Plans (FIP) which were submitted to RBI Central Office. The corporate offices of banks were required to disaggregate the FIPs and communicate to their various controlling offices in different states/regions. The controlling offices were further required to disaggregate these FIPs amongst the branches coming under their jurisdiction.

Corporate offices of banks have advised RBI Central Office that they have disaggregated the FIPs which have been communicated to the controlling offices. Controlling offices of banks may confirm the receipt of disaggregated targets of FIPs from the Corporate/Head offices and also confirm disaggregation of the same at the branch level, to the Regional office of RBI. Format for reporting of the disaggregated FIPS by the controlling offices attached. Monthly progress report in the prescribed format to be submitted to RBI from November 2012.

SR	Particulars		FIP Target	Month ended
1	Total No. of Branches			
2	Out of 1 above, No. of Rural Branches			
3	No. of branches in unbanked villages			
4	Total No. of CSPs Deployed			
5	No. of banking outlets in villages with population > 2000	Through Branches		
6		Through BCs		
7		Through Other Modes		
8		Sub Total : > 2000		
9	No. of banking outlets in villages with population < 2000	Through Branches		
10		Through BCs		
11		Through Other Modes		
12		Sub Total : < 2000		
13	Total Banking Outlets in all villages			
14	No. of BC outlets in Urban Locations			
15	Basic Savings Bank Deposit Accounts (BSBDAs) through branches	No. in Lakh		
16		Amt. Rs. In Crores		
17	Basic Savings Bank Deposit Accounts (BSBDAs) outstanding through BCs	No. in Lakh		
18		Amt. Rs. In Crores		
19	Basic Savings Bank Deposit Accounts (BSBDAs) (Bank as a whole)	No. in Lakh		
20		Amt. Rs. In Crores		
21	OD facility availed in BSBDAs	No. in Lakh		
22		Amt. Rs. In Crores		
23	KCCs outstanding - through Branches	No. in Lakh		
24		Amt. Rs. In Crores		
25	KCCs outstanding - through BCs	No. in Lakh		
26		Amt. Rs. In Crores		
27	KCCs-Total (Bank as a whole)	No. in Lakh		
28		Amt. Rs. In Crores		
29	GCCs outstanding through Branches	No. in Lakh		
30		Amt. Rs. In Crores		
31	GCCs outstanding through BCs	No. in Lakh		
32		Amt. Rs. In Crores		
33	GCC-Total (Bank as a whole)	No. in Lakh		
34		Amt. Rs. In Crores		

SR	Particulars		FIP Target	Month ended
35	Transactions in BC-ICT Accounts (during the quarter) *	Savings Deposit (No. in lakh)		
36		Savings Deposit (Amt. Rs. In Crores)		
37		Credit/OD (No. in lakh)		
38		Credit/OD (Amt. Rs. In Crores)		
39		Term Dep./RD (No. in lakh)		
40		Term Dep./RD (Amt. Rs. In Crores)		
41		EBT/Remittance (No. in lakh)		
42		EBT/Remittance (Amt. Rs. In Crores)		
43		Others (No. in lakh)		
44		Others (Amt. Rs. In Crores)		
45	Total of Transactions in BC-ICT Accounts	No. in Lakh		
46		Amt. Rs. In Crores		

* The transactional data in Row Nos.35 to 46 should include data for the reporting month

The Sub-Committee of SLBC, Kerala on Tertiary Sector Issues that met on 27.11.2012 decided to place the matter in the SLBC for information and compliance by banks.

3.3.6. Non registration of lease agreements executed by banks (Suggested by Taxes (C) Department, Government of Kerala)

Taxes (C) Department, Government of Kerala vide letter No.14496/C3/2008/TD dated 29.10.2012 forwarded a copy of the letter No.R.R.9.15825/2003 dated 19.10.2012 from the Inspector General of Registration, Kerala, contents of which is given below.

(2)Non-registration of lease agreements executed by banks.

1908ലെ ഇന്ത്യൻ രജിസ്ട്രേഷൻ ആക്ട് സെക്ഷൻ 17(d) പ്രകാരം ഒരു വർഷത്തിലധികം കാലാവധി വരുന്ന സ്ഥാവരവസ്തുക്കളുടെ വാടക/പാട്ടക്കരാറുകൾ നിർബന്ധമായും രജിസ്റ്റർ ചെയ്യപ്പെടേണ്ടതാണ്.C&AG യുടെ 2011 മാർച്ച് 31ന് അവസാനിച്ച സാമ്പത്തിക വർഷത്തെ റിപ്പോർട്ടിൽ കേരളത്തിലെ വിവിധ ബാങ്കുകൾ ATM കൗണ്ടറുകൾ സ്ഥാപിക്കുന്നതിനായി കെട്ടിട ഉടമകളുമായി ഏർപ്പെടുന്ന ദീർഘകാല പാട്ടക്കരാറുകൾ രജിസ്റ്റർ ചെയ്യപ്പെടാത്തതുമൂലം സർക്കാരിന് മുദ്രവില രജിസ്ട്രേഷൻ ഫീസിനത്തിൽ വൻ റവന്യൂനഷ്ടം ഉണ്ടാകുന്നതായി സൂചിപ്പിച്ചിരിക്കുന്നു.കേരളത്തിലെ വിവിധ ബാങ്കുകൾ ATM കൗണ്ടറുകൾ സ്ഥാപിക്കുന്നതുമായി ബന്ധപ്പെട്ട് കെട്ടിട ഉടമകളുമായി ഏർപ്പെട്ട 72 പാട്ടക്കരാറുകൾ പരിശോധിച്ച C&AG അതിൽ 38 എണ്ണം ഒരുവർഷത്തിലധികം കാലാവധി ഉള്ളതാണെങ്കിലും രജിസ്റ്റർ ചെയ്യാത്തതുമൂലം സർക്കാരിന് ഏകദേശം 3.52 ലക്ഷം രൂപ റവന്യൂ നഷ്ടം സംഭവിച്ചതായി കണക്കാക്കിയിട്ടുണ്ട്..(മേൽ പ്രതിപാദിച്ച C&AG റിപ്പോർട്ടിന്റെ പകർപ്പ് ഉള്ളടക്കം ചെയ്യുന്നു.)

മേൽ സാഹചര്യത്തിൽ ബാങ്കുകൾ വിവിധ ആവശ്യങ്ങൾക്ക് വ്യക്തികളുമായും സ്ഥാപനങ്ങളുമായും ഏർപ്പെടുന്ന ഒരുവർഷത്തിലധികം കാലാവധിയുള്ള വാടക/പാട്ട കരാറുകൾ നിർബന്ധമായും രജിസ്റ്റർ ചെയ്യുന്നതിനാവശ്യമായ നടപടികൾ സ്വീകരിക്കണമെന്നും എല്ലാ വാടക/പാട്ടകരാറുകൾക്കും (ഒരു വർഷത്തിൽ താഴെ കാലാവധി ഉള്ളവയ്ക്കും) മതിയായ മുദ്രവില ചുമത്തേണ്ടതാണെന്നുള്ള നിർദ്ദേശം SLBCയെ അറിയിക്കാവുന്നതാണ്.

4.6.11.2 Non-registration of lease agreements for installing ATMs of banks.

Many ATMs were established by various banks like public sector, private sector and new generation banks in Kerala during the last five years. Most of the ATMs were established in private building on long term lease with the building owners. With a view to identifying leakage of revenue in different areas, we collected details of 72 lease agreements executed by three banks with building owners for setting up ATMs in two cities in Kerala. It was noticed that out of 72 lease agreements, 38 agreements were not registered even though the lease was for periods exceeding one year and liable for compulsory registration. Revenue loss involved in respect of 38 lease agreements alone works out to Rs. 3.52 lakh.

The Sub-Committee of SLBC, Kerala on Tertiary Sector Issues that met on 27.11.2012 decided to place the matter before SLBC for information of banks.

3.3.7. Gist of the discussion that took place in the Conference of Members of Parliament with select banks on issues in education Loan (Held at Government Guest House, Thycaud, Trivandrum on 15.11.2012 at 9 a.m.)

Gist of the discussion that took place in the Conference of Members of Parliament held at Government Guest House, Thycaud, Trivandrum on 15.11.2012 at 9 a.m is given below:

The Conference of the Member of Parliament from the State of Kerala was held by the State Government at Government Guest House, Thycaud, Trivandrum on 15.11.2012 at 9 a.m. The meeting was chaired by Hon'ble Chief Minister Sri. Oommen Chandy and attended by the Council of Ministers, MPs of the State, Principal Secretaries/Secretaries representing various Departments and 5 major Banks (viz. Canara Bank, SBI, SBT, Union Bank of India & Federal Bank).

