

CRITICAL REVIEW ON PERFORMANCES OF BANKS AND LDMS

Disbursement under Priority sector

- ❖ Three Banks viz. State Bank of Indore, Yes Bank and Kotak Mahindra Bank have reported **nil disbursement** to Priority Sector for the nine month period ending December 2010. This may be due to the reason that they are not submitting any LBR returns at all to the respective Lead Bank offices.
- ❖ In the Primary sector achievement of Wayanad and Pathanamthitta Districts were only at **48 %** and **56 %** respectively.
- ❖ In the secondary sector Alappuzha and Pathanamthitta Districts had achieved only **18%** and **22%** of their targets respectively under Annual Credit Plan.
- ❖ The Agriculture outstanding of RRBs in the State had declined from **Rs. 2545 crores** in March 2010 to **Rs. 2327 crores** in Dec 2010, a decline of **Rs. 218 crores**. A deeper analysis reveals that the decrease is due to the decline in Agriculture outstanding of **SMGB** which recorded a fall of **Rs. 409 crores** for the first nine months of this financial year.
- ❖ Performance of Banks under General Credit Card (GCC) which is a Financial Inclusion Product needs considerable improvement. Major Banks like SBI, Indian Bank, IOB, Syndicate Bank, South Indian Bank, CSB & Dhanalaxmi Bank had not sanctioned even 100 cards in the quarter.
- ❖ The performance of Private Sector banks and RRBs in granting credit cards like LUCC & ACC is not up to the expectation. Under LUCC none of the Private Sector Banks & RRBs sanctioned loans during the quarter.
- ❖ The issue of more fresh Cards under Kissan Credit Card (KCC), also requires immediate attention of Bankers. All the Banks in the State including Co operatives have sanctioned only **43087 cards** during the quarter. Some of the major private sector Banks like SIB, CSB, Dhanalaxmi Bank have not even sanctioned 100 cards during the quarter. ICIC Bank, KVB, TMB have not sanctioned even a single loan during the quarter.

Review of Data Flow

- ❖ The following Banks should pay more attention to ensure timely and correct data flow to SLBC to enable SLBC to submit data to RBI/ Ministry in time.
 - Andhra Bank
 - Indian Bank
 - Indian Overseas Bank
 - South Indian Bank
 - Indus Ind Bank
 - Karur Vysya Bank
 - J & K Bank
- ❖ The quarterly SLBC statements are submitted with much delay by LDM Kannur and hence Lead Bank, Kannur to take immediate steps to reverse the trend.

**103RD MEETING OF STATE LEVEL BANKERS' COMMITTEE, KERALA
AGENDA AND BACKGROUND NOTES**

Date : 16.03.2011 (Wednesday)
Time : 10.30 a.m.
Venue : Hotel Residency Tower
Govt. Press Road, Trivandrum

1. ADOPTION OF MINUTES

The minutes of the 102nd Meeting of SLBC, Kerala held on 15th December, 2010 has already been forwarded to the members vide Convenor's letter SLBC 35 02 2011 KRA dated 01.01.2011.

The House may adopt the said minutes.

**2. REVIEW OF THE DECISIONS AND COMPLIANCE THEREOF THE
EARLIER MEETINGS – PRIMARY SECTOR**

FRESH ISSUES

Promotion and credit linking of JLGs (Suggested by NABARD)

Government of India has set an ambitious target of credit linking one lakh JLGs with the formal banking system. NABARD has set a target of 15000 JLGs to be credit linked in Kerala during 2010-11 and till date assistance has been sanctioned to NGOs, Farmers' Clubs and cooperative banks for promoting and credit linking of about 22000 JLGs. NABARD has partnered with Kudumbashree Mission to promote JLGs by extending promotional grant assistance for formation and credit linking of about 9000 JLGs. Further, NABARD is also sensitizing the bank managers on this concept at various state and district level fora. However, though promotion of JLGs is progressing well, credit linkage is a problem and the progress is so far not encouraging. This calls for concerted efforts from banks. Though some of the banks have been taking a proactive role in the matter, the trend is not uniform across the state. Also, some of the banks have reservations in lending to JLGs for allied agricultural activities and for SME activities.

The following strategies are suggested to give a push to the concept.

- Controlling offices of banks may direct their branches to take JLG financing as a mainstream activity. The training establishments of banks and RSETIs may be advised to include JLG financing as a part of the curriculum.
- JLG financing may be reviewed as a part of the regular agenda of SLBC.
- The Credit Linked Capital Subsidy Scheme (CLCSS) on Animal Husbandry has thrown open many new opportunities for credit dispensation through JLG mode.

Banks may be encouraged to leverage these CLCSS schemes for JLG financing since the credit risk of the banks gets minimized to the extent of the subsidy.

Views of the Steering Committee

The Steering Committee examined the agenda item and felt that as suggested, promotion of JLGs is happening but credit linkage was still a problem. Hence, decided to place the issue in the SLBC for adoption of the suggestions put forth by NABARD.

Farmers' Club Programme (Suggested by NABARD)

Farmers' Clubs is a useful tool in propagating development through credit, regular repayment and other extension services among the farming community.

There are 3443 rural and semi urban branches in the State of Kerala. However, only 1280 Farmers' Clubs have been promoted so far. As there is wide potential to promote Farmers' Clubs, banks may take up the activity on a priority basis of covering at least one Farmers club per branch (rural and semi urban).

Views of the Steering Committee

Based on the gap noticed the Steering Committee decided to place the matter before SLBC for discussion and for arriving at appropriate decision for implementation.

Ground Level Credit Flow -Trend Analysis (Suggested by NABARD)

Share of agricultural term loan in total agri credit flow has drastically come down from 23% during 2008-09 to 17% during 2009-10. Achievement under Ground Level Credit flow to SME Sector is only 79% (2008-09) and 75% (2009-10) of the targets which is not a very encouraging trend. Banks should give more emphasis on SME lending and term loan lending under agriculture for asset creation.

Views of the Steering Committee

The Steering Committee decided to place the matter before SLBC for review.

Comprehensive Paddy Insurance Scheme of Government of Kerala (Suggested by State Bank of Travancore/ State Bank of India)

We are covering Paddy under National Agricultural Insurance Scheme (NAIS) compulsorily for loanee farmers in notified areas. Now the Government of Kerala has issued an order to implement their Comprehensive Paddy Insurance Scheme for all the paddy farmers in the State. As NAIS is compulsory for all crop loan farmers including paddy cultivators, the implementation of the State Government Scheme leads to double insurance. Alternatively, it

is suggested that the farmers may be given option to avail any one of the two insurance schemes, for which NAIS guidelines needs modification.

Further the following may be clarified in the light of G.O (MS) No.319/2010/AD dated 08.12.2010 of the Government of Kerala.

- (i) Whether the Insurance Scheme is compulsory or optional
- (ii) In view of the compulsory Crop Insurance Scheme implemented by National Agricultural Insurance Company of India Ltd (NAICIL), whether farmer will be entitled to compensation from both schemes, if he opts for this insurance scheme also.
- (iii) Whether crop loss declaration/assessment by NAICIL will apply to this scheme also and vice versa.
- (iv) What additional benefits does the farmer get under this scheme vis-à-vis the State Crop Insurance Scheme, which is already in operation covering 25 major crops.
- (v) Mode of administration of the scheme -: Collection of premium, reporting of particulars of crop /extent / farmer etc.

Agriculture Department may clarify along with details of State Crop Insurance Scheme to enable SLBC to advise the Bank branches suitably.

Views of the Steering Committee

The Steering Committee decided to place the matter before SLBC for discussion and for a clarification on the issue from Agriculture Department / AICIL.

PENDING ISSUES

Inclusion of all perennial horticulture crops under the NAIS

The request for including perennial horticultural crops like coconut, pepper, cardamom and rubber in the existing crop insurance scheme was referred to the Agriculture Department of the State and also to the Agricultural Insurance Corporation of India Ltd. AICIL has furnished a proposal for including coconut under NAIS. This proposal had been forwarded to Government for approval, by the department.

The matter has been discussed in the SLRM of 2007, 2008 and 2009. The decision in this regard is still pending.

As representative from AICIL was not present in the 100th Meeting of SLBC, Kerala held on 21.12.2009 & 101st Meeting of SLBC, Kerala held on 30.03.2010, to ascertain the position in this regard, the meeting decided to pursue the matter.

The Additional Director of Agriculture, Government of Kerala informed in the 101st SLBC meeting that under NAIS only coconut was included. Government had approved the

programme and implemented on a pilot basis in Trivandrum, Ernakulam, Alappuzha and Kozhikode districts. If found successful, the programme would be implemented in the entire State during the next year. For other crops there was no scheme. He added that earlier six crops were included under NAIS, but under horticulture crop only coconut was included and approved.

The meeting requested the Department of Agriculture to examine the matter of including other crops also under NAIS. The forum also requested to bring the matter to the information of AICIL.

During the SLRM held on 16th & 17th September, 2010, the Group suggested that perennial crops like pepper, coconut, rubber, cardamom etc. should also be covered under NAIS as these are the main crops cultivated in Kerala. The forum suggested to pursue the matter further.

The matter came up for discussion during the 102nd meeting of SLBC, Kerala held on 15.12.2010 in Trivandrum.

In the meeting, the Administration Officer from your office informed that perennial horticulture crops could not be included under the structure of NAIS. AICIL is developing a new crop wise insurance scheme suitable to Kerala State with joint participation of Government of Kerala and Government of India for including the perennial crops. In these lines AICIL had successfully implemented Coconut palm Insurance Scheme in the State and a separate crop insurance scheme for cardamom was also in the final stage for implementation. He added that considering the special situation in the State of Kerala, individual crop insurance schemes were well received by the farmers and these are proving to be more beneficial. AICIL had also implemented weather based crop insurance scheme jointly with Government of India and Government of Kerala in four districts in the State on a pilot basis wherein cashew crops were also included. He then clarified that perennial crops like pepper, coconut, rubber, cardamom etc. could not be included under NAIS and AICIL was trying to evolve new schemes to cover these crops also.

Responding to the remarks, the Regional Director, RBI said that since major crops were not included under NAIS, the requirement of the Kerala State should be taken up with the top management of AICIL. She requested AICIL to seriously consider the requirements at the ground level of the State for which proper schemes are to be formulated for small farmers having half and one acre of land and inform the real position to SLBC.

The Secretary, Planning & Economic Affairs Department, Government of Kerala clarified that AICIL would not be able to take a decision on their own in this regard. AICIL had to submit a report to SLBC and Government of Kerala in this regard. Government of India is in the process of modifying the guidelines on the scheme shortly which was earlier discussed with Government of Kerala. He suggested that it would be better to write immediately to Government of India by either Government of Kerala or SLBC for inclusion of all perennial

crops while the modifications were being effected. He requested AICIL to submit a proposal immediately to Government of Kerala so as to enable them to take up the matter with Government of India. He added that the matter of inclusion of perennial crops, especially major crops in the State like pepper, coconut, rubber and cardamom, has been discussed with the Secretaries of Agriculture Department and Finance Department, Government of Kerala and then took a decision to take up the matter with Government of India.

SLBC Convenor had vide SLBC 35 177 2011 KRA dated 25.01.2011 taken up the matter with the AICIL, requesting to submit a proposal immediately to Government of Kerala for inclusion of perennial crops, especially major crops in the State like pepper, coconut, rubber and cardamom, so as to enable them to take up the matter with Government of India.

Vide letter AICIL/F:SLBC/884/2011 dated 05.02.2011, the Regional Manager, AICIL, Trivandrum informed that the National Agricultural Insurance Scheme (NAIS) is the scheme of Government of India which is implemented by the Agriculture Insurance Company of India Ltd.(AICIL) with active participation of the State Government.

As per current provision under the NAIS for coverage of crops which reads as under:

“CROPS COVERED:

The Crops in the following broad groups in respect of which (i) the past yield data based on Crop Cutting Experiments (CCEs) is available for adequate number of years, and (ii) requisite number of CCEs are conducted for estimating the yield during the proposed season::

- b. Food crops (Cereals, Millets & Pulses)*
- c. Oilseeds*
- d. Sugarcane, Cotton & Potato (Annual Commercial /Annual Horticultural crops)*

Other annual Commercial/annual Horticultural crops subject to availability of past yield data will be covered in a period of three years. However, the crops which will be covered next year will have to be spelt before the close of preceding year”. Further NAIS has to comply with the Operational Modalities regarding ESTIMATION OF CROP YIELD. Any further modification can be decided only by the Government of India.

The Sub-Committee of SLBC, Kerala that met on 03.03.2011 at North Committee Room, Government Secretariat, Trivandrum and the representative of Agriculture department informed that department level meetings would be arranged with AICIL to find a solution to this issue. It was also informed that AICIL is yet to submit the proposal to the State Government as agreed in the last SLBC meeting.

The representative from AICIL/Agriculture Department may appraise the forum on the further developments.

Legislation for Lease Land Farming

Lease land farming can be effectively used to overcome some of the problems faced by the farmers in Kerala like fragmentation of land holdings and absentee landlordism. Though banks in general favour the idea of financing lease land farmers, large-scale financing is not resorted to by banks due to legal impediments. It may be noted that lease agreements are not valid in Kerala as per the Land Reforms Act.

In order to encourage non-viable marginal farmers to lease out their land to other farmers, without losing their ownership rights, the SLBC had recommended earlier that a legislation could be enacted for a free and fair lease market. In such legislation, legal provisions for mortgage of lease in favour of banks and the right for banks to transfer them to others in case of credit default could be incorporated.

The Department of Agriculture, Government of Kerala, vide letter No.TP3. 34138/2006 dated 14.08.2006, informed that enacting legislations for promoting contract farming is a policy matter of Government of Kerala and that State Government has not taken any policy decision in this regard so far.

The annual review meeting of SLBC, Kerala held on 11th & 12th October 2006 requested the Agriculture Department to take up with the Government to expedite the decision on the issue.

The forum of SLBC suggested that the issue of legalizing lease land farming should be followed up with the Hon. Chief Minister as it requires a policy decision from the Government. It was suggested that an arrangement for noting the status of the farmer, that he is a lease land farmer, in the revenue records maintained in the Village Offices would help banks to identify such farmers easily. SLBC had taken up this matter with the Government through the Department heads and the then Agricultural Production Commissioner.

During the State Level Review Meeting of SLBC, Kerala held on 3rd & 4th October 2007, the meeting observed that it was a policy decision and that SLBC has to make further follow up with the Government.

During the Review Meeting of SLBC, Kerala held on 6th & 7th October 2008, the representative from Government of Kerala informed that no decision had been taken in the matter. The meeting decided to pursue the matter with the Government.

SLBC Convenor had followed up the matter with the Agricultural Production Commissioner, Government of Kerala, requesting to consider the recommendations and explore the possibilities for implementing the suggestions/ recommendations.

SLRM 2009 suggested that the matter might be further pursued with the State Government.

The matter again came up for discussion during the 100th meeting of SLBC, Kerala held on 21.12.2009 at Trivandrum. In the meeting the Secretary to Government, Planning &

Economic Affairs Department assured to take up the matter with APC so as to inform the progress in this regard in the next SLBC meeting.

SLBC vide SLBC.35.210.2010.KM dated: 10.02.2010 had requested the Secretary, Planning & Economic affairs, to assist in resolving the issue being a long pending one.

The matter came up again for discussion during the 101st Meeting of SLBC held on 30.03.2010 in Trivandrum. In the meeting, the Additional Director of Agriculture, Government of Kerala informed that so far Government had not taken any decision for the legislation since there was already a land reform act in force.

The Assistant General Manager, Syndicate Bank stated that banks were financing to JLGs and others. Since many agricultural activities were taken on lease land, Government had to take a policy decision in this regard.

The Secretary, Planning & Economic Affairs Department, Government of Kerala informed that he had written a D.O. letter to Agricultural Production Commissioner in this regard during the last month and awaiting the reply. He hoped that official communication in this regard would be placed in the next SLBC meeting to sort out the matter.

The Sub-Committee of SLBC, Kerala that met on 16.08.2010 at North Committee Room, Government Secretariat, Trivandrum under the Chairmanship of Sri. L. C. Goyal IAS, Additional Chief Secretary (Finance), Government of Kerala took a view that this being a major policy decision is under the consideration of the Government.

The matter again came up for discussion in the State Level Review Meeting of SLBC, Kerala held on 16th & 17th September 2010 in Trivandrum. During the Group discussions, the Group noted with concern that no progress has taken place on the subject. Hence they suggested that SLBC may continue to pursue the matter vigorously with the State Government. The forum concurred with the views expressed by the Group.

Vide letter No.50085/G2/10/RD dated 08.10.2010, the Additional Chief Secretary, Revenue (G) Department, Government of Kerala, clarifying other issues concerned with Revenue Department informed that the issue of land lease and mortgaging is to be discussed by a special group along with the issue of Land Titling Bill.

The 102nd meeting of SLBC, Kerala held on 15.12.2010 in Trivandrum decided to take up the matter in the Sub-Committee to be constituted for deliberating on issues pertaining to Revenue department.

The Sub-Committee of SLBC, Kerala met on 03.03.2011 at the North Committee Room, Government Secretariat, Trivandrum. The representative from Agriculture Department informed that Government is yet to take a decision on the matter.

The representative from Agriculture/ Revenue Department may appraise the forum on the further developments.

Widening and deepening the spread of Kisan Credit Card (KCC)

- (a) NABARD has time and again reiterated that the coverage under the Kisan Credit Card (KCC) Scheme assures adequate, timely and hassle free credit support to farmers. In the hundredth SLBC, NABARD had placed an agenda, stating that banks may be advised to fix realistic targets to cover all eligible farmers under the KCC scheme by 30 September 2009. In continuation of the above concern it is pertinent to take look at the land holding pattern of farmers in Kerala. There are 66.6 lakh operational holdings in the State, with an average land holding size of 0.24 hectare. Due to the small size of land holdings, the farmers practice homestead farming which is unique to the state. Most of these farmers being marginal and small require timely and adequate credit to carry on their farming operations.

The issue may be discussed in the SLBC forum. Considering the operational land holdings in the state at 66 lakhs, the need for banks to support widening and deepening the spread of KCC may be reiterated.

The matter came up again for discussion during the 101st Meeting of SLBC held on 30.03.2010 in Trivandrum.

The Chief General Manger, NABARD informed that Hon. Finance Minister of the State had given high priority for KCCs in his budget speech and wanted to draw a road map and a committee be formed with Agricultural Production Commissioner, Government of Kerala, NABARD and SLBC as its members.

The Convenor SLBC said that a sub-committee may be constituted to take up the matter further.

In the meeting convened by the Agricultural Production Commissioner, Government of Kerala on 02.08.2010 in his chamber, he expressed :

- (i) concern stating that we have a long way to go to extend KCCS facility to eligible and willing farmers. It was also expressed that to ensure that such facilities remain active and operational is still more difficult. It was suggested to have a plan of action to achieve coverage of all eligible farmers under KCCS.
- (ii) that the existing procedure for issuing KCCS clearly needs to be simplified and streamlined so that only minimum documentation is insisted upon from the farmers. Certification from the concerned agricultural officers may substitute some of the documentation requirements of banks.
- (iii) that the scheme needs to be published among the eligible and willing farmers and that Director of Agriculture through the Krish Bhavan shall ensure that effective steps are taken.

The Agricultural Production Commissioner further suggested that NABARD may convene a meeting of all concerned to address the above issues and work out a roadmap to achieve the targets under KCCS during the current fiscal.

The Sub-Committee of SLBC thus constituted met on 05.08.2010 in Trivandrum and recommended the following for the consideration of the SLBC.

- (1) Krishi Bhavans to prepare provisional list of farmers from the electoral rolls which will serve as a base data. This list would be provided by October-November 2010 and completed list would be made available during next financial year. Krishi Bhavans may also give a copy of the list to the Principal Agricultural Officers as well as the LDM of the respective districts.
- (2) A tentative target of reaching 35 lakhs cards shall be fixed for the year 2010-11. The targets shall be allotted by SLBC, based on the network of bank branches in the State excluding urban branches. Individual banks to allocate this target to their branches based on the potential of the area.
- (3) SLBC convenor to ascertain from neighbouring States the modalities/ bench mark set in fixation of targets under KCCS.
- (4) SLBC may prepare uniform guidelines in brief according the guidelines of major banks and publish the same through Farm Information Bureau so that the scheme could be popularised.
- (5) LDMS of respective districts may be designated as the nodal person for Grievance Redressal.
- (6) Documents that need to be produced for loan include original tax paid receipt (Current tax paid receipt) and Possession Certificate. SB account is not a prerequisite for granting KCC loans as per RBI guidelines.
- (7) Tenability of the KCC may be increased to 5 years if Term loan component is also included.
- (8) The review of performance under KCCs shall be done in SLBC, DCC/DLRC and BLBC meetings without fail.

As per the decision of the Sub-Committee, SLBC has allotted targets to the banks in the State. The Controlling Offices of Banks are requested to monitor the progress effectively for achievement of the targets well before March 2011.

The Sub-committee felt that Individual banks/Farm Information Bureau may arrange awareness campaigns. Similarly Homestead farming may also be covered under KCCS. It was suggested that Akshaya Centres shall act as knowledge centres in the matter of disseminating information on KCCS.

- (b) The issue was raised by Hon'ble Minister for Education of Kerala State Sri. M. A. Baby during the FM's Meeting with South Zone Chief Ministers' held at Hyderabad on 20.07.2010. Against 66 lakh eligible farmers household, so far only 29 lakh KCCs have been issued. The Minister expressed hope that banks would cover all eligible farmers under KCC in a time bound manner.

The matter came up for discussion in the State Level Review Meeting of SLBC, Kerala held on 16th & 17th September 2010 in Trivandrum. During the Group discussions, it was decided to adopt the recommendations of both the meetings and to proceed further as listed below:

- (i) To have a plan of action to achieve coverage of all eligible farmers under KCCS.
- (ii) To simplify the existing procedure for issuing KCCS
- (iii) To maintain the data base at Krishi Bhavans and publish the list of all eligible and willing farmers.

The matter came up for discussion during the 102nd meeting of SLBC, Kerala held on 15.12.2010 in Trivandrum. In the meeting, the Secretary, Planning & Economic Affairs Department, Government of Kerala made a suggestion that SLBC to collect the district wise progress report on KCCs and furnish the same in the next SLBC meeting. Though SLBC had taken up the matter with the LDMs, the response/data flow was not encouraging.

The representative from Agriculture Department/LDMs/Controlling Offices of Banks may apprise the further developments.

Coffee Debt Relief Package 2010

The matter came up for discussion in the State Level Review Meeting of SLBC, Kerala held on 16th & 17th September 2010 in Trivandrum and the forum adopted the scheme for implementation in our State.

Vide letter LHO/RBU/824 dated 02.11.2010, State Bank of India informed that “a large number of loans which are awaiting relief under the package are NPAs. In view of the implementation of Coffee Debt Relief Package 2010, it will not be possible to continue with recovery measures in respect of these accounts. Therefore, it is requested that RBI may be approached for permission to treat these coffee loans as standard till such time that the Coffee Debt Relief Scheme 2010 is fully implemented”.

The matter again came up for discussion in 102nd meeting of SLBC, Kerala held on 15.12.2010 in Trivandrum. The meeting decided to take up the matter with RBI.

SLBC Convenor, vide letter SLBC 35 173 2011 KRA dated 25.01.2011, had taken up the matter with the Reserve Bank of India requesting to examine the proposal.

Difficulties faced by farmers in some areas of Idukki District for obtention of revenue records for availing loan from Banks

LDM of Idukki during the SLRM held on 16th & 17th of September 2010 reported that borrowers were finding it difficult to produce current Tax Paid Receipts as well as Possession Certificates, affecting sanctioning of fresh loans as well as renewals of existing loans. He also requested that the matter may be brought to the notice of Government to

ensure that the farmers' requirements were taken care of, to enable them to avail of the bank finance

The matter again came up for discussion during the 102nd meeting of SLBC, Kerala held on 15.12.2010 in Trivandrum.

In the meeting the LDM, Idukki informed that the above problems are there in Munnar and Chinnakkanal area of the District where farmers are finding it difficult to get possession certificate for land holding and requested for the support of respective Government Departments.

SLBC Convenor, vide letter SLBC 35 171 2011 KRA dated 25.01.2011, had taken up the matter with the Revenue Department, Government of Kerala requesting to examine the matter and take necessary action in this regard.

Revenue Department may inform the developments in this regard.

Moratorium on fishermen loans - Request for permission to classify the accounts as Standard till the end of moratorium period

The matter came up for discussion during the 102nd meeting of SLBC, Kerala held on 15.12.2010 in Trivandrum as suggested by Indian Bank & SBT. The matter was again taken up by SBI and discussed in the steering committee of 103rd SLBC held on 04/03/2011.

Government of Kerala has declared moratorium on loans availed by fishermen since 02.11.2007 and has been extending the same. As per latest GO dated 01.01.2011, Government had again extended the moratorium up to 31.07.2011. In view of the Government Order banks cannot initiate any recovery measures on these loans availed before 31.12.2007. Expecting waiver of the loans, the borrowers are also not coming forward to pay their dues. As a result banks are forced to classify these accounts as NPA as per the extant prudential norms.

The meeting concurred with the views of the Steering Committee to consider the request and take up with Reserve Bank of India for getting necessary permission to continue the asset status of those accounts coming under moratorium period in the standard asset category till it is withdrawn.

SLBC Convenor, vide letter SLBC 35 172 2011 KRA dated 25.01.2011, had taken up the matter with the Reserve Bank of India requesting to examine the matter.

In the Steering Committee meeting held on 04.03.2011, it was informed that the matter has been taken up with RBI Central Office and a reply was expected before SLBC.

Agricultural Interest Subvention Scheme – Inclusion of Private Sector Banks in the Scheme

The following fresh Agenda items emanated during the discussion in the State Level Review Meeting of SLBC, Kerala held on 16th & 17th September, 2010 in Trivandrum

- (1) The representative of Federal Bank informed that the Interest Subvention Scheme, which is available for only Nationalized Banks, should be extended to Private Sector Banks also. He requested that SLBC to pursue the matter with Government of India/RBI.
- (2) The representative of Animal Husbandry Department has informed that the existing Agricultural Interest Subvention Scheme for short term loans may be extended to term loans under allied activities like Dairy, Poultry, Fisheries etc.

The forum accepted the suggestion put forth and requested SLBC to take up the matter with Government of India/RBI.

SLBC Convenor vide letter SLBC 38 1745 2010 RP dated 03.12.2010 had taken up the matter with Reserve Bank of India, requesting to take up the matter with higher authorities for a favourable decision.

Vide letter RPCD (T) No.LBS 729/03.02.02/2010-11 dated 18.02.2011, Reserve Bank of India informed that *the issue was brought to the notice of Central Office, RPCD who advised that as the Interest Subvention Scheme was formulated by the Government of India, the Private Sector Banks and Animal Husbandry Department may be advised to take up the matter with the Government of India directly.*

INFORMATION NOTE

New Subsidy schemes introduced by Government of India (Suggested by NABARD)

(i) Dairy Entrepreneurship Development Scheme: GoI have introduced a new subsidy scheme (earlier covered under Venture Capital Scheme) named “Dairy Entrepreneurship Development Scheme” *The salient features of the scheme are:*

1. Implementation period - during remaining part of XI plan
2. No restriction regarding area. (earlier, under Venture Capital, the scheme was restricted to non operational flood areas)
3. Eligibility: Farmers, individual entrepreneurs, NGOs, companies, groups of unorganized and organized sector etc. Groups of organized sector include self help groups, dairy cooperative societies, milk unions, milk federations etc.
4. More than one member of a family can be assisted under the scheme provided they set up separate units with separate infrastructure at different locations.
5. The distance between the boundaries of two such farms should be at least 500m.
6. Assistance under the scheme would be purely credit linked and subject to sanction of the project by eligible financial institutions

7. In all, there are 9 different categories of projects/ activities eligible under the scheme.

Funding pattern

- Entrepreneur contribution (margin) - 10 % of the outlay (minimum)
- Back ended capital subsidy - 25% of the outlay (33.33 % for SC/ST farmers)
- Effective Bank Loan - Balance portion, Minimum of 40% of the outlay

Note: It may be noted that as per guidelines of the scheme, assistance is available to small dairy units upto a maximum of 10 animals. If the unit size exceeds the above limit, it will not be eligible for subsidy on a proportionate / prorata basis :i.e subsidy claims in respect of only 10 animals etc., will not be entertained in such cases.

Action: Banks are requested to give wide publicity to the above scheme and forward eligible projects to NABARD and avail a good business opportunity.

(ii) ‘Pig Fattener unit’ : GoI have included ‘Pig Fattener unit’ as one of the components eligible for subsidy assistance under the newly introduced CSS scheme for Pig Development. Under this component, subsidy assistance @ of 25% of the outlay as back ended subsidy would be provided for rearing of piglets subject to a ceiling of Rs.9500 per unit for which an indicative unit cost of Rs.38,000/- has been provided.

Action: Banks are requested to give wide publicity to the above scheme and forward eligible projects to NABARD.

(iii) Revision in ACABC Schemes: The revised scheme does not provide for interest subsidy. However, in lieu thereof, there is a provision for enhanced composite subsidy @ 36% of TFO (44% in the case of women/ SC/ST). The TFO ceiling has also been enhanced from Rs.10 lakh to Rs.20 lakh for individual projects and from Rs.50 lakh to Rs.100 lakh for group projects.

The proposals for loan / subsidy (i.e. capital and interest) sanctioned so far (but not yet closed) shall be converted to Composite Subsidy and the differential amount between the Composite Subsidy and subsidy already released shall be paid to the entrepreneur as per the scheme guidelines.

Action:

- A copy of the detailed guidelines of the revised scheme is enclosed. Same may please be circulated amongst all bankers.
- As the progress so far under the scheme has not been impressive, GoI has expressed the desire that special effort may be made to boost its implementation, including review of the progress in SLBC/DLCC etc.

(iv) CISS-AMIGS-Submission of Utilization Certificate : Under the capital investment subsidy scheme of GoI “Scheme for Development / Strengthening of Agricultural Marketing Infrastructure Grading and Standardization (AMIGS)”, the **participating bank** is required to submit utilization certificate, after crediting the final installment of subsidy in the reserve

fund of the borrower, to the effect that amount of subsidy received by them has been fully utilized and adjusted in the books of account under the sanctioned terms and conditions of the project, within the overall guidelines of the scheme.