In his opening remarks, **Sri. Oommen Chandy**, Hon'ble Chief Minister expressed his concern and the concern of the State Government and MPs over the high level of rejection and non-granting of Education loan by banks. He opined that at the time of launching of the Education loan scheme only two conditions were stipulated viz.

- ✓ Student should secure admission to the course
- ✓ The institution should be an approved one.

He narrated the common complaints listed out by banks in rejecting loan applications.

- (1) Loans not granted for pursuing education under Management Quota
- (2) The student has not undergone a selection process
- (3) Minimum marks are stipulated for qualifying examination by banks for sanctioning Education loans.
- (4) Stipulation of Service Area resulting in rejection of proposals.
- (5) Students completing the qualifying exam in the second/subsequent attempts are denied loan.

He also touched upon the repayment of loans and requested the bankers to be more practical and considerate in fixing repayment according to the income generation of the student.

The aspect of charging varying and high rate of interest by banks for Education loan was also commented upon by the Chief Minister. He requested the bankers to consider granting loans at uniform rate by all banks. With these introductory remarks he requested the Members of Parliament to air their issues.

Following issues were raised by the Hon'ble Members of Parliament

- (1) Banks may consider Education loans upto Rs. 7.5 lakhs without insisting on collaterals.
- (2) The authority of IBA in formulating guidelines is to be clarified.
- (3) A State Level Monitoring Committee to be put in place under the chairmanship of Chief Secretary of the State to monitor the issues relating Education loan port folio.
- (4) Banks may be advised to properly maintain a register for inwards loan applications.
- (5) Banks to ensure that Education loans are disposed off within 15 days of receipt.
- (6) Loan seekers are made to run from pillar to post for granting Education loans and ultimately after considerable time the proposal is declined by banks.
- (7) Attitude of Bank Managers came as a matter of criticism.
- (8) Suggested displaying the guidelines prevalent on Education loans prominently at bank branches for the benefit of loan seekers.
- (9) The issue of NPA is a matter of grave concern.
- (10) Different banks stipulate different conditions for granting Education loans and clarity has to be brought in regarding guidelines on Education loan for the benefit of the loan seekers.
- (11) The indifferent attitude of bankers towards Education loan seekers may be curbed.
- (12) The low level of income earned by the loanees after getting employment is a common issue brought to the notice of the members. This is causing issues for repayment. In view of this some members have suggested that Government of India may consider providing interest free loans for education.
- (13) The stipulation of recoverability of loan in the model scheme suggested by IBA may be removed.
- (14) Government and banks may try to tackle the ground level issues to enable smooth flow of credit to this segment.
- (15) It was observed that in many cases loans once rejected are reconsidered and sanctioned when people resort to agitational methods which clearly indicates that flexibility is available in the guidelines which gives a wrong signal.
- (16) Banks act on general guidelines issued and hence pressure should be given to amend the instructions wherever found necessary to suit the requirements of the State.
- (17) It is understood that banks are under pressure to restrict loans to education segment and hence we may request Government of India to relax norms.
- (18) Education loans under Management Quota still kept out side the purview of Model IBA scheme.
- (19) Some members expressed concern over the high rate of interest charged by banks

- (20) There is no perceptible change in the guidelines issued on Education loan in the revised scheme released by IBA dated 27.09.2012 which entitles free access for loan by eligible students without hindrances.
- (21) Kerala is a front runner in the matter of availment of Education loan and hence it is the worst affected State.
- (22) Sought clarification as to whether service area concept still prevails
- (23) Suggested publicizing guidelines on Education loans for the benefit of the general public.
- (24) Shared the concern over the increasing trend of NPA under Education loan.
- (25) Identification of borrowers after completion of the course is an issue confronting the bankers which is indirectly contributing to account becoming NPA. It was suggested that some mechanism of tagging of the certificates of the borrowers who have availed Education loan may be examined.
- (26) Rate of interest to be made at 4% for Education loans
- (27) The distinction between merit seat and management seat to be done away with and loan to be provided to all students securing admission to courses.
- (28) Government of India to clarify the objective of the scheme and express whether it is intended for the benefit of the general public
- (29) Scheme per say is not reaching the most deserved.
- (30) Proper redressal mechanism has to be put in place to resolve issues.

Sri. K. M. Mani, Hon'ble Minister for Finance in his address touched upon the following:

- (1) Rate of interest on Education loans to be reduced and made uniform for all banks.
- (1) Government of Kerala in its budget last year had announced an interest subsidy scheme for loanees under BPL category who have availed education loan between 2004 - 2009 and who have not obtained gainful employment. In this context, Government had requested banks to charge only base rate on such loans during the said period so that the financial burden could be reduced for the Government and the scheme could be implemented smoothly. He pointed out that this was a request which is pending with the bankers.
- (2) KSEDM is a flagship programme of the State Government launched in February 2012, aimed at generating employment to over one lakh persons during the next five years. Each micro enterprise set up will have an upper limit in financial assistance of Rs 20 lakhs. Interest charged in the scheme is provided to the banks by the State government. Presently banks are charging interest as per their in house guidelines ranging from 12 to 16%. State Government had requested banks to lend at base rate for this scheme. The decision is pending with bankers.

Sri. Oommen Chandy, Hon'ble Chief Minister while summing up the proceedings stipulated the following:

- (1) Service Area Concept to be discontinued for Education loans in the State.
- (1) Banks to issue guidelines on the scheme to the students seeking Education loan
- (2) No security shall be stipulated for Education loans up to Rs. 4 lakhs and appropriate security could be stipulated for loans above Rs. 4 lakhs.
- (3) System to be evolved for considering Education loan for study outside the State.

- (4) Education loans may be considered for courses conducted outside the State, if the institutions are recognized by the State/Central Government. Banks may take a lenient view on this.
- (5) Banks may rationalize rate of interest on Education loans and charge uniform rate.
- (6) The process for providing Interest subsidy to the loans granted between 2004-2009 as declared by the Government may be expedited.
- (7) Banks to take a sympathetic view and write off the liability of the Education loans of the deceased students.
- (8) Banks to evolve an insurance scheme to cover beneficiaries under Education Loan scheme as suggested in earlier SLBC meeting.

The meeting concluded at 10.15 a.m.

The Sub-Committee of SLBC, Kerala on Tertiary Sector Issues that met on 27.11.2012 decided to place the matter before SLBC for information of banks.

3.3.8. Bank Linkage Campaign – First phase - 17th December 2012 – 5th January 2013 & Second Phase – 15th -30th January 2013 (Suggested by Kudumbashree)

Kudumbashree has proposed a bank linkage campaign for NHGs. In the First phase it will reach out to NHGs who have been graded and not linked with banks. Based on the discussion cited above it was decided that the first phase of proposed bank linkage campaign be convened from 17th to 22nd of December 2012. District wise grading & linkage status is provided in **Annexure-9.53**.

The second phase campaign which intends to cover NHGs who have not yet been graded or linked with banks. The dates proposed for the second phase campaign is from 15th to 30th January 2013.

The Sub-Committee of SLBC, Kerala on Tertiary Sector Issues that met on 27.11.2012 suggested that this being a tremendous lending opportunity, banks may actively support the campaign to be launched by M/s Kudumbashree for already graded NHGs on priority basis so that the pendency could be cleared as per the campaign plan suggested. The matter is placed for information and adoption by banks.

3.3.9. Financial Literacy Campaign proposed by Kudumbashree Mission – Support from Banks (Suggested by Kudumbashree)

Kudumbashree is planning to organize a Financial Literacy Campaign in the coming months. To give more impetus for the campaign they have sought support from banking sector.

The Sub-Committee of SLBC, Kerala on Tertiary Sector Issues that met on 27.11.2012 requested Kudumbashree to contact FLCs of respective districts for supporting financial literacy campaign.

3.3.10.Gist of Decisions of the FM Meeting with South Zone State' Chief Ministers & CEOs of Public Sector Banks held on 20.11.2012

(1) Education Loan

- Under disbursement, number of beneficiaries financed is coming down. Steps to be taken to improve the performance.

(Action: Banks)

- Rate of Interest in Education Loan to be rationalized.

(Action: Banks)

- Fee Structure for Nursing Course to be brought down by the Government.

(Action: State Governments)

(2) MSME

- Banks to take a view on the Rate of Interest on MSME loans

(Action: Banks)

- The recommendation of the Government on the special scheme KSEDM, floated by the Government of Kerala, for granting loans at base rates may be expedited.

(Action: Banks)

- Under Secondary sector the achievement is low. Steps to be initiated to improve performance.

(Action: Banks)

(3) EBT Payments

- Pathanamthitta and Wayanad districts identified as pilot districts for implementation of EBT payment system. After 1st January 2013, all beneficiary oriented payments will be through EBT payment system only. Banks to ensure completion of Aadhar Enabled Payment System in the above 2 districts before December 2012.

(Action: Banks)

The Sub-Committee of SLBC, Kerala on Tertiary Sector Issues that met on 27.11.2012 decided to place the matter before SLBC for information of banks.

4. Review of Performance under Priority Sector Advances

4.1. Review of Priority Sector Advances (Disbursement) as at September 2012 - ACP 2011-12 achievements (Refer Annexures 9.11 & 9.12)

The performance of banks with reference to the Annual Credit Plan 2012-2013 as at September 2012 with Bank wise and District wise break up is furnished in the annexure. The abstract of the performance as at September 2012 under ACP 2012-2013 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	4930	3861	78.32	952	275	28.89	6235	2495	40.02	12117	6631	54.72
Nationalized Banks	8024	5634	70.21	1537	388	25.24	6163	1889	30.65	15724	7911	50.31
RRBs	3047	1658	54.41	181	38	20.99	1705	811	47.57	4933	2507	50.82
Private Sector Banks	4817	2973	61.72	967	347	35.88	5237	1679	32.06	11021	4999	45.36
Cooperatives	9238	3771	40.82	842	585	69.47	12867	8261	64.20	22947	12617	54.98
KFC	8	0	0	229	86	37.55	145	12	8.28	382	98	25.65
Total	30064	17897	59.53	4708	1719	36.50	32352	15147	46.82	67124	34763	51.79
% to Total Disbursement		51.48			4.94			43.58			100	

4.1.1. Overall Performance under Annual Credit Plan

The banking sector of the State has disbursed **Rs. 34763 crores** to the priority sector during the fiscal 2012-13 as at September 2012. This is **51.79%** of the annual target of **Rs. 67124 crores**. There is an increase of **Rs. 4703 crores** in total disbursements over that achieved during the corresponding period of the last financial year.

Banking group wise analysis reveals that Cooperatives have disbursed the highest quantum of priority sector loans in the State during the fiscal (**Rs. 12617 crores**) followed by Nationalized Banks (**Rs. 7911 crores**). A comparison based on percentage achievement of target reveals that achievements of Nationalized Banks, RRBs and Private Sector Banks were below that of the State's performance. Disbursement to secondary sector constituted only **4.94 %** of the total disbursement made by banks to the priority sector.

Bank wise analysis reveals that Kerala State Co-operative Bank has disbursed the highest quantum of priority sector loans (**Rs. 12143 crores**) followed by State Bank of Travancore (**Rs. 4197 crores**). State Bank of Patiala and Kotak Mahindra Bank have reported “NIL” disbursement to priority sector in the State during the period from 01.04.2012 to 30.09.2012, which needs immediate attention.

Among the Districts, Thrissur district stood first in the quantum of priority sector loan disbursement (**Rs. 5062 crores**) followed by Kollam district with a disbursement of **Rs. 4147 crores**. Thrissur district was first in percentage achievement of target (**63.25%**) followed by Kollam (**60.22%**), Malappuram (**59.63%**), Kozhikode (**58.58%**), Wayanad (**55.92%**), Palakkad (**53.78%**) and Kannur (**53.36%**) Seven districts had achieved levels above the State’s average position. The performance of Idukki (**49.71%**), Kasaragod (**46.46%**), Ernakulam (**46.35%**), Trivandrum (**44.78%**) and Alappuzha (**41.86%**) needs improvement. Pathanamthitta (**37.69%**) district have registered poor performance under ACP achievement and LDM need to identify the field level issues and take immediate steps to reverse the trend in the remaining quarters.

4.1.2. Performance under Primary Sector

The primary sector, which comprises of the agriculture sector, accounted for **51.48 %** of the total disbursements in priority sector. The sector achieved **59.53%** of the annual target as at September 2012. An amount of **Rs. 17897 crores** was disbursed to the sector as at September 2012 against the year-end target of **Rs. 30064 crores**. Compared to the disbursements during the corresponding period of the previous fiscal, the disbursement to primary sector recorded an increase of **Rs. 2405 crores**.

Nationalized Banks, by disbursing **Rs. 5634 crores**, accounted for more than one-fourth (**31.48 %**) of the total disbursement to the sector followed by State Bank Group (**Rs.3861 Crores**). Co-operative Sector accounted for (**21.07%**) of the total disbursement to the primary sector of the State by disbursing **Rs. 3771 crores**. Private Sector Banks disbursed **Rs. 2973 crores**.

Among Commercial Banks SBT, Canara Bank, SBI, Federal Bank, Union Bank, Indian Overseas Bank, SMGB and NMGB are the top performers with regard to quantum of loans disbursed to the sector. The following banks have not reported any disbursement to primary sector in Kerala - State Bank of Bikaner & Jaipur, State Bank of Patiala, Bank of Maharashtra and Kotak Mahindra Bank

Highest disbursement to primary sector was reported in Thrissur district (**Rs. 2595 crores**) followed by Kollam (**Rs. 2169 crores**), Kozhikode (**Rs. 1654 crores**), Ernakulam (**Rs 1512 Crores**) and Palakkad (**Rs 1472 Crores**) districts.

4.1.3. Performance under Secondary Sector

Under secondary sector, which includes the SME Sector, the banking sector of the State could achieve only **36.50%** of the annual target as at September 2012. Banks in the State have disbursed loans to the tune of **Rs. 1719 crores** till September 2012. Another disturbing fact is that the sector accounted for only **4.94 %** of the disbursement to priority sector in the State.

When compared to the disbursements during the corresponding period of the previous fiscal, there is a good increase in disbursements to the sector. Last fiscal during April 2011 to September 2011, the disbursement to the secondary sector was **Rs. 1095 crores** whereas during the same period this year banking sector in the State could disburse **Rs.1719** crores, registering a growth of **Rs. 624 crores (57% Growth)** in disbursement.

Co-operative Sector led in disbursements to the sector (**Rs. 585 crores**) followed by Nationalized Banks (**Rs. 388 crores**), Private Sector Banks (**Rs. 347 crores**) and State Bank Group (**Rs. 275 crores**). Kerala State Co-operative Bank led the disbursement in the Secondary sector with a figure of **Rs. 570 crores** followed by State Bank of India (**Rs. 173 crores**), Indian Overseas Bank (**Rs. 158 crores**), HDFC Bank (**Rs. 140 crores**), South Indian Bank (**Rs. 101 crores**) and Canara Bank (**Rs. 73 crores**).

Among the districts, highest disbursement to secondary sector was reported in Kollam district (**Rs. 600 crores**) followed by Ernakulam district (**Rs. 266 crores**). Alappuzha recorded the lowest achievement of **6.93%** followed by Kottayam with **9.84%**. These Districts should give more focus to the secondary sector during the remaining part of the financial year. It is concerning to note that performance of ten districts was below the State average.

4.1.4. Performance under Tertiary Sector

Tertiary sector accounted for **43.58 %** of the total disbursement to the priority sector in the State. The total disbursement to the sector during the fiscal up to September 2012 was **Rs. 15147 crores** thereby achieving **46.82%** of the annual target. When compared to the disbursements during the corresponding period of the previous fiscal, there is an increase of **Rs. 1674 crores** in the disbursements to the sector. Last fiscal during April 2011 to September 2011, the disbursement to tertiary sector was **Rs. 15473 crores**.

Under quantum of loans disbursed during the current fiscal, Cooperatives lead other banking groups by disbursing **Rs. 8261 crores** and under percentage achievement (**64.20%**) of the target. State Bank Group, Nationalized Banks and Private Sector Banks should need to improve their performance under this sector.

Among Commercial Banks, State Bank of Travancore leads in disbursement to the sector (**Rs. 1589 crores**) followed by State Bank of India (**Rs. 887 crores**), Federal Bank Ltd (**Rs. 660 crores**), Canara Bank (**Rs. 572 crores**) and South Indian Bank (**Rs. 314 crores**). State Bank of Patiala, Indus Ind Bank and Kotak Mahindra Bank have reported 'NIL' disbursement to the Tertiary sector in the State.

District wise analysis reveals that Palakkad district has achieved **60.63 %** of the year-end target followed by Malappuram (**54.91%**), Kollam (**50.97 %**), Thrissur (**48.32 %**), and Kannur (**48.22 %**). The performance of other districts needs considerable improvement.

All banks/LDMs should review their position well in advance and take corrective steps to ensure that the targets for the current year can be achieved comfortably.