Action: It is observed that many banks have not submitted the Utilization Certificate in respect of schemes financed by them. SLBC may advise all the banks who have availed of assistance under the above scheme to advise the respective branches/ Controlling Offices/ Zonal Offices regarding submission of the same.

Views of the Steering Committee

The Steering Committee decided to place the schemes before SLBC for information and adoption of banks.

The operational guidelines of some animal husbandry schemes (Suggested by NABARD)

As per the feed received by NABARD, the operational guidelines of the following animal husbandry schemes have not been received by some of the branches.

SI No	Name of the Scheme
1	Scheme for Integrated Development of Small Ruminants and Rabbits (IDSRR)
2	Scheme for establishing "Poultry Estates" and Mother Units for Rural Backyard Poultry
3	Scheme for Establishment/ Modernization of Rural Slaughter Houses
4	Scheme for Salvaging and Rearing of Male Buffalo Calves
5	Scheme for Pig development
6.	Scheme for Utilization of Fallen Animals

Action: Controlling offices are requested to ensure that the Guidelines are received in all the branches

Views of the Steering Committee

The Steering Committee decided to place the items before SLBC for information of banks and for adoption for implementation. The Convenor, SLBC informed that in every SLBC, similar types of schemes were proposed by the Directorate of Dairy Development/Animal Husbandry Department for approval. Once approved, the performance of the schemes were not reported to the SLBC for review. The Departments concerned are hence requested to place the progress reports on schemes approved in SLBC for review.

Note on the activities of Agribusiness scheme (Suggested by Small Farmers' Agribusiness Consortium [SFAC], Kerala)

SFAC is giving Venture Capital Assistance (VCA) for Agribusiness developments. Formerly the projects based on Agriculture, Horticulture, Floriculture and medicinal and aromatic plants were considered for VCA. Now Central SFAC had included the following projects that can be considered for VCA.

- (i) Assistance to modern abattoirs with refer vans and retails cool chains
- (ii) Projects based on forestry produce like Bamboo etc. plantation crops of tea coffee rubber and rejuvenation of plantation under credit linked projects.
- (iii) Units which produce fruit based milk shakes/products where milk is the medium and fruit pulp is the main ingredients or fast food item containing poultry meat or egg products along with vegetables as ingredient.
- (iv) Stand alone or chain of retails kiosks (mobile/fixed) which has a refrigeration system with display of processed fresh/fruits and vegetables.
- (v) Fishing trawlers.

Central SFAC decided to consider projects with total project cost of Rs. 25 lakhs to distress districts like Palakkad, Wayanad & Malappuram.

To increase exposure on VCA programme the Central SFAC organised a series of road shows which will be in the nature of interactive awareness building and project identification meetings. To prepare for the road shows the Central SFAC launched an activity mapping to identify the institutions and agencies. Kerala State had been selected in the first batch of the mapping exercise and SFAC is collecting the required documents from the various institutions.

Central SFAC has decided in principle to include scheduled banks and even non banking financial institutions also for extending the benefit of VCA under their credit linked Agribusiness projects. But formal orders are yet to come.

Views of the Steering Committee

The Steering Committee decided to place the matter before SLBC for information of banks. The Convenor, SLBC requested SFAC to provide the progress on the implementation of schemes to SLBC.

Insisting on feasibility study for construction of well before sanctioning of loan
(Suggested by Ground Water Department)

The Hydrogeological feasibility study may be considered for well construction before sanctioning of loan.

Views of the Steering Committee

The Steering Committee decided to place the matter before SLBC for information and adoption by banks.

3. REVIEW OF THE DECISIONS AND COMPLIANCE THEREOF THE EARLIER MEETINGS – SECONDARY SECTOR & GOVERNMENT SPONSORED SCHEMES

FRESH ISSUES

Review on Rehabilitation of Sick but Viable MSME units (Suggested by RBI)

An analysis of data on sick MSE units as at the end of September 2010 revealed that the data has not been submitted by many of the bankers and the data submitted also was not adequate. As the data is significant for timely identifying and rehabilitating the sick units, the problems in submission of the data may be discussed in the SLBC to ensure timely submission of accurate data.

Views of the Steering Committee

The Assistant General Manager, RBI informed that RBI is collecting the data on sick but viable MSME units for reviewing in the Empowered Committee on MSME convened by RBI. He informed that the data submitted by banks are inconsistent. Banks have to give more importance in submitting the data in time to RBI, RO, Trivandrum so as to enable them to report the same to RBI Central Office, Mumbai. He then enquired the following points.

- *Whether viability study is undertaken by banks?*
- *What is the process adopted by banks for the identification of beneficiaries?*

The Convenor, SLBC enquired the Deputy Director of Industries & Commerce to provide the Bank-wise/ District-wise data on sick but viable MSME units for placing in the SLBC meeting.

The Deputy Director of Industries & Commerce informed that they are updating the sick MSME units regularly and try to provide the Bank-wise/District-wise data in this regard.

The Steering Committee decided to place the matter before SLBC for deliberation.

Agenda items suggested by Directorate of Industries & Commerce

- (i) Issues regarding CGTMSE Scheme – Banks to ensure coverage of more loans under CGTMSE scheme.
- (ii) In the case of new entrepreneurs proposed to avail financial assistance, the banks are reluctant to sanction the loan under CGTMSE Scheme because of the clause of “satisfactory track record” of the entrepreneur. This clause of “satisfactory track record” is not specific/clear when applied to new entrepreneurs. Hence a clear and specific clarification may be issued on the criteria about the “track record” of the new entrepreneur.

- (iii) As per the existing Rule of CGTMSE the borrowers or applicants has 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. The SME Empowered Committee held on 09.12.2010 by Kottayam District Industries Centre, it is suggested that instead of cancelling the policy, it is advisable to charge penalty for delayed payments of premium.

Views of the Steering Committee

Regarding CGMSE coverage, the Assistant General Manager, RBI suggested to collect the following details:

- (i) The number of SME loans sanctioned by bank branch in a month*
- (ii) Of which, how many loans covered under CGMSE scheme*
- (iii) If not covered, explain the reasons.*

SLBC Convenor informed that District-wise/ Bank-wise data regarding the CGTMSE coverage is regularly placed in quarterly SLBC meetings for information.

The Deputy Director of Industries & Commerce informed that as per feedback received, banks were rejecting applications for CGTMSE coverage, for want of prior track records. He added that since the Directorate could not explain the reasons regarding the rejection of applications, promotion/classification of new generation entrepreneurs would be difficult.

SLBC Convenor then referred to the RBI Master Circular RPCD.SME & NFS.BC.No.9/06.02.31/2010-11 dated 01.07.2010 on Lending to MSME sector reads as follows :

“Banks are mandated not to accept collateral security in the case of loans upto Rs. 10 lakh extended to units in the MSE sector. Banks are also advised to extend collateral free loans upto Rs. 10 lakh to all units financed under the PMEGP of KVIC. Banks may, on the basis of good track record and financial position of the MSE units, increase the limit of dispensation of collateral requirement for loans upto Rs. 25 lakh (with the approval of the appropriate authority). Banks are advised to strongly encourage their branch level functionaries to avail of the Credit Guarantee Scheme cover, including making performance in this regard a criterion in the evaluation of their field staff.”

The Steering Committee decided to place the matter before SLBC for discussion and to arrive at a consensus.

Non- Receipt of subsidy for PMEGP loan (Suggested by LDM, Ernakulam)

- (i) Federal Bank Ltd, Elanji Branch had sanctioned a loan of Rs.2.00 lac to Mr. Sibi Mathew, Karakudiyil House, Elanji P O on 27.08.2009. The activity was MOBILE MORTUARY and the project was for Rs.2.39 lacs. This was approved by the Task

Force Committee and forwarded to the Bank. It consisted of two mobile mortuary units and two generators. No vehicle was part of the project. The eligible margin money was Rs. 0.60 lac. However the claim for subsidy was declined by KVIC on 07.12.2009, stating that the activity cannot be considered under PMEGP.

- (ii) KVIC reportedly have taken up the issue with their Head Office for clarification and they concurred with the decision taken by Regional Office.
- (iii) The issue was taken up in the State Level Monitoring Committee on PMEGP conducted by KVIC in August 2010.
- (iv) The borrower has stopped repaying the loan stating that unless subsidy is given, he will not pay back it. The account has turned NPA now.
- (v) The activity is not in the negative list of PMEGP.

Views of the Steering Committee

The Convenor, SLBC informed that that it was a pending issue taken up by Federal Bank earlier and was referred back to be considered by DLRC/ DCC, Ernakulam. Now that it has been referred to SLBC again we may examine the facts and make recommendations to KVIC.

Representative from KVIC informed that the matter is taken up with KVIC, Central Office and assured to provide the reply in the SLBC meeting.

REMOT Scheme (Suggested by Coir Board)

The Coir Mark Scheme (CMS) Office of the Coir Board at Alleppey is the REMOT scheme implementing office in Kerala. This is the fourth year of implementation of REMOT Scheme. During the current year the Ministry has released an amount of Rs.1052.25 lakhs in two instalments for implementation of the REMOT Scheme.

The CMS Office has forwarded the applications received from the beneficiaries for assistance under REMOT Scheme to the nodal banks in Alleppey region. But the Banks are reluctant for considering the applications forwarded by the implementing office. At present about 3000 REMOT Scheme applications are pending in various banks in Kerala.

The Board has received loan sanction from SBT and an amount of Rs.9.20 lakhs has been sanctioned towards subsidy for 8 spinning unit and 2 tiny unit and the fund was transferred to the nodal bank i.e., SBT, Cherthala. The Indian Overseas Bank, Alleppey has also forwarded proposal for assisting 172 tiny units with a Coir Board grant of Rs.313.50 lakhs. Proposals from other banks are yet to be received.

It is therefore requested to kindly give necessary instructions to the Banks for forwarding the proposal for subsidy to Coir Board with account opening details of the beneficiary, beneficiary contribution, total project cost etc, immediately for release of grant under REMOT Scheme.

It is also brought to the kind notice that the target fixed for Kerala for the year 2010-11 is 250 spinning units and 207 tiny household units. So far the Board could consider only 8 spinning units and 2 tiny units. It is therefore requested to kindly discuss this during the SLBC meeting to achieve the target fixed for Kerala.

Views of the Steering Committee

The Convenor, SLBC informed that during the last SLBC meeting, it was decided to review the progress on REMOT scheme in every SLBC meetings. On the basis of this, SLBC has prepared a format for collecting bank-wise data and the available data would be placed in the SLBC.

The Steering Committee requested all banks to forward the proposal for subsidy to Coir Board with relevant details immediately for release of grant under REMOT scheme. The Steering Committee decided to place the matter before SLBC along with the data collected.

*The Bank-wise performance on REMOT Scheme as at December 2010 is provided in **Annexure 10.38.***

PENDING ISSUES

PMRY 2006–07 & 2007–08 - Non receipt of Subsidy

The subject matter came up for discussion during the State Level Review Meeting (SLRM) of SLBC, Kerala held on 27th and 28th August 2009 in Trivandrum.

In the meeting, LDM, Thrissur informed that Subsidy on PMRY loans were yet to be released to various banks by the Government. Obviously the Borrowers of PMRY loans have to pay interest on the claimed subsidy portion also till it is received by Banks. He informed that Thrissur District is having 12 and 108 pending subsidy cases for the year 2006-07 and 2007-08 respectively. In view of the above, he requested SLBC forum to recommend to RBI to speed up the process of releasing the pending subsidy.

During the meeting, the Assistant General Manager, RBI informed that Kerala Regional Office of RBI was not directly dealing with the matter and it was centralised at Mumbai.

The subject matter again came up for discussion during the 100th meeting of SLBC, Kerala held on 21.12.2009 in Trivandrum. The Chairman of the meeting informed that SLBC have received communication from RBI, Regional Office stating that RBI, Central Office was in the process of finalizing the PMRY subsidy for the year 2006-07 and 2007-08 in consultation with the Government of India and as soon as it was finalised, the subsidy would be passed on to the implementing banks.

During the 101st meeting of SLBC, Kerala held on 30.03.2010, the Deputy General Manager, RBI informed that so far RBI had not received any clarification from Government of India in this regard.

RBI vide letter RPCD (T) No.LBS/2022/03.02.02/2009-10 dated 11.05.2010 informed that *“RBI Central Office is in the process of finalizing the PMRY subsidy for the year 2006-07 and 2007-08 in consultation with the Government of India and a final decision in the matter will be communicated in due course.”*

The matter again came up for discussion in the State Level Review Meeting of SLBC, Kerala held on 16th & 17th September 2010 in Trivandrum. During the Group Discussions, the Group recommended for following up the matter till a logical conclusion.

The matter again came up for discussion in the 102nd Meeting of SLBC, Kerala held on 15.12.2010 in Trivandrum.

During the meeting the Assistant General Manager, RBI informed that recently they have received a clarification from their Central Office, Mumbai that the matter of releasing the captioned subsidy has already been taken up with Government of India and after receipt of the subsidy from Government of India, the same would be allocated to implementing banks.

LDM, Thrissur informed that many PMRY accounts have turned to NPA. Though the lock in period for adjustment of subsidy is also over, in many cases subsidy is yet to be received affecting the recovery process. Hence he requested the forum to follow up the matter further till meaningful solution.

The forum took a decision to follow up the matter till it is resolved.

SLBC Convenor had vide SLBC 35 174 2011 KRA dated 25.01.2011 followed up the matter with the Reserve Bank of India requesting to pursue the matter further and inform the latest developments in this regard.

RBI, RPCD, Trivandrum vide letter RPCD (T) No.LBS/687/03.02.02/2010-11 dated 07.02.2011 informed that RBI Central Office has taken up the matter with Government of India and they shall revert to the subject as soon as a communication is received.

Further SLBC is repeatedly getting representations/enquiries from many member Banks on the fate of PMRY subsidy from many Banks as the branches are finding it difficult to convince the customers and the loan accounts could not be closed for want of subsidy.

Introduction of a common Credit card in lieu of Swarozgar Credit Card, Artisans Credit Card, Laghu Udhya Credit Card

The introduction of a common card in lieu of SCC, ACC, and LUCC was included as an agenda item for the 91st meeting of SLBC, Kerala held on 09.02.2007 at Trivandrum. The committee concurred with the suggestion of the Standing Committee of IBA regarding introduction of separate cards for non-farm sector and farm sector.

Further, a draft scheme for the proposed Credit Card Scheme for non-farm sector was formulated by the Convenor, SLBC and placed before the SLBC meeting for its approval. The draft scheme, examined and approved by SLBC, Kerala had forwarded to IBA.

In the SLRM held on 16th & 17th September 2010, it was suggested that a Sub-Committee be constituted to look into the various operational issues and rationalization of the various Credit cards being issued by banks (SCC, ACC, LUCC and GCC).

The meeting observed that the issue was taken up with IBA earlier and a Sub-Committee was constituted by IBA to examine the suggestion.

The agenda item again came up for discussion during the 102nd meeting of SLBC, Kerala held on 15.12.2010 in Trivandrum. Since no further developments were reported it was decided to pursue the matter.

SLBC Convenor had vide SLBC 35 291 2011 KRA dated 05.02.2011 followed up the matter with the Indian Banks' Association requesting to examine the proposal and take necessary action in this regard. We are yet to receive response from them.

INFORMATION NOTE

Executive Summary of the Study Report on Verification of Borrowers and End Use of Funds under Government Sponsored Schemes (Suggested by RBI)

The National Institute of Rural Development (NIRD), Hyderabad conducted a study on the captioned subject. The Executive Summary of the said Study Report was placed before the Committee of the Central Board (CCB) of Reserve Bank of India. CCB desired that the report should be discussed in the SLBC meetings and used as a benchmark to review the extent of success of Government Sponsored Schemes in the State and to outline the strategies to bridge gaps, if any, to ensure that the benefits of the schemes reach the targeted groups and end use under various schemes serve the ultimate goal of poverty alleviation for upliftment of the poorest of the poor. The relevant portion of the study report is shown as **Annexure - 10.53.**

Views of the Steering Committee

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

PMEGP Scheme (Suggested by KVIC)

Performance up to 01.03.2011 (Refer Annexure - 10.45)

- a) Total Margin Money disbursed by the Nodal Banks for KVIC/KVIB/DIC Projects : Rs. 2308.19
- b) % of M. M. utilization of against the target (Rs. 2686.19lakhs) of 2010-11 : 85.92 %

Views of the Steering Committee

The Steering Committee decided to place the matter before SLBC for information of banks with a request to advise the Banks to dispose the pending applications to enable the State to achieve the target.

Verification of EDP Training Centres

As per the directives from C.O.KVIC, Mumbai and also in accordance with the decision of SLMC, the evaluation of the training centres/institutions imparting the EDP under PMEGP will be carried out by KVIC to ensure their compliance to the parameters laid down by KVIC.

Views of the Steering Committee

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

Physical Verification of PMEGP units by outside Agency/Firm

Very soon, the KVIC would be engaging an outside agency/firm for carrying out 100% Physical Verification of PMEGP units which had been set up during 2008-09 & 2009-10. For this exercise, all the implementing agencies have to keep ready the list of above units with relevant details.

Views of the Steering Committee

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

Physical verification of PMEGP units by implementing Agencies

As per the directives from C.O, KVIC, Mumbai, the Physical Verification of PMEGP units (2008-09 & 2009-10) to the extent of 5% has to be carried out by the officials of KVIC/KVIB/DIC and submit to C.O, KVIC, Mumbai, the P.V. reports along with Photographs.

Views of the Steering Committee

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

Immediate restoration of the release of subsidy/M. M. made by some of the Nodal Banks from the Account of one agency for the M. M. claims/Project of another agency:

As a result of monitoring made by KVIC of the funds utilisation by the Nodal banks, it is seen that some of the nodal banks had released the subsidy/M.M to the financing banks from the PMEGP account of one agency for the project of another agency. As per the procedures/guidelines in vogue it is very much essential for the Nodal Bank to release the subsidy/M.M to the Financing Bank for the project of one agency (sponsored by KVIC/KVIB/DIC) from the PMEGP Account of the concerned agency itself; but not from the PMEGP Account of another agency. Otherwise it will lead to the problems in the reconciliation of Bank accounts and the corresponding mismatch with the actual number of PMEGP units sponsored/set up under the agencies concerned. Hence such Nodal Banks which have made the wrong release of Margin Money as shown above have to immediately take necessary corrective measures.

Views of the Steering Committee

The Steering Committee decided to place the matter before SLBC for information of banks and with a request to controlling office of Banks to advise their nodal branches suitably in this regard.

Reporting Format on funds utilization under REMOT Scheme (Suggested by Coir Board)

In the 3rd High Level Apex Committee Meeting held on 09-02-2010 at New Delhi has decided that present practice of joint inspection after installation of the unit may be avoided as it is delaying operationalization of units and instead bank statement may be accepted with regarding to operationalization of units. The Board has to reconcile the fund utilization of REMOT Scheme and the same is to be forwarded to the Ministry for further release of the central share of subsidy. The Ministry is frequently requesting Coir Board to furnish the actual utilization of the fund released by Coir Board to the nodal banks, unutilized fund with the bank, number of units operationalized etc. Hence the Board has prepared a proforma and the same has been forwarded to all nodal banks in Kerala and also the Head Offices of the banks. A copy of the proforma forwarded to the nodal banks is shown as **Annexure - 10.55**. Some of the banks have furnished the statement. But the Board is unable to reconcile the fund year-wise with the bank statement. It is therefore requested to kindly discuss the matter in the SLBC meeting and advise them for furnishing the details in the proforma at the earliest.

Views of the Steering Committee

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

Economic Stimulus Package 2008-2009 on MSME, Housing and Auto Sector – Review of the performance of PSU Banks under the Special Package implemented in Kerala State as at December 2010 (Refer Annexure-10.43)

- The branches of PSU Banks in Kerala sanctioned 8977 Fresh Working Capital Loans to MSME sector amounting to Rs. 494.72 Crores during the third quarter of the financial year 2010-11. The cumulative position of performance by banks in Kerala from December 2008 was 150918 fresh working capital loan accounts with an amount of Rs. 3961.47 Crores.
- Rs.175.96 Crores was distributed through 3995 existing loan accounts of MSME entrepreneurs as incremental working capital loans during the period October-December 2010. The cumulative figure under the incremental working capital loans sanctioned to MSME units stood at Rs.2231.04 Crores in 66832 loan sanctions issued by PSU Banks in Kerala.
- During the third quarter of this Financial Year, PSU Banks in the State have restructured 61 loan accounts amounting to Rs. 26.60 crores under the package announced by IBA. The cumulative position under restructuring was 16865 loans with an amount of Rs. 610.51 crores.
- During the third quarter of this Financial Year (ie from Oct 2010 to December 2010), Public Sector Banks in the State had sanctioned 5 Genset loans under the Stimulus package with an amount of Rs. 0.29 crores.
- Housing sector had shown a better performance as at December 2010 as compared to its previous quarter's loan sanctions, especially in the larger spreads of loan limit. It was observed that 5628 Housing loans in the category of loans up to Rs. 5 lakhs per party with a total loan outlay of Rs.402.16 Crores were sanctioned by Public sector banks in the State during the period October-December 2010.
- In the categories of Housing loans above Rs. 5 lakhs but up to Rs. 20 lakhs and those above Rs. 20 lakhs, public sector banks in Kerala have sanctioned 4986 and 886 loans with total outlays of Rs. 1164.42 crores and Rs. 307.44 crores respectively during the third quarter ending December 2010. Cumulatively from the month of announcement of the Package i.e. December 2008 up to the end of December 2010, Public sector Banks have sanctioned 60795 housing loans with individual limit up to Rs. 5 lakhs and 53027 loans with limits above Rs. 5 lakhs but not exceeding Rs. 20 lakhs during the period.
- Under the Category of Housing loans above Rs. 20 lakhs, banks in Kerala had granted 11802 loans cumulatively till December 2010 quarter end from the date of announcement of package. Over all, this is a satisfactory performance which justifies the commitment of banks in Kerala towards the crisis management package announced by the Government of India.

- 11849 auto sector loans were sanctioned by PSU Banks in Kerala during the third quarter ending December 2010 with a credit outlay of Rs. 401.09 crores whereas the cumulative figures reveal 99244 loans with a loan amount of Rs. 10982.53 Crores during the period from December 2008 to December 2010. The performance of banks during December 2010 quarter under auto sector under the stimulus package was satisfactory.

Review of 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 third quarter of the financial year banks in Kerala sanctioned an amount of **Rs. 147.96 crores** (5120 proposals) under CGTMSE coverage. Bank-wise analysis reveals that State Bank of Travancore has sanctioned the highest quantum of loans (**Rs. 43.02 crores**) followed by South Malabar Gramin Bank (**Rs. 21.02 crores**). District-wise analysis reveals that Ernakulam has sanctioned the highest quantum of loans (**Rs. 23.77 crores**) followed by Kottayam (**Rs. 16.56 crores**). Bank-wise/district-wise details are shown as **Annexure 10.46 & 10.47.**

4. REVIEW OF THE DECISIONS AND COMPLIANCE THEREOF THE EARLIER MEETINGS – TERTIARY SECTOR & OTHER MATTERS

FRESH ISSUES

Government proposal of declaring moratorium on recovery of loans availed by the people in Endosulphan affected areas (Suggested by the Principal Secretary Finance (Planning) Department, Government of Kerala)

In a meeting chaired by the Hon'ble Chief Minister on 23.11.2010, it was decided that the Government would introduce a moratorium on recovery of loans availed by the people affected by the ill effects of Endosulfan in Kasaragode District. Total number of loanees under this category will be 640 and they have availed about Rs.5.4 crore as loan from Public Sector Banks (Survey conducted by ICDS is furnished below). Women and Children in this area were found to be worst affected with congenital anomalies, mental retardation, physical deformities, chronic ailments, cerebral palsy, re-productive disorders and many irreversible and difficult diseases to treat and they live in misery and their livelihood is deplorable. A large quantum of money was taken by the people as loan from Public Sector Banks, Co-operative Banks and money lenders to pull on their lives.

Moratorium on recovery of loans and revenue recovery proceedings is considered to be an indispensable option as the loanees are unable to repay the loan amount in the present situation. A positive response from the banking sector in this direction will be great relief to these people in deep distress. To mitigate the hardships of these people, it is requested to do the needful for including this item in the agenda items to be discussed in the 103rd meeting of SLBC.

Summary of Endosulfan Survey – Kasaragod District
(Based on the Survey conducted by ICDS)

Total No. of Families	4879
Total No. of Patients	5173
No. of Families having difficulty in getting marriage for other members	484
No. of Patients having difficulty in getting marriage	1208
No. of Family having difficulty in getting Education for Kids	491
No. of Kids having difficulty in getting Education	869
No. of Families without drinking water facility	1377
No. of Families with Loan	2812
No. of Families with Loss of wages reported	2751

Number of Families under Income Group

Sl. No.	Income Group	No. of Families
1	0 to 20,000	4151
2	20,001 to 75,000	651
3	75,001 to 1 Lakh	66
4	1 Lakh to 5 Lakh	7
5	Above 5 Lakh	4
	Total	4879

Number of Families having Bank Loan

Sl. No.	Type of Bank	No. of Loan	Total Amount	No. of cases under recovery
1	Nationalised Banks	640	54360000	63
2	Co-operative Banks	1320	75399678	130
3	Private Banks	183	13533192	19
4	Others	1302	57021228	67
	Total	3445	200314098	279

Patient Details

Sl. No.	Patient Category	No. of Male Patients	No. of Female Patients	Total No. of Patients	No. of Patients having age <15
1	Bed ridden	395	340	738	181
2	Not Bed ridden, but requires Caretaker	990	959	1959	436
3	Ambulant independent patient	1284	1184	2476	400
	Total	2669	2483	5173	1017

No. of Persons having Loss of Wages

Sl. No.	Educational Qualification	No. of Persons	Total Monthly Loss of Wages reported
1	Below SSLC	3121	6732992
2	SSLC	534	1403660
3	Diploma	90	318350
4	Graduate	62	555000
5	Post Graduate	0	0
	Total	3807	9010002

Report submitted by LDM, Kasaragod

LDM, Kasaragod had received the list of Endosulphan affected victims from the District Administration and the details are as under :

Sl.No	Institution	No. of affected parties
1	Scheduled Commercial Banks & Gramin Bank	740
2	Co-operative Banks	1331
	Total	2071

- The list forwarded by the District Administration does not furnish complete addresses of the victims and the branches are expressing difficulties in identifying the persons properly. Moreover, the list also does not indicate the name of the institution where the victims have loans.
- The District Administration has now entrusted Kudumbashree ,the work of proper identification of the victims and collecting details of the Banks/Co-operatives where the victims enjoy the loans . The task is now in progress.
- LDM would be able to furnish the exact data on the loans availed by the victims only after this exercise is completed.
- LDM had requested the District Kudumbashree Mission to complete this task on Top Priority.

Views of the Steering Committee

Sri. M. Girees Kumar IAS, Officer on Special Duty (Finance-Resource), Government of Kerala informed that the Government of Kerala had made a request to all the banks to respond positively for declaring moratorium on recovery of loans availed by the people in Endosulphan affected areas. He added that as far as Government loans are concerned, moratorium on recovery of loans availed by the people in Endosulphan affected areas is already in place.

The representative of Kudumbashree informed that the process of proper identification of the victims and loan details is going on and would be able to provide the same to SLBC immediately.

The Steering Committee decided to collect the accurate data on Endosulphan victims in Kasargode District from LDM, Kasargode as well as Kudumbashree and place the same in the SLBC meeting.

Splitting existing neighbourhood groups for making them eligible for bank linkage – according seniority to all groups based on parent group's term of existence (Suggested by Kudumbashree)

Neighbourhood Groups under Kudumbashree CDS in urban areas of Kerala have typically had between 10-45 members from the time of their formation. Since bank linkage under the SHG Bank Linkage scheme is usually available only to groups with membership of up to 20 women, many of these groups faced difficulties in obtaining bank linkage. While most of the groups are desirous of obtaining bank linkage, and are willing to split the group into two or more groups to fulfill eligibility conditions, the issue of seniority accorded by the bank for grading and linkage is a matter that creates confusion.

In several towns of Kerala, banks have agreed to deem both splinter groups to have operated from the time of the parent group's formation, thus allowing both groups to claim equal seniority. This, however, is not a general phenomenon, and CDS and NHGs often find it difficult to convince individual branch managers to allow this.

SLBC may consider issuing a clarification to banks regarding this. New groups created out of dividing a parent group, for the purpose of fulfilling eligibility conditions for bank linkage may be deemed to have functioned from the date of formation of the parent group. Bank transaction records and other records of the parent group may be used as evidence for this. A written certification from the concerned CDS that the groups are being split for fulfilling eligibility conditions regarding size may be demanded to ensure that groups splitting for other reasons are not included in this.

Views of the Steering Committee

The meeting observed that the benefit of the status of the parent groups may be provided to the new group for which the records of the parent group may be taken. The Steering Committee decided to place the matter before SLBC for discussion.

ISHUP scheme - Performance and Issues in implementation (Suggested by Kudumbashree)

Government of India has launched an initiative for provision of housing for the Economically Weaker Sections (EWS) and Low Income Group (LIG) through the Jawaharlal Nehru National Urban Renewal Mission (JnNURM). The Ministry of Housing and Urban Poverty Alleviation, Government of India has designed an Interest Subsidy Scheme as an additional instrument for addressing the housing needs of the EWS/LIG segments in urban

areas. The scheme envisages the provision of interest subsidy to the EWS and LIG segments to enable them to buy or construct houses.

Government of Kerala has appointed Kudumbashree, the State Poverty Eradication Mission, as the nodal agency for facilitating the implementation of ISHUP scheme. The state ISHUP Guidelines were issued on 19.7.2010 and discussed in the State Level Banker's Committee (SLBC).

Awareness campaigns for The District Mission Teams, Municipal Councillors and Kudumbashree Network were organized to disseminate the State Guidelines and the strategy to be adopted for the implementation of the scheme. Guidelines have been translated to Malayalam and circulated amongst the participants.