4.2. Review of Priority Sector Advances (Outstanding) as at September 2012
(Refer Annexure 9.4)

4.2.1. Performance versus National goals

(Figures in percentage)

Sl. No.	Parameter	Goal %	March 2009	March 2010	March 2011	Sept. 2011	March 2012	Sept. 2012	Variation	
									Mar.'12 To Sept.'12	Sept.'11 To Sept.'12
1	Priority Sector Advances to Total Credit	40	58.42	60.01	58.32	57.49	57.34	57.45	0.11	-0.04
2	Agriculture Advances to Total Credit	18	19.27	22.46	22.49	22.24	24.25	26.26	2.01	4.02
3	Weaker Section Advances to Total Credit	10	14.78	16.16	18.39	16.54	19.33	20.30	0.97	3.76
4	DRI Advances to Total Credit	1	0.26	0.02	0.02	.03	0.02	0.03	0.01	0.0
5	Credit Deposit Ratio	60	63.54	67.63	75.50	76.52	75.57	74.39	-1.18	-2.13

The achievements of the commercial banking sector of the State under total priority sector advances, Agriculture Advances, Weaker Section advances and CD ratio are above the national goals.

The growth in outstanding advances under sub sectors of priority sector as at September 2012 is summarized as follows.

(Rs. in Crores)

Parameter	Outstanding					Variation				
	March 2010	March 2011	Sept. 2011	March 2012	Sept. 2012	Mar '10-Mar '11	Mar '11-Sept '11	Mar '11-Mar '12	Mar '12-Sept '12	Sept '11-Sept '12
Priority Sector Advances	58204	71145	77403	85606	91253	12941	6258	14461	5647	13850
Agriculture Advances	21786	27439	29940	36209	41714	5653	2501	8770	5505	11774
SSI Advances/SME	11759	16896	16950	20593	20301	5137	54	3697	-292	3351
Weaker Section Advances	15674	22435	22262	28865	32249	6761	-173	6430	3384	9987
SC Advances	3359	3011	2791	2957	3226	-348	-220	-54	269	435
ST Advances	300	553	826	606	645	253	273	53	39	-181
DRI Advances	22.61	24.76	34.71	33.98	42.92	2.15	9.95	9.22	8.94	8.21

4.2.1.1. Performance of the Banking sector inclusive of Co-operatives (excluding PACs) as at September 2012

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

Performance of Co-operative Sector under Vital Banking Statistics (Amount Outstanding)

(Rs in. Crores)

Parameter	September 2012		Share of Co-operatives to Total
	Co-operative Sector	Commercial Banks + Co-operatives	
Branches	883	5931	14.89
Total Deposits	28443	241961	11.76
Total Advances	24853	183689	13.53
Total Business	53296	425650	12.52
Priority Sector Advances	15619	106871	14.61
% Priority Sector Advances	62.85	58.18	NA
Agriculture Advances	3713	45426	8.17
% Agriculture Advances	14.94	24.73	NA
SME Advances	720	21021	3.43
CD Ratio	87.38	75.92	NA

Including the Co-operative sector the total Banking business in the State is **Rs.425650 crores**. The Co-operative sector account for **12.52%** of the banking business in the State (**Rs. 53296 crores**). The CD ratio of the State including Co-operatives have recorded a figure of **75.92 %** as at September 2012 against **74.39%** recorded for commercial banks.

4.2.2. Priority Sector Advances in Total Advances – Bank Group wise (Refer Annexure 9.4)

(Rs. in Crores)

Parameter	Outstanding					Variation			
	Mar. 2010	Mar. 2011	Sept. 2011	Mar. 2012	Sept. 2012	Mar. '10-Mar. '11	Mar. '11-Sept. '11	Mar. '12-Sept. '12	Sept. '11-Sept. '12
Priority Sector Advances	58204	71145	77403	85606	91253	12941	6258	5647	13850

During the financial year, April 2012–September 2012, a growth of **Rs. 5647 crores** was recorded by the Commercial Banks in the State under priority sector outstanding.

During the first half-year of 2012-13 Priority Sector Advances of Commercial banks in the State increased by **Rs. 5647 crores** as against **Rs. 6258 crores** added during the corresponding period of last fiscal. A year-on-year analysis reveals that there was a growth of **Rs. 13850 crores** in priority sector advances over September 2011, recording a growth of **17.89%**.

Against the mandatory norm of 40% under priority sector advances, as at September 2012, **57.45%** of the total advances of the banks in the State was to priority sector.

**Banking Group wise Performance under
Priority Sector Advances as at September 2012**

(Rs. in Crores)

BANK	Total Advances			Priority Sector Advances			% PSA to Total Adv. (Sept.'12)
	March 2012	Sept. 2012	Growth Mar.'12-Sept.'12	March 2012	Sept. 2012	Growth Mar.'12-Sept.'12	
State Bank Group	45961	51060	5099	29219	31194	1975	61.09
Nationalized Banks	52925	54617	1692	33593	35318	1725	64.66
RRBs	6193	6735	542	5252	5833	581	86.61
Private Sector Banks	44214	46424	2210	17542	18908	1366	40.73
Grand Total	149293	158836	9543	85606	91253	5647	57.45

During the first half of the financial year of 2012-13, highest addition to the outstanding Priority Sector advances of the State is made by State Bank Group (**Rs. 1975 crores**) followed by the Nationalised Banks (**Rs. 1725 crores**), Private Sector Banks (**Rs 1366 crores**) and Regional Rural Banks (**Rs. 581 crores**). Regional Rural Banks have **86.61%**, Nationalised Banks have **64.66 %**, State Bank Group **61.09%** and Private Sector Banks **40.73 %** of their total advances under Priority sector. All bank groups have recorded performance levels above the benchmark of **40%**.

The entire advance of KSCARDB has been classified as Priority sector advances.

4.2.3. **Agriculture Advances** (Refer Annexure 9.5)

(Rs. in Crores)

Parameter	Outstanding				Variation			
	Mar. 2011	Sept. 2011	Mar. 2012	Sept. 2012	Mar. '11-Sept. '11	Mar. '11-Mar. '12	Mar. '12-Sept. '12	Sept. '11-Sept. '12
Agriculture Advances	27439	29940	36208	41714	2501	8770	5506	11774

The outstanding advances to agriculture sector in the State have increased by **Rs. 5506 crores** during the first half of the current fiscal. The outstanding agriculture advances stood at **Rs. 41714 crores** as at September 2012, which is **26.26 %** of the total advances outstanding in the State. The percentage of Agriculture Advances to total advances has increased from a level of **22.24 %** as at September 2011 to **26.26 %** as at September 2012, and is much above the mandatory norm of **18%** fixed by RBI.

Year-on-year there was an increase of **Rs. 11774 crores** in agriculture advances outstanding recording a impressive growth rate of **39.33%**.

**Banking Group Wise Performance Under
Agriculture Advances as at September 2012**

(Rs. in Crores)

BANK	Total Advances			Agriculture Advances			% Agri. Adv to Total Adv. (Sept. '12)
	March 2012	Sept. 2012	Growth Mar.'12-Sept.'12	March 2012	Sept. 2012	Growth Mar.'12-Sept.'12	
State Bank Group	45961	51060	5099	11075	12881	1806	25.23
Nationalized Banks	52925	54617	1692	14843	17771	2928	32.54
RRBs	6193	6735	542	2849	3197	348	47.47
Private Sector Banks	44214	46424	2210	7441	7865	424	16.94
Grand Total	149293	158836	9543	36208	41714	5506	26.26

Nationalized Banks has contributed the highest quantum growth in agriculture advances outstanding (**Rs. 2928 crores**) followed by State Bank group (**Rs. 1806 crores**). RRBs has shown a growth of **Rs. 348 crores** and Private Sector Banks had shown a growth of **Rs. 424 crores**.

47.47 % of the advances outstanding with RRBs in the State were to agriculture sector. For private Sector Banks the outstanding under agriculture in terms of percentage of agriculture advances to total advances is only **16.94 %** and is below the benchmark of 18% fixed by RBI.

The following Public Sector apart from both the RRBs had crossed the mandatory norm of 18% under agriculture advances. – State Bank of Travancore, State Bank of India Bank of Baroda, Bank of India, Canara Bank, Indian bank, Indian Overseas Bank, Union Bank of India, Central Bank of India, Corporation Bank, UCO Bank, Syndicate Bank, Vijaya Bank, Federal Bank, Dhanlaxmi Bank and HDFC Bank are the Banks having agriculture advances more than 18% of their total credit.

The performance of the Private Sector Banks needs to improve further.

As far as KSCARDB is concerned, **23.83 %** of their advances was to agriculture sector.