During the process of discussions / campaigns at ULB level, certain concerns were raised that are listed below:

- Lack of awareness/direction to the local branches of Banks resulting in non-acceptance of applications
- Higher/non-uniform charges for Legal opinion, valuation and inspection by Banks
- Certain Banks imposing very high processing fees.
- Reluctance in accepting loans under EMS Housing scheme
- Encumbrance certificate for 30 years is made compulsory by some of the Banks.
- The revised income limits of EWS and LIG has not been circulated amongst the Branches of participating Banks. So some eligible applicants are not being considered.
- Reluctance in sanctioning of loans for properties without motor vehicle access .
- Income certificate issued by Village office is not accepted by some of the banks. No instructions from their HO to issue ISHUP loans based on the income certificate issued by revenue authorities.
- Through a letter from GM, National Housing Bank, to the Secretary (Housing), Government of Kerala ,it is gathered that SLBC Madhya Pradesh had taken some decisions like waiver of requirement of legal search report, architect report, approval of map/plan by municipality/UAD, obtention of no due certificate from banks for loans under ISHUP. The decisions taken by SLBC, Madhya Pradesh may be discussed for taking appropriate decision. The matter of whether a common application format applicable to all banks can be developed may also be considered.

Views of the Steering Committee

The representative of Kudumbashree informed that the scheme was approved during the last SLBC meeting. Kudumbashree had arranged awareness campaign for the successful implementation of the scheme. During the campaign, the concerns that transpired were mentioned above. Kudumbashree also informed that out of around 2200 applications forwarded only 43 were sanctioned so far.

*Steering committee also observed that in the Encumbrance Certificate of landed property pertaining to beneficiaries under EMS housing scheme, the grant given by Urban Local Body (ULB) is quantified and the lien of ULB appears in the EC. Some of the Bankers had an apprehension on the clear title of such borrowers and legal implications of the same on recovery recourse of banks. Though Local Self Government Department, Government of Kerala had come out with an order (GO 2234/2010 dated 07.07.2010 which is enclosed as **Annexure-10.58**) permitting beneficiaries to mortgage the property to Banks, ambiguity still persists on the matter.*

*The Steering Committee decided to place the matter before SLBC for discussion on the issues listed. The ULB wise status of ISHUP as on 01.03.2011 is shown as **Annexure-10.49**. The Bank-wise data of ISHUP is provided in **Annexure 10.37**.*

Educational Loan Scheme of IBA (Suggested by LDM, Thrissur)

The IBA's model Educational Loans scheme is for those students securing admission through Entrance Examination or Merit based selection process. Due to various reasons many students and parents are relying on Educational Institutions, especially under Engineering and Nursing sectors in other South Indian States. The admissions, they thus secure are not based on Entrance Exam or merit, by virtue of the prevailing rules on admission. In such cases a uniform stand to classify the admission as under Management quota or otherwise is to be taken by banks. If to be treated under Management Quota, the terms and conditions framed by respective Banks to finance such students are there, which need not match with IBA model scheme, especially under eligibility and security norms. When various Banks have different yardsticks, the Students/Parents are unable to differentiate this from IBA model scheme and this generates lot of complaints.

SLBC may, hence suggest a uniform scheme for Educational Loans to students secured admission under Management or Community Quota, to run parallel to IBA scheme.

On the other hand, if such admissions are under cover of IBA model scheme, advise may please be given to Banks for coverage of such loans too under Central Sector Interest Subsidy Scheme on Educational Loan.

Views of the Steering Committee

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

Establishing one more DRT for the State of Kerala and Union Territory of Lakshadweep (Suggested by State Bank of India)

On a review of the cases pending before the DRT it has been observed that there is absolutely no progress in the Original applications filed by the Bank for recovery of its dues. The inordinate delay in the disposal of original applications filed by the bank as well as

Securitization Applications filed by the defaulting borrowers/guarantors challenging actions taken by the Bank under the SARFAESI Act is hampering the recovery efforts taken by the Bank. There are a number of cases where the Bank is not able to get the stay orders, granted by the DRT against proceedings initiated by the Bank under SARFAESI Act, vacated.

As on 31.12.2000, a total number of 1333 Original Applications and 1301 Securitization Applications were pending before the DRT, Ernakulam for hearing and disposal. The year-wise break-up of the total number of Original Applications and Securitisation Applications pending before the DRT, Ernakulam is as under:

(a) Original Applications :

Year	Filed during the year	Pending at the close of the year
2008	271	931
2009	297	1093
2010	543	1333

(b) Securitisation Applications :

Year	Filed during the year	Pending at the close of the year
2008	257	343
2009	462	806
2010	807	1301

It is understand that the main reasons for the above are the increase in the work load of DRT as a result of the increasing number of Securitisation Applications filed under section 17 of the SARFAESI Act and there being only one DRT in the State.

While the backlog of pending cases is increasing year after year, going by the present rate of disposal, the backlog of cases is likely to increase further in future. Hence, in the interest of the banking community as a whole, it is extremely necessary to have one more DRT for the State of Kerala and Lakshadweep. It is requested to take up the issue at the appropriate level through SLBC.

Views of the Steering Committee

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

Levy of Service Charges on invoking Section 14 of SARFAESI Act (Suggested by LDM, Thrissur)

Revenue (H) Department, Government of Kerala had issued Government Order GO (MS)No.39/11/RD dated 20.01.2011 on levying Service Charge by the Government in connection with Section 14 of SARFAESI Act. (Provided as **Annexure-10.56**)

As the Government may commence demanding remittance of Service Charges, the matter may be discussed in SLBC and suitable guidelines may be issued in this regard.

Views of the Steering Committee

The Steering Committee decided to place the matter before SLBC for discussion and for taking up the Government of Kerala.

Non-issue of Income Certificates for production in Banks, by the Revenue Authorities, other than for Educational Loan purposes (Suggested by LDM, Kasaragode)

It was informed by the banks in Kasaragod District that Revenue Authorities are not issuing Income Certificates to the Banks other than for certifying income for availing of interest subsidy under the Educational Loan Scheme. The banks are not having any difficulty in obtaining Income Certificate as regards Educational Loan as Government has nominated the village officer for this specific purpose.

LDM, took up with the Revenue Authorities in the District and Tahsildar of Kanhangad has informed that the Revenue Guide 2010 specifically mentions that as per Government Order 'Income Certificate' need not be issued for the purpose of production in Commercial Banks.

Views of the Steering Committee

The Steering Committee decided to place the matter before SLBC for bringing to the notice of Revenue Department for issue of appropriate direction.

PENDING ISSUES

Revenue Recovery Online – Providing facility for banks to view RR cases pending against a customer on Government Dues

The matter came up for discussion in the State Level Review Meeting of SLBC, Kerala held on 16th & 17th September 2010 in Trivandrum as suggested by LDM, Thrissur.

The Banks while sanctioning/renewing the credit facilities to any individuals/firms/companies have to ensure that the parties have no tax arrears/Government dues and that they are not facing any RR proceedings especially on the property mortgaged to the Banks. Even though a property has been specifically mortgaged to the Banker, there are Supreme Court Judgements that gives first charge to the Government dues even though the mortgage exists prior to the demand of Government dues. Besides the Revenue Recovery covers the entire property/assets of the party. Therefore ensuring up to date remittance of Tax/Government dues, is of paramount importance, wherever the Bank notices tax arrears/RR enforcement the Banks use to insist for clearance of those cases as a precondition for

sanction /renewal of credit facility. Lot of time, energy and money are put in by parties as well as Bankers to apprise and assess the position.

It is found that the RR Request made by various Department especially Sale Tax/Commercial Tax/KSEB etc. will be of much informative for the Banks to identify the defaulters and to refrain them from credit facilities. This will not only keep the defaulters away from Banking system, but induce genuine needy parties to clear the Tax arrears for the sake of access to Bank facilities.

The prompted Bankers to seek, viewing the RR cases of Sale Tax/Commercial Tax/VAT/KSEB etc. through RR online package, as they can view their own RR cases. This aspect has been referred for the consideration of District Level Bankers Committee met on 26.03.2010 and the committee accepted the suggestion and advised the Lead Bank to take up the matter with the Revenue Recovery Authority.

During the Group discussions, the Group accepted the suggestion and suggested the SLBC to take up the matter with Government.

Vide letter No.50188/H3/10/RD dated 14.12.2010, the Additional Chief Secretary, Revenue (H) Department, Government of Kerala informed that :

“Instructions have already been issued to the Commissioner of Land Revenue, Trivandrum to appoint a special team to the District for taking urgent necessary action with regard to the reconciliation of RRC, to reconcile all the RR figures and Accounts (District wise, year wise etc.) so that any RRC received from any Department is duly accounted to the amount collected or returned to the Departments”

The agenda item again came up for discussion during the 102nd meeting of SLBC, Kerala held on 15.12.2010 in Trivandrum. The forum noted that the above reply was not pertaining to the issue flagged by SLBC. Hence the forum decided to pursue the matter with Revenue Department, Government of Kerala.

SLBC had written to the Secretary, Revenue Department, Government of Kerala requesting to take necessary action in this regard.

The Sub-Committee of SLBC, Kerala that met on 03.03.2011 at North Committee Room, Government Secretariat, Trivandrum discussed the matter. The representative of NIC informed that on the matter of providing access to branches of Banks NIC is not having any technical issues. But NIC is only a facilitator to Revenue department in enabling the RR on line package. NIC would be able to help Banks only after consultation or with directions from Revenue Department.

The Revenue Department to apprise the position.

Providing access to banks to verify online RR details

As RR filing is now made online, the Government may take steps to provide access to banks to collect the details such as total number of RR filed and amount, recovery effected in each month and stage of recovery, etc. Necessary Password and ID may be given to Controlling Offices and Head Offices.

Vide letter No.50188/H3/10/RD dated 14.12.2010, the Additional Chief Secretary, Revenue (H) Department, Government of Kerala informed that the banks may be directed to take up the issue with NIC.

The agenda item came up for discussion during the 102nd meeting of SLBC, Kerala held on 15.12.2010 in Trivandrum. The forum felt that NIC is only the software provider to the Government and Revenue department in consultation with NIC only can decide upon the same and finalize the operational formalities.

The Sub-Committee of SLBC, Kerala that met on 03.03.2011 at North Committee Room, Government Secretariat, Trivandrum, the representative of NIC informed that on the matter of providing access to controlling offices of Banks NIC is not having any technical issues. Nevertheless, NIC is only a facilitator to Revenue department in enabling the RR on line package. NIC would be able to help Banks only after consultation or with directions from Revenue Department .

The Revenue Department to apprise the position.

Amendment in the Registration Act – Notification of SRO No:336/2010

The matter came up for discussion in the State Level Review Meeting of SLBC, Kerala held on 16th & 17th September 2010 in Trivandrum as suggested by Punjab National Bank.

In the amendment of the Kerala Stamp Act published in the Kerala Gazette extraordinary dated 30.03.2010, it is specified in the explanatory note that the said amendment was considered in view of the request by the SLBC, to the Government to initiate measures to register the agreement relating to deposit of title deeds by way of equitable mortgage with nominal fees.

As per the above amendment the registration of equitable mortgage has become optional in the State of Kerala and the fee prescribed is as under:

For the registration of an agreement relating to deposit of title deeds, pawn or pledge described under article 6 (c) of the schedule to the Kerala stamp Act, 1959	Rupees 0.1 for every rupees 100 or part thereof for the amount secured
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It is also observed that there is no upper ceiling for payment of registration fee. This may cause difficulty in implementation, as not many borrowers may come forward for getting the agreement registered compulsorily, as it will increase the cost of loan to them.

We have the opinion to take up the matter again with the Government of Kerala for putting a ceiling in the fee and to make it mandatory.

In this regard it is observed that the Stamp duty and Registration fees payable in the State of Tamil Nadu were reduced considerably by the Government of Tamil Nadu by amendment to the Indian Stamp Act on 21.11.2003 and thereafter on 12.02.2004.

Stamp duty and Registration fees for certain documents in the state of Tamil Nadu have been substantially reduced w.e.f. 12.02.2004, the details of a few pertaining to mortgages are as under:

Sl. No.	Articles in the Stamp Act	Particulars of Document	Changes from 12.02.2004	
			Stamp Duty with Maximum Limit	Registration fees with Maximum Limit
1	6(1) (a)	Agreement relating to deposit of Title Deed	0.5% on the value of the loan subject to a maximum of Rs. 5000/-	1% of the loan amount subject to maximum of Rs. 1000/-
2	40(b)	Mortgage when possession is not given	1% on the value of the amount secured subject to a maximum of Rs. 20,000/- (now amended as Rs. 40000/- vide Notfn. Dt. 08.07.2009)	1% on the secured amount subject to a maximum of Rs. 5000/- (now amended as Rs. 10000/- vide Notfn. Dt. 08.07.2009)

Though the registration of documents pertaining to creation of equitable mortgage is not mandatory in Tamil Nadu, there is an upper ceiling in the fee prescribed.

It is requested to call for the opinion of the member banks, place the matter before SLBC and take up with the Government of Kerala for amendment, putting maximum ceiling on registration fee in order to reduce the burden of the cost of the loan.

During the Group discussions, the Group concurred with the proposal and the views of the Steering Committee to the effect that appropriate amendment may be made in the Registration Act making registration mandatory and putting maximum ceiling (Cap) on registration fee in order to reduce the burden of cost of registration on the loanees/beneficiaries. The forum suggested that the matter may be taken up with Government.

SLBC had written to the IG, Registration Department, Government of Kerala requesting to take necessary action in this regard. Though through an extra ordinary gazette No.5048/Leg.A2-2010/Law dated 28.07.2010 some modification had been suggested it was not sufficing the requirement of the suggestion put forth by SLBC. Hence it needs to be re-looked.

The agenda item again came up for discussion during the 102nd meeting of SLBC, Kerala held on 15.12.2010 in Trivandrum. In the meeting, the representative from Registration Department informed that they have already given proposal to Taxes Department.

Sri. Teeka Ram Meena IAS, Secretary, Planning & Economic Affairs Department, Government of Kerala assured the forum to take up the matter with Taxes Department, Government of Kerala.

The Sub-Committee of SLBC, Kerala that met on 03.03.2011 at North Committee Room, Government Secretariat, Trivandrum noted that the representatives of the Registration/Taxes Departments were not present in the meeting to ascertain the position in this regard. It was decided to pursue the matter further.

Computerization of Land Records

The SLBC, during its various meetings observed that some States, like Karnataka and Andhra Pradesh have already initiated steps for computerization of land records. This has enabled financing banks to make notings online, regarding their lien and helped to bring down the transaction cost for getting various certificates from village office. For example in Andhra Pradesh, computerization of land records, has brought down the transactions cost for getting a certificate from village offices from Rs. 157/- to Rs. 10/-.

SLBC had taken up the matter with the Secretary (Revenue), Government of Kerala, requesting to take necessary action in this regard.

While reviewing the matter in the Annual Review Meetings of SLBC, Kerala held in 2006, 2007 and 2008, the representative from the Revenue Department informed the forum that instructions had been issued to District Collectors to complete the process.

SLBC, Kerala observed that the matter had been pending with the concerned department for a long time and to be vigorously followed up with the Government. The Convenor had again taken up the matter with the Secretary (Revenue), Government of Kerala, requesting to inform the developments to the SLBC forum.

During the 99th meeting of SLBC, Kerala held on 25.06.2009 in Trivandrum, the Deputy Secretary, Revenue Department, Government of Kerala informed that the process of computerization of land records was going on and assured to inform the developments in this regard during the next SLBC meeting.

The matter again came up for discussion during the State Level Review Meeting (SLRM) of SLBC, Kerala held on 27th and 28th August 2009 in Trivandrum. In the meeting it was informed that there was a centrally sponsored scheme namely NLRM system which was being introduced during the year for computerization of land records to be completed within 3 years.

The matter again came up for discussion during the 100th meeting of SLBC, Kerala held on 21.12.2009 in Trivandrum. In the meeting the Nodal Officer, State IT Cell, Revenue Department informed that in tune with the recommendation of the SLBC, the IT Department was exclusively revamping the land records for computerisation in Kerala which includes 4 steps.

- (1) Resurvey process have been completed only in 768 villages out of 1500 villages in Kerala. The resurvey process would be completed through the Government programme called “BhoomiKerala”.
- (2) Completed the data entry process of 95% of the total resurvey records.
- (3) Data revalidation process was going on in the villages.
- (4) Data finalisation and data base updation were going on. Out of the 768 resurveyed villages, the process have been completed in 206 villages and hoisted in the Website of Revenue Department. The process would be completed in the remaining villages soon.

The matter again came up for discussion during the 101st meeting of SLBC, Kerala held on 30.03.2010 in Trivandrum. Since the representative of the Revenue Department was not present in the meeting to ascertain the progress in this regard, the meeting decided to pursue the matter.

The Sub-Committee of SLBC, Kerala that met on 16.08.2010 at North Committee Room, Government Secretariat, Trivandrum under the Chairmanship of Sri. L. C. Goyal IAS, Additional Chief Secretary (Finance), Government of Kerala decided;

- (i) that a target date for completion of data entry and validation be fixed – to be completed by November 2010 in 753 villages resurveyed so far.
- (ii) the Revenue department may examine whether and ordinance could be issued in place of the amendment suggested in the Act.
- (iii) Only 5 villages would be resurveyed before November 2010.
- (iv) Out of the 1582 villages details regarding 753 villages have been uploaded in the website.

The Sub-Committee noted that substantial time is required for completing the process.

The matter again came up for discussion in the State Level Review Meeting of SLBC, Kerala held on 16th & 17th September 2010 in Trivandrum.

In the meeting, Smt. Nivedita P. Haran IAS, Additional Chief Secretary, Revenue Department Government of Kerala informed that the land records computerization process had started in Kerala many years ago. The work is yet to be completed. Meanwhile Government of India had come up with a programme called National Land Records Management Plan (NLRMP) in which Revenue, Registration and Survey Departments would function under a common umbrella and share the data base so as to prevent illegal transactions, tampering with records etc. Revenue Department is part of the said programme. Though the work is progressing it is a difficult and arduous task.

She then explained the background of the land computerization process and informed that the data has been entered more than once in all districts. Followed by this, the data verification could not be done and since the data could not be updated within a reasonable period of time that has become redundant. Due to this, the available data on land records would not be final and needs to be attended on priority basis.

The matter is further confused since the maintenance of registers as well as the system of mutation followed by southern and northern parts of the State Kerala are different. As a result, uniformity in the process would be required. She added that proper resurvey of the records has not been done in many places in the State after 1908, as a result the survey maps were outdated. The process of updation and digitization has been completed in about 48% of the villages in the State over the last 50 years. So a system has to be needed by which either completion of the survey at war footing in the remaining 52% of the villages are to be done or come up with a proposal for having only smart maps. Now, Government of India had clarified that, as far as land holdings are concerned there was no need to have accurate survey maps. The implementation of whole process hence would take some more time which is being looked into by Revenue Department.

The agenda item again came up for discussion during the 102nd meeting of SLBC, Kerala held on 15.12.2010 in Trivandrum. In the meeting, the Assistant Commissioner, Revenue Department, Government of Kerala informed that Department had already computerized 305 villages in the State and had given details in the website www.revenuekerala.gov.in The computerization process has been done through the sponsorship of NLRM programme of Central Government and the process could be introduced only in resurveyed villages. There are 760 resurveyed villages in the State. In the first phase 576 villages were taken for computerization, of which 305 villages have been completed and the details are put in the website. Rest of the villages would be completed by the end of March 2011.

The Sub-Committee of SLBC, Kerala that met on 03.03.2011 at North Committee Room, Government Secretariat, Trivandrum noted that the representatives of the Revenue Department was not present in the meeting to ascertain the position in this regard. It was decided to pursue the matter further.

The Revenue Department may inform the latest developments in this regard.

Waiver of Stamp duty on SHG loans

NABARD has informed in the earlier meetings of SLBC, Kerala that the State Governments of Andhra Pradesh, Chattisgarh, Karnataka and Maharashtra had issued notifications waiving stamp duty on loans availed by SHGs so as to augment credit flow to SHGs in these States. Accordingly it was decided to take up with Government of Kerala seeking waiver of stamp duty on SHG loans in this State also.

The matter was taken up by SLBC with the Secretary (Taxes), Government of Kerala, requesting to consider waiver of stamp duty on SHG loans on the lines extended by other State Governments. The matter is being continuously deliberated upon since the 99th meeting of SLBC, Kerala and SLRM 2009.

The matter again came up for discussion during the 100th meeting of SLBC, Kerala held on 21.12.2009 in Trivandrum. The Additional Secretary, Taxes Department informed the forum that she was not in a position to clarify any thing in this regard. The forum decided to carry forward the item and to pursue with the Department.

SLBC Convenor, vide letter No. SLBC 35 183 2010 KM dated 01.02.2010, had taken up the matter with the Principal Secretary, Taxes Department requesting examination of the aspect of waiving stamp duty on SHG loans on the lines of that extended by other State Governments.

The matter again came up for discussion during the 101st meeting of SLBC, Kerala held on 30.03.2010 in Trivandrum.

The meeting decided to pursue the matter with Taxes Department and refer the same to Sub-Committee of SLBC.

The Sub-Committee of SLBC, Kerala that met on 16.08.2010 at North Committee Room, Government Secretariat, Trivandrum under the Chairmanship of Sri. L. C. Goyal IAS, Additional Chief Secretary (Finance), Government of Kerala evaluated the progress and it was informed that Government had sought for the financial implications of the suggestion with the Inspector General of Registration. A reply in this regard is yet to be provided. Registration Department was requested to furnish the reply in a month's time.

The matter again came up for discussion in the State Level Review Meeting of SLBC, Kerala held on 16th & 17th September 2010 in Trivandrum. In the Group discussions, the Group suggested that the SLBC may pursue the matter further.

The agenda item again came up for discussion during the 102nd meeting of SLBC, Kerala held on 15.12.2010 in Trivandrum. The forum decided to pursue the matter with the Taxes Department.

The Sub-Committee of SLBC, Kerala that met on 03.03.2011 at North Committee Room, Government Secretariat, Trivandrum noted that the representatives of the Taxes Department was not present in the meeting to ascertain the position in this regard. It was decided to pursue the matter further.

The Taxes Department may inform the latest developments in this regard.

Registration of Equitable Mortgage created in favour of the banks with Sub-Registrar

The matter is pending for a favourable decision by the Government since March 2003.

At present there is no practice of noting/recording the Equitable Mortgage (EM) transactions (ie. Mortgage by deposit of title deeds) in the revenue records of the Government. Also there are no provisions for the same in the revenue regulations of the State of Kerala. The number of frauds reported in related cases is on the increase.

The matter has been in the regular agenda of SLBC since its 80th meeting. The chronology of the events in this regard is narrated below.

The meeting of Secretaries to the Government of Kerala chaired by the Chief Secretary and convened by the Office of Chief Secretary on 16.12.2003 agreed in principle to consider the suggestion and decided that Revenue Department would issue orders for implementation.

Subsequently, during the meeting of Government Secretaries chaired by the Chief Secretary and convened by the Secretary (Planning) held on 23.05.2005, the Secretary (Taxes) pointed out that it would be better to record the equitable mortgage transactions in the Sub-Registrar's office as it would be more foolproof and informed that such a system is in vogue in Tamilnadu State. The Principal Secretaries of Finance Department as well as Revenue Department had taken a supportive view on the above suggestion.

Accordingly, it was decided that the Secretary (Taxes) would prepare a proposal so that a similar system could be implemented in Kerala State also. Such a system would definitely help to augment the flow of credit to agriculture in the State in addition to minimizing the chances of fraudulent transfer of mortgaged property to third party.

The issue was again taken up in the SLRM 2006 and 2007 wherein it was decided pursue the matter with the Taxes Department, Government of Kerala as no decisions were conveyed.

In the recent years, banks have entered in to the areas of retail housing business in a big way. With the growth in mortgage loans, banks have come across large number of fraudulent transactions where fraudulent title deeds/documents were submitted for availing loans. Absence of a centralized arrangement for registering Equitable Mortgage transactions made it difficult to verify prior charges, resulting in multiple loans against a property.

It was informed by Indian Banks' Association (IBA) that, at the instance of the State Level Bankers' Committee (SLBC), various State Governments such as Tamilnadu, Karnataka, Andhra Pradesh, Madhya Pradesh, Gujarat and Himachal Pradesh have set up "Registries" for recording Equitable Mortgage Transactions (EMTs). Further, IBA has forwarded the official communication issued by the Government of Himachal Pradesh regarding noting of lien by Registering Authority of the State under Equitable mortgages in the revenue records.

The measures initiated by various Governments such as Tamilnadu, at the instance of SLBC, were found to be effective for registration of equitable mortgages with nominal charges. Following discussions on this issue at their end, Indian Banks' Association (IBA) had requested the Convenor of SLBC to take up with the State Government for setting up similar arrangements in Kerala on the lines of measure taken by the Governments of Tamilnadu, Andhra Pradesh, Karnataka, Himachal Pradesh etc.

On account of the above, the subject issue was once again included as an agenda item for discussion in the 94th Meeting of SLBC, Kerala held on Trivandrum on 24th of December, 2007. There was consensus decision by the SLBC, forum during its 94th meeting that the issue needed to be followed up with the State Government vigorously.

Further, the meeting of the Sub-Committee of the IBA on "Mortgages and Valuation of property" held recently also stressed the need for registration of "Equitable Mortgage (EM)" across the country. The members of the IBA Sub-Committee also felt it appropriate to have an online system for registration of mortgages.

While reviewing the matter during the State Level Review Meeting of SLBC, Kerala held on 6th & 7th October 2008 in Trivandrum, the meeting requested that steps may be initiated at SLBC level for getting the equitable mortgages registered even by charging nominal fees.

SLBC Convenor had followed up the issue with the concerned department of Government of Kerala for a favourable decision on setting up of Registries for noting charge under Equitable Mortgage Transactions (EMT) which may be taken at the earliest, that would help the banks in the State in a big way.

While reviewing the matter during the 98th Meeting of SLBC, Kerala held on 24.04.2009 in Trivandrum, the forum noted that many of the other States in the Country had been implementing the scheme without any difficulty.

The Additional Secretary, Planning & Economic Affairs Department, Government of Kerala informed that SLBC recommendations had been forwarded to the Taxes Department on 08.05.2006 itself for implementation. .

The General Manager, Canara Bank and Convenor, SLBC, Kerala pointed out that the matter of EMT registration should be got done at a nominal cost. The indication of charges by other

States was given for a pragmatic comparison only. He requested the Government Department to take up the matter and get a decision for registering EMT at a nominal price. People at large in Kerala would be benefited and banks would be more insured against risks on account of the mortgaged backed lending position.

The IG, Registration assured the forum that he would take up the matter with the concerned authority in the Government. He added that amendment of stamp act needed the concurrence from Central Government. The amendment of the stamp act was subject to the related amendment is to fee table prescribed under the Registration Act. He expected that a decision in this regard would be coming before the next meeting of SLBC.

The matter again came up for discussion during the 100th meeting of SLBC, Kerala held on 21.12.2009 in Trivandrum. Since this was a long pending item the Chairman of the meeting requested the concerned Department to take necessary action for a logical end. The forum decided to carry forward the item.

SLBC Convenor, vide letter No. SLBC 35 215 2010 KM dated 10.02.2010, had taken up the matter with the Secretary, Planning and Economic Affairs Department requesting to take up the issue with the Government of Kerala urgently for a favourable decision for setting up of Registries which would help the banks in the State to register Equitable Mortgage created in favour of banks.

The matter again came up for discussion during the 101st meeting of SLBC, Kerala held on 30.03.2010 in Trivandrum.

The meeting decided to pursue the matter with Planning/Registration Department.

The Sub-Committee of SLBC, Kerala that met on 16.08.2010 at North Committee Room, Government Secretariat, Trivandrum under the Chairmanship of Sri. L. C. Goyal IAS, Additional Chief Secretary (Finance), Government of Kerala reviewed the position. The representative from Registration Department informed that the Registration Act has to be amended with consent of the Government for enabling registration of EM transaction in the Revenue Records. The file in this regard has already been put up. The Registration Department was instructed to expedite the matter.

The matter again came up for discussion in the State Level Review Meeting of SLBC, Kerala held on 16th & 17th September 2010 in Trivandrum. In the Group discussions, the Group suggested that the SLBC may follow up the matter further.

SLBC had taken up the matter with Planning & Economic Affairs Department requesting to take up the issue with the concerned Department of the Government of Kerala for a favourable decision in this regard. The present position may be informed.

The agenda item again came up for discussion during the 102nd meeting of SLBC, Kerala held on 15.12.2010 in Trivandrum. In the meeting, the representative of Registration Department informed that they have no objection in considering this proposal.

Since the Act has to be amended, Sri. Teeka Ram Meena IAS, Secretary, Planning & Economic Affairs Department, Government of Kerala assured the forum to take up the matter with Taxes Department, Government of Kerala.

The Sub-Committee of SLBC, Kerala that met on 03.03.2011 at North Committee Room, Government Secretariat, Trivandrum noted that the representatives of the Registration/Taxes Departments were not present in the meeting to ascertain the position in this regard. It was decided to pursue the matter further.

The Registration / Taxes Department may inform the latest developments in this regard.

Creation of a Central Registry titled National Mortgage Repository

In order to bring in more transparency and prevent frauds on property transactions, the issue of creation of a National Mortgage Repository (NMR) in the Country is widely discussed in the various forums of IBA/Government etc. It 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.

The matter has been actively followed by the SLBC since SLRM 2008 and a decision in this regard is awaited from the Revenue Department.

While reviewing the matter in the 100th meeting of SLBC, Kerala held on 21.12.2009, the Deputy Secretary, Revenue Department informed that the matter would be examined.

SLBC Convenor, vide letter No. SLBC 35 213 2010 KM dated 10.02.2010, had taken up the matter with the Principal Secretary, Revenue Department requesting to consider creation of a National Mortgage Repository (NMR) to bring in more transparency and prevent frauds on property transactions.

The matter again came up for discussion during the 101st meeting of SLBC, Kerala held on 30.03.2010 in Trivandrum. The meeting decided to take up the matter in the Sub-Committee of SLBC.

In the Sub-Committee meeting of SLBC, Kerala held on 16.08.2010 at North Committee Room, Government Secretariat, Trivandrum under the Chairmanship of Sri. L. C. Goyal IAS, Additional Chief Secretary (Finance), Government of Kerala, the representative from Revenue Department informed that Government of India is introducing Land Titling Act 2010 shortly. The draft in this regard is in circulation for comments and views. It was

informed that the Act contains several provisions which would address the requirements of bankers. Revenue Department was instructed to expedite the action.

The matter again came up for discussion in the State Level Review Meeting of SLBC, Kerala held on 16th & 17th September 2010 in Trivandrum. During the Group discussions, the Group noted the developments and suggested following up the matter further.