4.2.4. **SME Advances (Priority)** (Refer Annexures 9.6 & 9.29)

Micro and Small Enterprises advances only forms the priority credit part of SME advances.

(Rs. in Crores)

Parameter	Outstanding				Variation			
	Mar. 2011	Sept. 2011	Mar. 2012	Sept. 2012	Mar. '11-Sept. '11	Mar. '11-Mar. '12	Mar. '12-Sept. '12	Sept. '11-Sept. '12
SME Advances	16896	16950	20593	20301	54	3697	-292	3351

As per the data, the performance of banks in the State is as follows:

(Rs. in Crores)

Banking Group	SME Outstanding (Priority)											
	March 2012						September 2012					
	Micro Enterprises		Small Enterprise		Retail Trade		Micro Enterprises		Small Enterprise		Retail Trade	
	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt
State Bank Group	25365	1686	123005	2039	58934	772	26204	1922	74844	2353	48661	703
Nationalized Banks	151423	2822	39266	3503	55917	2922	167023	3080	34369	3331	58539	1604
RRBs	74339	468	793	48	117156	706	69664	469	729	47	125957	757
Private Sector Banks	54550	2297	35234	3056	14214	273	56555	2286	32059	3255	15580	496
Grand total	305677	7273	198298	8646	246221	4673	319446	7757	142001	8986	248737	3560

4.2.5. Advances to Weaker Section (Refer Annexure 9.9)

(Rs. in Crores)

Parameter	Outstanding				Variation			
	Mar. 2011	Sept. 2011	Mar. 2012	Sept. 2012	Mar. '11-Sept. '11	Mar. '11-Mar. '12	Mar. '12-Sept. '12	Sept. '11-Sept. '12
Weaker Section Advances	22435	22262	28865	32249	-173	6430	3384	9987

There is a growth of **Rs. 3384 crores** in Weaker Section advances by during the first half of the fiscal. Year-on Year increase as at September 2012 was **Rs. 9987 crores (44.86%)**.

4.2.6. Advances to SC/STs (Refer Annexure 9.9)

(Rs. in Crores)

Parameter	Outstanding				Variation			
	Mar. 2011	Sept. 2011	Mar. 2012	Sept. 2012	Mar. '11-Sept. '11	Mar. '11-Mar. '12	Mar. '12-Sept. '12	Sept. '11-Sept. '12
SC Advances	3011	2791	2957	3226	-220	-54	269	435
ST Advances	553	826	606	645	273	53	39	-181
Total SC/ST Advances	3564	3617	3563	3871	53	-1	308	254

From the above table it is evident that the total SC/ST advances of the State had shown an increase of **Rs 308 crores** from March 2012. ST advances had shown an increase of **Rs. 39 crores** and SC advances had shown increase of **Rs. 269 crores** from the March 2012 level. But year on year growth from September 2011 to September 2012 under SC/ST advances shows an increase of **Rs. 254 crores**

As evident from the table below, almost **96.25 %** of the SC advances of the State is contributed by Public Sector Banks (including RRBs), while the share of Private Sector

Banks is just about **3.75 %**. In the case of ST advances **98.14 %** advances is contributed by Public Sector Banks (including RRBs) while the share of Private Sector Banks is just about **1.86 %**.

**Banking Group wise Performance under SC/ST advances
as at September 2012**

(Rs. in crores)

BANK	SC Advances			ST Advances		
	Outstanding		% O/S to total	Outstanding		% O/S to total
	No.	Amount		No.	Amount	
State Bank Group	106955	2001	62.02	32035	509	78.91
Nationalized Banks	111698	1035	32.08	12981	113	17.52
RRBs	25155	69	2.15	3957	11	1.71
Private Sector Banks	10021	121	3.75	1381	12	1.86
Grand Total	253829	3226	100	50354	645	100

All banks, especially Private Sector Banks, should give more attention for rendering assistance to these most vulnerable sections of the society. The National Commission for SC has suggested that all banks should provide separate data on SC & ST advances especially under the Government sponsored schemes, to review the position and to improve lending to SC & ST sections.

4.2.7. **DRI Advances (Refer Annexure 9.10)**

(Rs. in Crores)

Parameter	Outstanding				Variation			
	Mar. 2011	Sept. 2011	Mar. 2012	Sept. 2012	Mar. '11-Sept. '11	Mar. '11-Mar. '12	Mar. '12-Sept. '12	Sept. '11-Sept. '12
DRI Advances	24.76	34.71	33.98	42.92	9.95	9.22	8.94	8.21

Against the national goal of 1% of the previous year's Gross Bank Credit, only **0.03 %** of the total credit could be given under the DRI scheme in the State by Commercial banks as at September 2012.

The table below reveals that, Public Sector Banks account for bulk of the DRI advances (**91.19 %**) in the State whereas private sector banks contribute only **8.81%** of the DRI advances of the State. It is often noticed that data submitted by banks under DRI advance is highly inconsistent.

Banking Group wise Performance under DRI advances as at September 2012

(Rs in lakhs)

BANK	DRI Advances
------	--------------

	O/S	% to total
State Bank Group	447	10.41
Nationalized Banks	3413	79.52
Private Sector Banks	378	8.81
RRBs	54	1.26
Grand Total	4292	100

5. Review of Performance under Special Focus Programmes

5.1. Swarozgar Credit Card Scheme (Refer Annexure 9.21)

The data submitted by the Controlling offices of banks reveals that commercial banks in the State have sanctioned **2386 Swarozgar** Credit Cards (SCCs) during the second quarter of the year 2012-13. The limits sanctioned to the tune of **Rs 8.93 crores**. Since inception of the scheme the banks have sanctioned **74657** cards in the State amounting to **Rs. 195.95 crores**. The amount outstanding as at September 2012 is **Rs. 70.31 crores** in **24863** cards. During the quarter SMGB leads the performance by sanctioning maximum number of cards followed by Federal Bank Ltd. The Bank wise data is furnished in the annexure.

5.2. Artisans Credit Card Scheme (Refer Annexure 9.21)

Commercial banks in the State have sanctioned only **7** Artisans Credit Cards (ACCs) during the quarter ending September 2012. The total limits sanctioned are to the tune of **Rs. 8.31 lakhs**. Since inception of the scheme, the banks have sanctioned **3790** cards in the State with a limit amounting to **Rs. 27.61 crores**. The amount outstanding as at September 2012 is **Rs. 3.20 crores** in **708** cards.

Canara Bank leads among the commercial banks in the State by issuing the highest number of cards. Barring Canara Bank and Federal Bank no other Bank has sanctioned loans under the scheme during the quarter. The Bank wise data is furnished in the annexure.

5.3. Laghu Udhyami Credit Cards (Refer Annexure 9.21)

Commercial banks in the State have sanctioned only **57** Laghu Udhyami Credit Cards (LUCC) during the second quarter of 2012-13 making available credit limits to the tune of **Rs. 2.35 crores** to small entrepreneurs of the State. Since inception of the scheme, the banks have sanctioned **18134** LUCCs in the State sanctioning credit limits amounting to **Rs. 349.88 crores**. The amount outstanding as at September 2012 is **Rs. 62.61 crores** in **3020** cards. Corporation Bank leads in the State by issuing highest number of LUC Cards during the second quarter followed by Canara Bank and State Bank of Travancore. The Performance of Private sector banks under the scheme is not at all impressive and needs lot of improvement. The Bank wise data is furnished in the annexure.

5.4. Performance under General Credit Card Scheme (Refer Annexure 9.22)

During the quarter under review (July-September 2012), banks in the State have sanctioned **8922** GCCs with limits amounting to **Rs. 21.02 crores**. The outstanding under GCCs as at September 2012 is **114699** cards with a liability of **Rs. 248.51 crores**.

SMGB leads in issuance of GCC with **3627** GCCs issued during the quarter and with an amount of **Rs. 7.83 crores**. This is followed by Canara Bank with **2804** cards, NMGB with **1729** cards, Syndicate Bank **146** cards, Federal Bank **115** cards, HDFC Bank **99** cards and Punjab National Bank with **97** cards. Nearly **54.93 %** of the total GCC outstanding in the State was accounted by Canara Bank. The Bank wise data is furnished in the annexure.

5.5. Performance under Kisan Credit Card Scheme (Refer Annexure 9.16)

As per the reports available with the Convenor SLBC, **105226** Kisan Credit Cards with an amount of **Rs. 1234.41 crores** have been issued during the second quarter of the current fiscal by the Banking sector in the State. **3580100** KCCs were issued since inception involving a credit outlay of **Rs. 19441 crores**. As at September 2012, the outstanding number of loan accounts under KCC is **1768005** with **Rs. 9604 crores**. **776127** farmers were covered under Personal Accident Insurance Scheme (PAIS) linked to KCC. Bank wise data is given in the annexure.