Smt. Nivedita P. Haran IAS, Additional Chief Secretary, Revenue Department Government of Kerala, in her address informed that Government of India had also come up with Land Titling Bill during the last year aiming to ensure conclusive title to every land holder. She explained that the conclusive title means an unchallenged title and if any one challenges it in a court of law, the case would not stand. Further in case it could be challenged, the Government would have to indemnify the party, the land holder. The basis of the act would be good, proper and reliable land records. Land Titling Bill would only be a model act which means that State Government would have the option either to adopt the act, pass the rules and implement there after or otherwise. If we wish to reach the stage of Land Titling Bill, three things were to be ensured

- (i) Land records and Survey records are reliable, upto date and tamper proof
- (ii) survey records/maps shall be reliable and reflect the same as the revenue records says
- (iii) Online registration is done by the Registration department based on the same records lying in the revenue and survey records – they have to accept and function under the common database.

She suggested forming a separate sub-committee for resolving issues with Revenue department.

Vide letter No.50085/G2/10/RD dated 08.10.2010, the Additional Chief Secretary, Revenue (G) Department, Government of Kerala informed that draft land titling bill is in progress. A workshop was conducted to examine the various aspects of the bill. The bill envisages that a land titling agency shall function as a Government Department and all the relevant offices, viz. Revenue, Registration and Survey, will be brought under one umbrella so that they all function with a common database. The bill allows indemnification of land owners for any defect in land records. The bill has been placed on the website of Department of Land Resources (dolr.nic.in).

The bill is a Model Bill and the States have the option to examine and adopt it. It needs to be mentioned that such a bill can be adopted only after the land records and survey records are reliable up-to-date and tamper proof and the Registration Department accepts and functions under a common database. It is proposed that a Special Group may be set up by SLBC to discuss the above issues and to move forward in the State.

The issue of land lease and mortgaging can also be discussed by this special group.

The agenda item again came up for discussion during the 102nd meeting of SLBC, Kerala held on 15.12.2010 in Trivandrum. In the meeting, the Assistant Commissioner, Revenue

Department, Government of Kerala informed that the Model Land Titling Bill was introduced by Government of India and the same is required to be adopted by the State Government. The discussion on this was going on with various departments and is expected to be finalized soon.

The Sub-Committee of SLBC, Kerala that met on 03.03.2011 at North Committee Room, Government Secretariat, Trivandrum noted that the representatives of the Revenue Department was not present in the meeting to ascertain the position in this regard. It was decided to pursue the matter further.

The Revenue Department may inform the latest developments in this regard.

Guarantees issued by the State Government

The issue is in existence since 89th meeting of SLBC wherein it was reported that many state government guarantees invoked by banks had not been honoured by the state government. Further it was informed that the revised prudential norms for asset classification stipulated that the loans guaranteed by the state government, if in arrears, should have to be classified as a non performing asset and hence huge provisions should have to be made by the banks in their balance sheets. This was affecting the health of banks.

In the meeting that followed the representative of the Finance Department assured that all the guarantees issued by the state government have been honoured by the State Government. Banks countered this claim citing specific cases. The forum decided to form a small committee to discuss the matter. The members of the committee were representatives of SBI, SBT, Canara Bank, Indian Bank, Bank of India, Federal Bank, Vijaya Bank, Finance Department, GoK and Planning Department, GoK.

As per the decisions of the steering committee of SLBC which met on 23rd May 2006 the details of the invoked government guarantees collected by the convener SLBC had been forwarded to the Dept. of Finance, vide letter TLB/35/378/2006/KVS dated 20.06.2006.

The annual review meeting of SLBC, Kerala held on 11th & 12th October 2006 in Trivandrum noted that for restructuring of viable PSUs, the state government has formed a core committee at the state level with the Principal Secretary (Industries) as Chairman and representatives of major banks as members. Further, for every PSU, unit level committees have been formed for studying the viability of the units and, if found viable, putting forth restructuring proposals.

The meeting welcomed the setting up of a state level committee for restructuring of viable PSUs. However, the forum noted that Dept. of Finance had not responded regarding the details of the invoked government guarantees pertaining to various banks collected and forwarded by the Convener, SLBC. SLBC Convenor vide letters (1) TLB 35 442 2007 RP

dated 12.02.2007 (2) TLB 35 1666 2007 RP dated 31.08.2007 had followed up the matter with the Department of Finance, Government of Kerala.

As proposed by Federal Bank the matter was again included as an agenda in the 95th meeting of SLBC, Kerala. While reviewing the developments on the issue during the 95th meeting of SLBC Kerala held at Trivandrum on 29.05.2008, the meeting noted that the matter had been a pending issue with the Finance Department for a favourable decision. SLBC Convenor had followed up the matter with the Principal Secretary, Department of Finance, Government of Kerala with the details of all the State Government Guarantees invoked by banks but not honoured by the Government. The forum noted that all the banks had an excellent relationship with the State Government. The Finance Department was requested to sort out the issue expeditiously. The Secretary (Planning) assured the forum to take up the matter with the finance department.

During the 96th meeting of SLBC Kerala held in Trivandrum on 30.07.2008, the Additional Secretary, Planning & Economic Affairs Department, Government of Kerala informed that the matter had been pending with Finance Department and no final decision had come from them. He added that a decision in this regard has to be taken at the highest level of the Council of Ministers.

The meeting reiterated to the Department that Government guarantee is a sovereign guarantee and banks were not questioning the credibility of the State Government. The forum requested the department to sort out the matter immediately since fresh funding would be provided by banks only on the basis of honouring of guarantees already issued by State Government and banks needed the co-operation from Government. Moreover, in Kerala, all the banks are having excellent relationship with the State Government and as such there should be no hurdle for getting the guarantees honoured.

SLBC Convenor had taken up the matter separately with the Secretary, Planning & Economic Affairs Department, Government of Kerala requesting to follow up the matter with the appropriate authority in the Government of Kerala for a decision on the recommended lines.

The Review Meeting of SLBC, Kerala held on 6th & 7th October 2008 expressed deep concern over the inordinate delay in the matter and requested the Convener, SLBC to take up with the Government for an immediate solution. In the meeting the Under Secretary, Planning Department, Government of Kerala informed that the matter was pending with Finance Department and they would take up the matter at Secretary level.

The issues was again discussed in the SLRM 2009 wherein it was suggested that respective Departments have to put up proposal with Finance Department for getting clearance for settlement. More over it was also decided that SLBC may pursue the matter till a logical end is reached in the issue.

The 100th meeting of SLBC, Kerala held on 21.12.2009 in Trivandrum took a decision to form sub-committees exclusively for sorting out the long pending issues with different Government Departments.

The Sub-Committee Meeting held on 27.03.2010 at South Conference Hall, Government Secretariat, Trivandrum, Dr. P. Prabhakaran IAS, Additional Chief Secretary, Finance Department, Government of Kerala requested SLBC to collect the details of the position of accounts which are guaranteed by the Government of Kerala to the Secretary, Industries Department at least at Quarterly intervals. He suggested that where guarantees are invoked the report may be made in two parts:

- (i) detailed list accounts where revival package could be possible
- (ii) list of dead cases which are beyond the purview of revival .

It was hence agreed to adopt the above system from the next quarter so that a meaningful follow up could be made.

The 101st meeting of SLBC, Kerala held on 30.03.2010 in Trivandrum adopted the decision of the sub-committee.

The Sub-Committee of SLBC, Kerala that met on 16.08.2010 at North Committee Room, Government Secretariat, Trivandrum under the Chairmanship of Sri. L. C. Goyal IAS, Additional Chief Secretary (Finance), Government of Kerala examined the case by case details and arrived that only in three cases guarantee is pending settlement.

- (i) KSCDC
- (ii) CAPEX
- (iii) Travancore Rayons Ltd.

In the first two cases it was suggested that banks may come up with OTS.

With regard to Travancore Rayons Ltd, it was suggested to the consortium of banks to arrive at the liability as at 31.03.2010 and to come up with proposals in the same formula that was worked out in 2006.

Details of State Government Guarantees invoked by banks but not honoured by the Government as at December 2010 is furnished as **Annexure-10.51**

The Sub-Committee of SLBC, Kerala that met on 03.03.2011 at North Committee Room, Government Secretariat, Trivandrum discussed the matter. **Sri. M. Girees Kumar IAS**, Officer on Special Duty (Fin-Resources), Finance Department, Government of Kerala assured the forum to take up the matter with the Industries Department and requested the concerned banks to take up the matter with the respective department. He added that Finance department would write to the Principal Secretary, PWD in the matter of guarantee given by

Roads & Bridges Development Corporation of Kerala. On the matter of Kerala Agro Industries Corporation it was suggested to submit a revised OTS proposal.

Amendments suggested in the format for issuing Encumbrance Certificate for landed property issued by Sub-Registrar Office (SRO)

As security for loans, Banks are creating mortgage, simple or registered, on landed properties. To ensure that such landed properties are free from encumbrances banks are obtaining NIL Encumbrance Certificates (EC) for the preceding 13 years. It is a pre-condition that preceding 13 years EC showing nil charges should be produced to the bank while creating mortgage. Banks are relying on this as one of the vital documents before accepting the landed property as security. Normally EC are being issued by the officials of Sub-Registrar Office (SRO) in a format prescribed for the same. It is informed as a “Disclaimer Clause” under Note No.2 & 3 in the above format that *“the department will not be responsible for any mistakes/omissions in the verification report furnished in the Encumbrance Certificate issued under their signature and seal”*.

There are instances where the concerned SRO officials issued “Nil EC” suppressing all the transactions/charges during the period of coverage of EC. Banks relying on these ECs had created EMT and granted credit facilities to customers. Later, when these loans become sticky and as part of internal investigations when fresh ECs for the same period are taken once again, the earlier omitted/suppressed entries would appear on the EC revealing a clear case of connivance and malafide intention. When the matter was taken up with the concerned SRO officials, they had taken shelter under the “Disclaimer Clause” available in the format of EC (Note 2 &3) as explained above obviously to get rid of accountability issues.

The 95th meeting of SLBC Kerala held at Trivandrum on 29th May 2008 discussed this issue and decided that the matter should be taken up with the concerned authorities of Government of Kerala so that necessary modifications could be effected in the format for issuing EC by SRO officials, particularly in respect of the Disclaimer Clause contained in Note 2&3 of the format, by suitably amending Section 57 and Rule 165 (1) of the Registration Act. The Secretary (Planning), Government of Kerala assured the forum that the matter would be taken up with the concerned department.

SLBC had taken up the matter with the Secretary, Planning & Economic Affairs Department, Government of Kerala requesting to take up the matter with the appropriate authority in the Government of Kerala for a decision on the recommended lines.

The issue was again raised in the SLRM of 2008 & 2009 wherein it was decided to pursue the matter of deletion of the disclaimer clause from the Encumbrance Certificate issued by SRO. The IG of Registration Department informed that a suitable decision shall be taken only after a detailed study.

The matter again came up for discussion during the 101st meeting of SLBC, Kerala held on 30.03.2010 in Trivandrum.

The meeting noted that responding to the letter from SLBC dated 04.11.2009, the Principal Secretary, Taxes (E) Department, Government of Kerala vide letter No.27532/E2/09/TD dated 18.01.2010 clarified that the modification in the EC format cannot be effected as suggested by SLBC.

Since the issue would affect all banks, the meeting requested the State Government to have a re-look on the issue and decided once again to take up the matter once again with Taxes Department.

Sri. Teeka Ram Meena IAS, Secretary, Planning & Economic Affairs Department suggested to take up the matter in the Sub-Committee of SLBC.

The Sub-Committee of SLBC, Kerala that met on 16.08.2010 at North Committee Room, Government Secretariat, Trivandrum under the Chairmanship of Sri. L. C. Goyal IAS, Additional Chief Secretary (Finance), Government of Kerala examined the issue and felt that it required to be examined seriously. It suggested to the Registration Department to find out the position/practice adopted in other States and to sort out the issue immediately.

The matter again came up for discussion in the State Level Review Meeting of SLBC, Kerala held on 16th & 17th September 2010 in Trivandrum. During the Group discussions, the Group noted the present position and suggested that the SLBC may follow up the matter.

The agenda item again came up for discussion during the 102nd meeting of SLBC, Kerala held on 15.12.2010 in Trivandrum. Since amendment would be required, Sri. Teeka Ram Meena IAS, Secretary, Planning & Economic Affairs Department, Government of Kerala assured the forum to take up the matter with Taxes Department, Government of Kerala.

The Sub-Committee of SLBC, Kerala that met on 03.03.2011 at North Committee Room, Government Secretariat, Trivandrum noted that the representatives of the Registration/Taxes Departments were not present in the meeting to ascertain the position in this regard. It was decided to pursue the matter.

The Registration / Taxes Department may inform the latest developments in this regard.

Need for Reduction in Stamp Duty and Registration charges for Registered Memorandum

In Kerala, in the case of registered memorandum of Equitable Mortgage Transaction (EMT), the stamp duty applicable is 1.50% of the loan amount and the registration charge is 2 % of the loan amount, making it to 3.50% of loan quantum, without any maximum ceiling.

The banks in Kerala are not insisting for the safer mode of “Registered Memorandum of EMT” owing to the high stamp duty and charges for registration which would otherwise reduce the burden on borrowers.

The SLBC meeting had discussed the agenda to reduce the stamp duty on Equitable Mortgage (EM) followed by “Registered Memorandum” with a monetary ceiling such as “Maximum Stamp duty” and “Maximum registration charges”, irrespective of the loan amount, fixed at Rs. 5000/- and the Rs. 1000/- respectively as done in the State of Tamilnadu.

To strengthen the present system of Equitable Mortgage (EM) in Kerala, the SLBC forum suggested the Government to reduce the stamp duty on Equitable Mortgage (EM) followed by “Registered Memorandum” with a monetary ceiling, as followed by Tamilnadu State. If the charges for registered memorandum gets reduced to acceptable levels to all in the State, we can make it compulsory for all Equitable Mortgages (EMs) to register its memorandum thereby giving more strength to the mortgages and to increase the revenue to the State Government.

The members of SLBC, Kerala, in its 94th meeting held on the 24th December 2007 in Trivandrum arrived at a consensus decision to take up the subject matter with the appropriate Government department for a favourable decision.

Quoting the prevailing congenial conditions in the Tamilnadu State, the Hon’ble Union Minister of State for Finance Sri. Pawan Kumar Bansal, who chaired the meeting, opined that the above proposal would bring more comfort for both the bank and the customers. He suggested further that the “Registration charges” for registered memorandum for bank loans could be classified as a separate category and the charges for registration and stamp duty could be reduced for this category.

SLBC Convenor had taken up the matter with the Principal Secretary (Revenue) and Secretary (Taxes), Government of Kerala requesting to take up the matter with the Government of Kerala in a suitable manner so that our State could also follow the pattern by fixing reduced stamp duty and registration charges on “Equitable Mortgage” followed by “Registered Memorandum”, with a monetary ceiling in line with that in Tamilnadu State. A favourable decision in this regard would pave way for sustained comfort and safety in lending by banks so also in generation of additional revenue to the Government.

The matter is being reviewed in the SLRM 2008 & 2009. Government is yet to come out with a decision in the matter.

The matter again came up for discussion during the 100th meeting of SLBC, Kerala held on 21.12.2009 in Trivandrum. The Deputy Secretary, Revenue Department informed the forum that no proposals have been received by the Government.

SLBC Convenor, vide letter No. SLBC 35 207 2010 KM dated 13.02.2010, had submitted the proposal to the Principal Secretary Revenue Department once again as decided in the meeting.