5.6. Agri-Clinics and Agri Business Centres (Refer Annexure 9.15)

The outstanding accounts under Agri clinics in the State by Commercial Banks are **10** with a credit outlay of **Rs. 51.33 lakhs**.

There were **478** Agri-Business Centres opened in the State from the date of inception of the scheme with a credit outlay of **Rs. 3170 lakhs**. As at September 2012, **311** Agri-Business centres loans exist with an outstanding amount of **Rs. 671.75 lakhs**.

5.7. Credit Flow to Minority Communities (Refer Annexures 9.28)

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 significant increase in amount of loans granted to minorities in all these districts. However, all the banks in the State are yet to comply with the instructions of the regulator (RBI) in respect of reporting of the data under Advances to Minority Communities in the format stipulated for the purpose. The controlling offices of all the banks are requested to report their bank's share under Advances to minority communities covering all the 14 districts of the State hereafter in the format specified for the purpose. It can be seen from the table given below that **52.79 %** of the total priority advances has gone to the minority communities as at September 2012.

Data on Minority Sector Advances in the State of Kerala

(Rs. in crores)

Year	Total Priority Sector Advances	Minority Sector Advances	Percentage
31.03.2009	50217	26070	51.91
31.03.2010	58204	38532	66.20
31.03.2011	71145	41245	57.98
30.06.2011	70071	41054	58.59
30.09.2011	77403	39913	51.57
31.12.2011	78510	44811	57.08
31.03.2012	85606	46247	54.02
30.06.2012	87751	52877	60.26
30.09.2012	91253	48177	52.79

5.8. Performance under Micro-credit (Annexures 9.17 to 9.20)

SLBC had compiled the data obtained from all banks regarding the cumulative performance of banks in the State as at September 2012. The bank-wise performance is given as annexures.

On a review of the performance, it is seen that about **441093 lakh** SHGs are maintaining savings account with commercial banks as at September 2012 in the State.

The banking group-wise data is as follows.

(Rs in. Lakhs)

Banking Group	SHGs maintaining Savings a/c		Of which No. of SHGs under	
	No.	Amt.	Government Sponsored	Exclusive Women
State Bank Group	312963	197.48	118182	277243
Nationalized Banks	59174	1663.18	18760	41715
RRBs	44756	12.99	14397	38526
Private Sector Banks	24200	95.22	3114	19466
Total - Kerala State	441093	1968.87	154453	376950

As evident from the above **85.46 %** of the SHGs are exclusive women SHGs and **35.02 %** are formed under various Government sponsored schemes.

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	SHGs formed during the Quarter	No of SHG loans Disbursed During the Quarter		Outstanding Amount under SHG Finance		Beneficiaries Assisted
		A/c	Amt	A/c	Amt	
Financing SHGs directly by banks	4734	5543	452.85	80200	1244.32	696335
Financing SHGs directly with the facilitation of NGOs	990	1287	30.55	14887	171.60	169085
Financing SHGs through the medium of NGOs	***	118	32.99	4300	232.73	322723
Total No. of SHGs linked		6948	516.39	99387	1648.65	1188143

As could be seen from the above table, **6948** SHGs have been credit linked in the State during the second quarter of year of the fiscal under the SHG-Bank linkage programme. The total amount outstanding under all the three modes of financing put together is **Rs. 1648.65 crores**.

5.9. Small and Medium Enterprises (SME) Advances (Refer Annexures 9.6 & 9.29)

Consequent on the promulgation of MSMED Act, 2006 the advances classified under SME comes under priority (Micro & Small Enterprises) as well as Non-Priority (Medium Enterprises). The total advances under SME priority as on September 2012 come to **Rs. 20301 crores** for the commercial banks in the State. Out of this, Micro and Small Enterprises constitute **Rs. 9257 crores** and **Rs. 11044 crores** respectively for Commercial banks, which forms part of Priority Credit. The non-priority part of SME credit component that includes Medium Enterprises has shown an outstanding level of **Rs. 8103 crores** covering **6697** loan accounts with commercial banks. The bank wise details are given in the annexure.

5.10. Compliance on recommendations of the Prime Minister's Task Force on MSE advances

The major recommendations of the task force are given below:

- Achieve a 20% year-on-year growth in credit to micro and small enterprises to ensure enhanced credit flow.
- The allocation of 60% of the MSE advances to the micro enterprises to be achieved in stages; viz. 50% in the year 2010-11; 55% in the year 2011-12 & 60% in the year 2012-13; and
- Achieve a 10% annual growth in number of micro enterprise accounts.

Performance of the State under above parameters is as follows:

Sl. No	Parameter	September 2011	September 2012	Increase	% Increase	Target
1	No of Loan accounts under Micro Enterprise	436655	489304	52649	12.06	10%
2	Credit under Micro and Small Enterprise (Rs.in Crores)	16950	20301	3351	19.77	20%
3	Share of Micro Enterprise to total MSE Credit (%)	46.08	45.60	-0.48		60%

In the matter of outstanding credit to Micro and Small Enterprise, state has almost achieved the target and could post a growth rate of **19.77%** against the mandated 20%. In the case of growth in number of loan accounts under Micro Enterprise, the State could achieve **12.06 %** against the target of 10%. The share of Micro Enterprise only accounted for **45.60 %** against the mandated level of 60% as at March 2013.

5.11. Performance of other Institutions under SME financing (Outstanding) as at September 2012

(Rs.in Crores)

	Micro Enterprises				Small Enterprises				Total SME Priority				Medium Enterprises			
	Manufacturing		Services		Manufacturing		Services		Manufacturing		Services		Manufacturing		Services	
	A/c	Amt.	A/c	Amt.	A/c	Amt.	A/c	Amt.	A/c	Amt.	A/c	Amt.	A/c	Amt.	A/c	Amt.
KSIDC	0	0	0	0	71	67.86	14	12.36	71	67.86	14	12.36	11	64.66	17	63.55
KFC	933	245.88	1601	772.03	79	38.08	229	184.47	1012	283.96	1830	956.50	1	12.75	1	0.12
SIDBI	0	0	0	0	178	62.33	14	16.05	178	62.33	14	16.05	0	0	0	0
TOTAL	933	245.88	1601	772.03	328	168.27	257	212.88	1261	414.15	1858	984.91	12	77.41	18	63.67

Total SME Priority outstanding in these three financial institutions as at September 2012 works out to an amount of **Rs 1399.06 crores** in **3119 loan accounts**. Including medium enterprises financed (Non Priority) the total outstanding as at September 2012 is to the tune of **Rs. 1540.14 crores**.

5.12. Performance of other Institutions under SME financing (Disbursement) as at September 2012

(Rs.in Crores)

	Micro Enterprises				Small Enterprises				Total SME Priority				Medium Enterprises			
	Manufacturing		Services		Manufacturing		Services		Manufacturing		Services		Manufacturing		Services	
	A/c	Amt.	A/c	Amt.	A/c	Amt.	A/c	Amt.	A/c	Amt.	A/c	Amt.	A/c	Amt.	A/c	Amt.
KSIDC	0	0	0	0	6	8.17	3	3.29	6	8.17	3	3.29	3	5.88	4	9.41
KFC	171	28.23	550	107.97	30	4.21	14	10.23	201	32.44	564	118.20	0	0	0	0
SIDBI	0	0	0	0	26	6.49	2	2.14	26	6.49	2	2.14	0	0	0	0
TOTAL	171	28.23	550	107.97	62	18.87	19	15.66	233	47.10	569	123.63	3	5.88	4	9.41

Total SME Priority disbursement through these three financial institutions as at September 2012 works out to an amount of **Rs. 170.73 crores** in **802 loan accounts**.

Including medium enterprises financed (Non Priority) the total disbursement for the first half year of current fiscal is to the tune of **Rs. 186.02 crores**.

5.13. Coverage under CGMSE scheme from Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)

Kerala has got a distinction of having the maximum number of units of MSME covered under the guarantee scheme of CGTMSE. On a review of the performance, it is seen that during the second quarter of the financial year 2012-13 banks in Kerala sanctioned an amount of **Rs. 158.88 crores** (5523 proposals) under CGTMSE coverage. Bank-wise analysis reveals that Indian Overseas Bank has sanctioned highest quantum of loans (**Rs. 30.45 crores**) followed by State Bank of Travancore (**Rs. 23.52 crores**). District-wise analysis reveals that Ernakulam District has sanctioned the highest quantum of loans (**Rs. 28.88 crores**) followed by Trivandrum District (**Rs. 26.59 crores**). Trivandrum (**1022**) ranks first in the number of loan accounts covered during the second quarter of the financial year followed by Malappuram (**813**). Bank-wise/District-wise details are shown as Annexures-9.34 & 9.35.

6. Review of Performance under Government Sponsored Schemes

6.1. Swarnajayanthi Gram Swarozgar Yojana (SGSY) - Performance as at October 2012 (Refer Annexures 9.13 & 9.14)

No target is given for SGSY for the financial year 2012-13 as the scheme is getting converted as NRLM. However the left over funds under SGSY is being utilized in the current financial year and the scheme is implemented at present only in three Districts viz. Kollam, Malappuram & Kannur. Banking group wise analysis based on data from these three Districts is given below. Out of the **137** loan applications forwarded to Banks, **62** loans are sanctioned involving a loan amount of **Rs.161.41** lakhs. **75** loan applications are pending with banks. Banks are requested to clear the pending loan applications immediately on merits.

SGSY – Performance as at October 2012

(Rs. in lakhs)

Sl. No	Banking Group	Total SGSY						Applications Pending
		Forwarded		Sanctioned		Disbursed		
		No.	Amount	No.	Amount	No.	Amount	
1	State Bank Group	11	34.70	10	29.25	10	29.25	1
2	Nationalized Banks	70	223.58	25	63.40	25	63.40	45
3	Private Sector Banks	15	48.45	5	6.95	5	6.95	10
4	RRBs	7	18.45	3	6.00	3	6.00	4
5	Co-operative Banks	34	94.99	19	55.81	19	55.81	15
	State Total	137	420.17	62	161.41	62	161.41	75

7. Review of Performance of the Banking Sector

7.1. Banking Statistics as at September 2012 (Refer Annexure 9.1 to 9.3)

The detailed banking statistics for the State as at September 2012 is furnished in the Annexure. A comparative analysis of the data over the previous fiscals is presented below.

(Rs. in crores)

Parameter	Outstanding					Variation				
	March 2011	Sept. 2011	March 2012	June 2012	Sept. 2012	Mar. '11-Sep. '11	Mar.'11-Mar.'12	Mar.'12-Jun.'12	Mar.'12-Sep '12	Sep '11-Sep.'12
No. of Branches	4573	4639	4911	5004	5048	66	338	93	137	409
Total Deposits	161562	175949	197557	209490	213518	14387	35995	11933	15961	37569
Domestic Deposits	123872	134230	149103	153827	155368	10358	25231	4724	6265	21138
NR Deposits	37690	41719	48454	55663	58150	4029	10764	7209	9696	16431
Total Advances	121980	134635	149293	151999	158836	12655	27313	2706	9543	24201
Investments	5226	4945	5033	7392	5275	-281	-193	2359	242	330
Adv. + Investment.	127429	137436	154204	159391	164111	10007	26775	5187	9907	26675
C: D Ratio	75.50	76.52	75.57	72.56	74.39	1.02	0.07	-3.01	-1.18	-2.13
C+I: D Ratio	78.87	78.11	78.06	76.09	76.86	-0.76	-0.81	-1.97	-1.20	-1.25

7.2. Branch Network

As at the end of September 2012, the total number of branches of Commercial Banks in the State was **5048**.

The population group wise break up of the branch network is presented below.

Banking Group	Number of Branches				Percentage distribution			
	Rural	S. Urban	Urban	Total	Rural	S. Urban	Urban	Total
Public Sector Banks	221	2311	764	3296	4.38	45.78	15.13	65.29
Private Sector Banks	221	1163	368	1752	4.38	23.04	7.29	34.71
Total	442	3474	1132	5048	8.76	68.82	22.42	100

Of the total Commercial banks in the State, Public sector Banks account for **65.29 %** of the branch network in the State. Of the total branch network of Commercial banks in the State, only **8.76 %** is in rural areas whereas Semi-urban areas have **68.82 %** of the bank branches in the State. Urban branches constitute **22.42%** of branch network.

On a comparison with March 2012 position, it is found that Public sector banks have increased their tally of branches by **63** branches whereas that of Private Sector Banks increased by **74** branches.

7.3. Deposit growth

During the first half-year of the fiscal 2012-13, there was a growth of **Rs. 15961 crores** in deposits of the State and the outstanding total deposits reached a level of **Rs. 213518 crores** in the commercial banking sector of the State. During the corresponding period

of the previous fiscal, the total deposit of the State was **Rs. 175949 crores**. Quantum wise, the total deposits have grown from **Rs. 175949 crores** in September 2011 to **Rs. 213518 crores** in September 2012, a year on year growth of **21.35 %**,

Another significant feature in this deposits growth is that the share of domestic deposits in total deposits has decreased by more than 350 basis points during the period September 2011 to September 2012. The share of domestic deposits in the total deposits was **72.76 %**, as at September 2012, down from the level of **76.29 %** recorded as at September 2011. Since March 2011, the share of domestic deposits had shown a declining trend.

Sectoral Growth of Deposit over the Years

(Rs. in Crores)

Type of deposit	March 2006	March 2007	March 2008	March 2009	March 2010	March 2011	Sept. 2011	March 2012	Sept. 2012	Variation	
										Mar.'12 to Sept.'12	Sept.'11 to Sept.'12
Total Deposit	77677	91697	105488	130350	143404	161562	175949	197557	213518	15961	37569
Domestic Deposit	47006	58394	75599	93331	106518	123872	134230	149103	155368	6265	21138
N R Deposit	30671	33303	29889	37019	36886	37690	41719	48454	58150	9696	16431
% Share of Domestic deposits	60.51	63.68	71.67	71.60	74.28	76.67	76.29	75.47	72.76	-2.71	-3.53

A. Banking Group wise Growth in Deposits

As evident from the following table, Private Sector Bank (**37.68%**), followed by State Bank Group (**34.12%**), has the highest share in growth of deposits among the Commercial Banks in the State during the first half year of 2012-13.

Banking Group wise Growth in Deposits

(Rs. in crores)

Sl. No.	Banking group	Total Deposits			% Share in Total Deposits (Sept.12)	Variation		% Share in Growth	
		Sept. 2011	Mar. 2012	Sept. 2012		Mar.'12 to Sept.'12	Sept.'11 to Sept.'12	Mar.'12 to Sept.'12	Sept.'11 to Sept.'12
1	State Bank Group	61037	69421	74867	35.06	5446	13830	34.12	36.81
2	Nationalized Banks	51699	56546	60507	28.34	3961	8808	24.82	23.45
3	RRBs	5118	5646	6186	2.90	540	1068	3.38	2.84
4	Private Sector Banks	58095	65944	71958	33.70	6014	13863	37.68	36.90
	Total	175949	197557	213518	100	15961	37569	100	100

Banking Group wise comparison reveals that **35.06 %** of the deposits in the State is with State Bank Group which has got a **22.05 %** share in branch network. The corresponding figures for Private Sector Banks are **34.71 %** share in branch network and **33.70%** share in deposits. Nationalised Banks, which have **33.97 %** of the branch network in the State, have only a share of **28.34 %** in total deposits. RRBs, in spite of having a share of **9.27 %** of the branch network has only **2.90 %** share in total deposits of the State.

B. Population GroupWise/Banking Group Wise Distribution of Deposits

Population Group wise Distribution of deposits

(Rs. in Crores)

Banking Group	Total deposits				Percentage Distribution				Share of Banking Group in Total Deposits
	Rural	Semi-Urban	Urban	Total	Rural	Semi-Urban	Urban	Total	
State Bank Group	2491	43514	28862	74867	3.33	58.12	38.55	100	35.06
Nationalized Banks	1935	31578	26994	60507	3.20	52.19	44.61	100	28.34
RRB s	517	4299	1370	6186	8.35	69.50	22.15	100	2.90
Private Sector Banks	7469	43920	20569	71958	10.38	61.04	28.58	100	33.70
Total	12412	123311	77795	213518	5.82	57.75	36.43	100	100

As evident from the above table, **57.75 %** of the total deposits of the State is from semi urban areas where **68.82 %** of the branch network exists. Urban areas accounted for **36.43 %** of the deposits and rural areas, **5.82 %**. On a comparison with March 2012 position, it is found that the share of urban branches in total deposits is showing a decreasing trend. This has fallen from **48.40 %** as at March 2012 to **36.43 %** as at Sept 2012. This may be on account of re-categorisation of branches by banks. The semi urban branches have shown an increasing trend in deposits.

7.4. NR Deposits (Refer Annexure 9.2)

The NR Deposits have registered an increase of **Rs. 9696 crores** from the March 2012 level. The NR deposits of the State that stood at **Rs. 41719 crores** as at September 2011 reached to a level of **Rs. 58150 crores** as at September 2012. The year-on-year increase was **Rs. 16431 crores** in NR Deposits as at September 2012. (Growth rate of **39.38 %**)

Population GroupWise/Banking Group Wise Distribution of NR Deposits

(Rs. in crores)

Banking Group	N R Deposits				Percentage Distribution				Share of Banking Group in Total NR Deposits
	Rural	Semi-Urban	Urban	Total	Rural	Semi-Urban	Urban	Total	
State Bank Group	652	15990	7541	24183	2.70	66.12	31.18	100	41.59
Nationalized Banks	374	8663	3624	12661	2.96	68.42	28.62	100	21.77
RRBs	38	163	9	210	18.09	77.62	4.29	100	0.36
Private Sector Banks	2268	12467	6361	21096	10.75	59.10	30.15	100	36.28
Total	3332	37283	17535	58150	5.73	64.12	30.15	100	100

State Bank group has the highest share (**41.59 %**) in the NR deposits from the State followed by Private Sector Banks (**36.28%**) and Nationalised Banks (**21.77 %**). Of the total Non-Resident deposits **64.12 %** deposits were from Semi-Urban areas while Urban areas accounted for **30.15 %** and rural areas, **5.73 %**.

7.5. Domestic Deposits

The growth in domestic deposits during the first half year of the fiscal 2012-13 (**Rs. 6265 crores**) was lower than the quantum growth during the previous fiscal (**Rs. 10358 crores**).

Share of Domestic Deposits in Total Deposits (%)

March 2011	Sept. 2011	March 2012	Sept. 2012
76.67	76.29	75.47	72.76

As at September 2012, domestic deposits accounted for **72.76%** of the total deposits.

7.6. Credit Expansion (Refer Annexure 9.2)

Growth in Advances of the Banking sector in the State

(Rs. in crores)

Parameter	Total Advances Outstanding over the Years							Variation	
	Mar. 2008	Mar. 2009	Mar. 2010	Mar. 2011	Sept. 2011	Mar. 2012	Sept. 2012	Mar.'12 Sept.'12	Sept.'11 Sept.'12
Total Advances	75305	82819	96987	121980	134635	149293	158836	9543	24201
Percentage Growth (Y-o-Y)	17.16	9.07	17.11	25.77	25.20	22.39	17.98	6.39	17.98

During the first half year of the current fiscal, the total advances grew by **Rs. 9543 crores** to reach **Rs. 158836 crores** as at September 2012. This is lower than the addition recorded during the first half year of last financial year which was **Rs. 12655 crores**

On a year-on-year basis from September 2011-September 2012 period there was a growth of **Rs. 24201 crores** in advances, recording a growth rate of **17.98%**.

Share of Banking Groups in Total Advances of the State

Nationalised Banks has the highest share (**34.39 %**) in the total advances outstanding in the State followed by the State Bank Group (**32.15 %**). Private Sector Banks accounted for **29.23 %** of the total advances against a **34.71 %** share in total branch network.

(Rs. in crores)

Banking Group	Total Advances				Percentage Distribution				Share (%) in Total Advances
	Rural	Semi-Urban	Urban	Total	Rural	Semi-Urban	Urban	Total	
State Bank Group	3284	26122	21654	51060	6.43	51.16	42.41	100	32.15
Nationalized Banks	1666	23760	29191	54617	3.05	43.50	53.45	100	34.38
RRBs	781	5611	343	6735	11.60	83.31	5.09	100	4.24
Private Sector Banks	3615	19290	23519	46424	7.79	41.55	50.66	100	29.23
Total	9346	74783	74706	158836	5.88	47.09	47.03	100	100

Further, **47.09 %** of the total advances in the State is to semi urban areas where **68.82%** of the branch network exists. Urban areas had **47.03 %** share in total advances against a share of **22.42 %** in branch network. Rural areas had a share of **5.88 %** only in the total advances deployed in the State where as they hold a share of **8.76 %** in total commercial branch network.

7.7. Credit-Deposit Ratio (C D Ratio) (Refer Annexure 9.3)

The Credit-Deposit ratio of the Commercial Banking sector of the State has increased by **1.83 %** during the quarter to reach **74.39 %** as at September 2012.

Banking Group wise C D ratio as at September 2012

Banking Group	C D Ratio Percentage Distribution as at September 2012			
	Rural	Semi-Urban	Urban	Total
State Bank Group	131.79	60.03	75.03	68.20
Nationalized Banks	86.11	75.24	108.14	90.26
RRBs	151.07	130.52	24.97	108.87
Private Sector Banks	48.39	43.92	114.34	64.52
Total	75.29	60.65	96.03	74.39

The C D Ratio of Rural, Semi urban & Urban areas of the State is more than the mandatory norm of **60%**. Further, the urban areas have a high CD ratio of **96.03 %**. For the State as a whole the CD ratio is **74.39 %**.

The C D ratio of RRBs is the highest at **108.87 %**. Further, the CD ratios of all the bank groups viz. State Bank Group, Nationalized Banks, RRBs and Private sector Banks are above the desired level of 60% in the State. In rural areas, all the public sector banks have shown a better C D Ratio level well above the RBI stipulated 60 %. Private sector

banks have shown a C D Ratio of **48.39 %** and **43.92 %** in rural and semi-urban centre respectively which needs further improvement.

7.8. Credit + Investment: Deposit ratio (C+I:D ratio) (Refer Annexure 9.3)

The C+I D ratio of the Commercial Banking Sector of the State as at September 2012 stood at **76.86 %**.

Incremental CD Ratio

Reporting Quarter	Deposits (Rs. in crores)	Advances (Rs. in crores)	CD Ratio	Incremental CD Ratio
March 2009	130350	82818	63.54	30.22
March 2010	143404	96987	67.63	108.53
March 2011	161562	121981	75.50	137.65
June 2011	166706	124769	74.84	54.20
September 2011	175949	134635	76.52	87.95
December 2011	186285	139347	74.80	70.24
March 2012	197557	149293	75.57	75.87
June 2012	209490	151999	72.56	63.65
September 2012	213518	158836	74.39	64.42

From the above table it is evident that during the last year, 2011-12, the incremental CD ratio was on a higher side compared to the CD Ratio of the State. This means that the Credit growth is more than the rate of growth of deposits or there is a temporary mismatch in credit and deposit growth. But the incremental credit-deposit (CD) ratio for the quarter ending September 2012 stood at **64.42 %** for the banking system of the State meaning the growth in deposits has over paced the growth in credit. It may be recalled that the Reserve Bank of India had expressed its concerns about the high incremental CD ratio during its quarterly review of the monetary policy.

7.9. 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).

District-wise C D Ratio in the State as on 30.09.2012

(Rs. in lakhs)

Sl. No.	District	Deposits	Advances	CD Ratio (%)
1	Trivandrum	9892982	2760849	70.92
2	Kollam	13553313	1006056	74.34
3	Pathanamthitta	1968915	887799	45.09
4	Alappuzha	1413785	880339	62.27
5	Kottayam	1829987	1188252	64.93
6	Idukki	328871	476947	145.03
7	Ernakulam	4490758	4637468	103.27
8	Thrissur	3199474	2123687	66.38
9	Palakkad	1532185	1212045	79.11
10	Malappuram	1155174	770634	66.71
11	Kozhikkode	1599817	1316047	82.26
12	Wayanad	211533	282558	133.58
13	Kannur	1290467	982664	76.15
14	Kasaragod	561693	538537	95.88
Total for State		24828954	19063882	76.78

In Kerala all Districts except Pathanamthitta is having CD ratio of more than 60%. Pathanamthitta is the only district having poor CD Ratio which is constantly under monitoring. As a result, the CD ratio of the district has slightly improved and it touched a level (**45.09 %**) just above the benchmark of 40% as at September 2012. LDM, Pathanamthitta should monitor the progress closely and review the same in DCC/DLRC meetings so as to improve from the current levels in an ongoing basis. (The above CD ratio is compiled from the banking Statistics furnished by the LDMs of respective Districts which includes the business figures of District Co-operative Banks and PACS & hence shows a higher CD ratio of **76.78 %** for the state.)

7.10. **Progress under Reverse Mortgage Loan Scheme of National Housing Bank**

On a review of the performance, as at the second quarter of 2012-13, banks in Kerala had sanctioned an amount of **Rs. 51.16 lakhs** (6 accounts) and the balance outstanding is **Rs. 60.72 crores** (648 accounts). The review of performance under this crucial “Housing sector” has become a regular agenda item of SLBC, Kerala at the behest of National Housing Bank (NHB). Details are shown in **Annexure-9.23**.

8. **Any Other matter with the Permission of Chair**