The matter again came up for discussion during the 101st meeting of SLBC, Kerala held on 30.03.2010 in Trivandrum.

Sri. Teeka Ram Meena IAS, Secretary, Planning & Economic Affairs Department, Government of Kerala suggested that to invite the Principal Secretary, Revenue Department, Government of Keala in the Sub-Committee Meeting of SLBC and include all issues related to Revenue Department. The matter is referred to the Sub-Committee of SLBC.

The Sub-Committee of SLBC, Kerala that met on 16.08.2010 at North Committee Room, Government Secretariat, Trivandrum under the Chairmanship of Sri. L. C. Goyal IAS, Additional Chief Secretary (Finance), Government of Kerala reviewed the progress in this matter and requested the IG, Registration Department to examine and take a view early.

The matter again came up for discussion in the State Level Review Meeting of SLBC, Kerala held on 16th & 17th September 2010 in Trivandrum. During the Group discussions, the Group noted the present position and suggested that the SLBC may follow up the matter.

The agenda item again came up for discussion during the 102nd meeting of SLBC, Kerala held on 15.12.2010 in Trivandrum. In the meeting, the representative from Registration Department informed that an amendment would be required for reducing the registration charges and fixation of maximum cap.

The forum decided to pursue the matter with Registration Department.

The Sub-Committee of SLBC, Kerala that met on 03.03.2011 at North Committee Room, Government Secretariat, Trivandrum noted that the representatives of the Revenue Department was not present in the meeting to ascertain the position in this regard. It was decided to pursue the matter.

The Registration Department may inform the latest developments in this regard.

Amendment/modification in Kerala Registration Rules empowering the SROs to make entry of possession of immovable properties by banks under SARFAESI Act, in Book I

“Whenever any properties of immovable nature are attached by the civil or revenue courts, the same should be entered in Book I kept with concerned SROs and the same would reflect in the subsequent ECs. Possession of immovable properties under SARFAESI Act 2002 is also part of quasi-judicial proceedings by the Authorized Officers of the secured creditor/banks. If the said fact of taking possession is also entered in Book I, it would be

helpful to the public in general and the banks/secured creditors in particular. When this matter has been taken up with the I.G. of Registration, it has been clarified vide his letter No.RR.3/24675/2004 dated 07.03.2005 that unless the existing Rules in Kerala is amended the above action would not be possible. Hence suitable amendment in the Registration Rules, empowering the SROs to make an entry of possession of immovable properties under SARFAESI Act 2002 [on specific requisition of the Authorized Officers under the Security Interest (Enforcement) Rules 2002] may be made, which would help banks in the process as above.”

The 94th meeting of SLBC, Kerala held on 24.12.2007 in Trivandrum noted the above and decided to refer the matter to the State Government.

On the basis of the foregoing, SLBC Convenor had taken up the matter with the Principal Secretary (Revenue) and Secretary (Taxes), Government of Kerala requesting to take up the matter as discussed above with the appropriate authority in the Government of Kerala for a decision on the recommended lines.

The matter was reviewed in the SLRM 2008 & 2009 and was decided to pursue the matter with Government.

The 100th meeting of SLBC, Kerala held on 21.12.2009 in Trivandrum took a decision to form sub-committees exclusively for sorting out the long pending issues with different Government Departments.

However, in the meanwhile the Principal Secretary, Taxes (E) Department, Government of Kerala vide letter No.24898/E2/09/TD dated 07.12.2009, informed that the exemption of surcharge for certificate of sale under SARFAESI Act/Rules 2002 and Amendment/notification in Kerala Registration Rules empowering the Sub-Registrar Office to make entry of possession of immovable properties by banks under SARFAESI Act, in Book 1, cannot be considered favourably – hence rejected.

In the Sub-committee Meeting held on 27.03.2010 at South Conference Hall, Government Secretariat, Trivandrum, Sri. A. K. Ramakrishnan, Inspector General, Registration Department, Government of Kerala informed that unless suitable amendment is made in the Registration Act Section 89, empowering the SROs to make an entry of possession of immovable properties under SARFAESI Act 2002, Department could not do anything.

Dr. P. Prabhakaran IAS, Additional Chief Secretary, Finance Department, Government of Kerala requested SLBC Convenor to further examine the matter at SLBC level and to take up the matter once again with the concerned Department if suitable modification / amendment was found necessary.

The Sub-Committee decided to examine the matter at SLBC level and if found essential by the forum, to again take up with the concerned Department so that the matter of amendment may be taken up at the Government Level.

In light of the decision of the 101st meeting of SLBC, Kerala held on 30.03.2010 the matter is once again referred to Taxes Department.

SLBC Convenor had vide SLBC 35 665 2010 RP dated 26.04.2010 take up the matter with the Secretary, Taxes Department, Government of Kerala requesting to examine the above aspects and provide a favourable decision on the recommended lines at the earliest.

Vide letter No.26559/G2/10/RD dated 20.05.2010, Principal Secretary, Revenue (G) Department, Government of Kerala informed the following.

“In the said Act or in the Security Interest (Enforcement) Rules, 2002, there is no enabling provision to collect or levy any service charge or collection charge. The State Government is not competent to enforce any collection charge or service charge in this matter unless an amendment for the purpose has to be incorporated in the aforesaid Act by the Central Government. Since the State Government is completely justified in levying of collection charge under the SARFAESI Act, the matter has been taken up with the Ministry of Finance in Central Government, to take necessary steps for making amendments by incorporating an enabling provision to collect or levy any service charge or collection charge in the said Act.”

The above clarification does not seem to be pertaining to the issue raised in SLBC.

The Sub-Committee of SLBC, Kerala that met on 16.08.2010 at North Committee Room, Government Secretariat, Trivandrum under the Chairmanship of Sri. L. C. Goyal IAS, Additional Chief Secretary (Finance), Government of Kerala suggested re-examination of the issue in total by the Registration Department.

The matter again came up for discussion in the State Level Review Meeting of SLBC, Kerala held on 16th & 17th September 2010 in Trivandrum. During the Group discussions, the Group noted the present position and suggested that the SLBC may follow up the matter.

The agenda item again came up for discussion during the 102nd meeting of SLBC, Kerala held on 15.12.2010 in Trivandrum. The forum decided to sort out the matter in the Sub-Committee of SLBC in the presence of Secretaries of Taxes and Registration.

The Sub-Committee of SLBC, Kerala that met on 03.03.2011 at North Committee Room, Government Secretariat, Trivandrum noted that the representatives of the Registration/Taxes Departments were not present in the meeting to ascertain the position in this regard. It was decided to pursue the matter.

The Registration / Taxes Department may inform the latest developments in this regard.

Introduction of Computerization in Revenue Recovery

The matter came up for discussion in the 100th meeting of SLBC, Kerala held on 21.12.2009 as suggested by Principal Secretary, Revenue (H) Department, Government of Kerala.

The Government propose to introduce computerisation in revenue recovery. The main objective of “RR online” is to facilitate efficient and effective Revenue Recovery process automation by means of Information and Communication Technology (ICT tools). The process starts with the online submission of Form 24 by the requisitioning department and logically concludes with the disposal of the relevant revenue recovery file from District, Taluk and Village Offices concerned. The online process will enhance the efficiency and transparency of revenue collection by reducing the time to process the file and at the same time maintaining the required official secrecy. The software prepared and developed by the NIC which is at present being used in Palakkad and Malappuram District is proposed to be replicated in other districts also.

The requisitioning departments that participated in the meeting have expressed their willingness to come on to the online revenue recovery. It has been decided that BSNL will give Broad Band connection in all the 63 Taluk Offices and 20 Revenue Recovery offices for which proposal will be taken up with BSNL separately. The Technical Director and District Informatics Officer has informed that on an average an amount of Rs. 2-3 lakhs would be required for establishing infrastructure in the District mainly for networking at Taluk Offices. It has been decided to raise funds from banks in the district through the Lead Banks as it was done in the case of pilot districts viz. Palakkad and Malappuram.

The 100th meeting of SLBC, Kerala took a decision to form a sub-committee exclusively for sorting out the issue with different Government Departments.

The Sub-committee Meeting held on 27.03.2010 at South Conference Hall, Government Secretariat, Trivandrum noted that the issue came up for discussion during the 100th Meeting of SLBC held on 21.12.2009 and this was only for information.

Representative of National Informatics Centre (NIC) informed that on line process of revenue recovery was established in Taluk Offices in Malappuram, and Palakkad Districts with the support of banks. He added that Software was ready and is working fine. The on line process for Revenue Recovery would be started in 9 other districts of the State which would depend on the number of Taluk Offices and staff. He requested SLBC to give suitable direction to the Lead Bank Offices of other districts also to extend their support in establishing the process.

Convenor, SLBC assured to take up the matter with Lead Banks and to adopt a uniform process in the matter of implementation of the programme in all the Taluks / Districts on a cost sharing basis depending on the number of branches in the district.

In light of the above decision, the 101st meeting of SLBC, Kerala held on 30.03.2010 decided to follow up the matter.

SLBC Convenor had vide SLBC 35 652 2010 RP dated 26.04.2010 taken up the matter with the LDMS (other than Palakkad & Malappuram) requesting to adopt a uniform process in the matter for implementation of computerisation in RR in all the Taluks / Districts on a cost sharing basis depending on the number of branches in the district.

Vide letter No.26559/G2/10/RD dated 20.05.2010, Principal Secretary, Revenue (G) Department, Government of Kerala informed that *the Draft procedure received from NIC for the implementation of RR Computerization has been forwarded to the Commissioner of Land Revenue for remarks.*

The Sub-Committee of SLBC, Kerala that met on 16.08.2010 at North Committee Room, Government Secretariat, Trivandrum under the Chairmanship of Sri. L. C. Goyal IAS, Additional Chief Secretary (Finance), Government of Kerala examined this issue. The representative from Revenue Department informed that computerization of revenue recovery is completed in 13 districts except Trivandrum and has been working without any issues. At present connectivity is available between District Head quarters and the Taluk only. Still at Village level RR is being done only under manual environment. It was evaluated that last mile connectivity could be done only in a phased manner. Hence may take time.

The matter again came up for discussion in the State Level Review Meeting of SLBC, Kerala held on 16th & 17th September 2010 in Trivandrum. During the Group discussions, the Group noted the progress and suggested that the SLBC may follow up the matter further.

Smt. Nivedita P. Haran IAS, Additional Chief Secretary, Revenue Department Government of Kerala, in her address clarified that after a lot of efforts over the last two years, the process of RR computerization has been completed in 13 districts in the State. She added that in Trivandrum District the process is yet to be started because of not installation of computer cell at the District Collectorate. Out of 63 Taluks, 30 Taluks have completed the on-line process of submission of RR requests. Out of the balance, the process would be completed in 20 taluks by the end of September 2010 and the remaining 13 taluks at the end of October 2010 which includes Trivandrum District also. So with this, the first phase of computerization would be completed.

She thanked the banks for their financial support in many districts for fulfilling the requirements.

In the second phase of RR on-line, RR cases have to be reviewed on a regular basis, in which Government requires assistance from banks. RR cases were pending because of the following reasons (i) Court stay (ii) Stay from Government or from Collector (iii) Delay - RR notice remains in acted upon for many reasons like party is absconding or not available etc.

After establishing the connectivity of RR online, Government would be reviewing the long pending cases and take necessary action. She requested all banks to be part of this exercise.

Regarding the Government stay, she clarified that normally no stay was allowed under RR act and Government or Collector gives permission to pay the dues in instalments depending on the merit of the cases considered.

Government would be monitoring the RR computerization since in accordance with the Government Order, once a party got a stay and if he fails to abide by the stay conditions, he would not get a second chance or further stay. Such cases would be handled by Revenue Department based on the feedback from computerized RR environment.

The agenda item again came up for discussion during the 102nd meeting of SLBC, Kerala held on 15.12.2010 in Trivandrum. The forum decided to pursue the matter with Revenue Department.

The Sub-Committee of SLBC, Kerala that met on 03.03.2011 at North Committee Room, Government Secretariat, Trivandrum noted that the representatives of the Revenue Department was not present in the meeting to ascertain the position in this regard. It was decided to pursue the matter further with Government.

The Revenue Department may inform the further developments in this regard.

Non-Achievement of Target under Differential Rate of Interest (DRI) Scheme

The DRI advances as at September 2009 recorded a low level growth of 0.02% to last year's gross credit which was much below the mandatory level of 1% of previous year's total advances.

The matter came up for discussion in the 101st meeting of SLBC, Kerala held on 30.03.2010 in Trivandrum. The meeting examined the suggestions given by the Steering Committee and decided to refer the matter in the Sub-Committee of SLBC consisting of State Bank of Travancore, State Bank of India, Canara Bank, Union Bank of India, Federal Bank and South Indian Bank and the report of sub-committee may be placed in the next SLBC meeting.

The Sub-Committee constituted met on 05.08.2010 in Trivandrum and recommended the following for the consideration of the forum and making appropriate recommendations.

- (i) The maximum limit of loans that could be granted under DRI scheme shall be enhanced to Rs. 50,000 in urban centres and Rs. 40,000 in rural areas.
- (ii) The stipulation that the second dose of financial assistance under DRI will not be permitted shall be re-examined and relaxation may be permitted duly taking into account the financial status of the family.
- (iii) DRI loans could be integrated with other schemes.
- (iv) DRI scheme is an exclusive scheme and cannot be clubbed with Government sponsored schemes. This stipulation shall be re-examined.
- (v) SHG under BPL first dose can be considered up to the cap stipulated under DRI.

The matter again came up for discussion in the State Level Review Meeting of SLBC, Kerala held on 16th & 17th September 2010 in Trivandrum. During the Group discussions, the Group noted the recommendations of the Sub-Committee of SLBC met on 05.08.2010 in Trivandrum and suggested to make appropriate recommendations for modification of the stipulated norms to enhance performance. It was also felt the need for enhancement in income ceiling to Rs. 24,000 in rural areas and Rs. 36,000 in semi-urban and urban areas in addition to the existing recommendations of sub-committee. The following recommendations put forth in secondary sector also be considered.

- The present ceiling in respect of DRI loans may be raised to Rs 50,000/- for all activities to step up credit flow under the scheme.
- Banks can consider lending through NGOs.
- Financing of JLGs under the scheme may be considered.
- IAY lending under the scheme without EM is recommended for consideration upto Rs. 50,000/- limit.

The agenda item again came up for discussion during the 102nd meeting of SLBC, Kerala held on 15.12.2010 in Trivandrum. The SLBC Convenor SLBC informed that the matter was taken up with RBI requesting to examine the proposals of subcommittee and take necessary action.

SLBC Convenor, vide SLBC 35 175 2011 KRA dated 25.01.2011, had taken up the matter with Reserve Bank of India requesting to examine the above proposal.

Extending loan facilities for Rehabilitation of Gulf returnees

A sizeable number of Keralites' working abroad, especially in Gulf Countries are forced to return to their homeland due to loss of job/reduction in salary etc. on the wake of Global Economic Slow down. The returnees are mainly from the construction field in Gulf Countries and they are from the lower strata of our society. Kerala being a big labour exporting State, the return of migrants especially workers employed in Gulf Countries, due to global economic slow down is in an increasing scale and rehabilitation of these return migrants who lost jobs in overseas and thereby forced to return home may be considered as a major responsibility of the Government.

The rehabilitation of such returnees being a social need providing loan facilities at a reasonable rate of interest to start small scale industries and micro enterprises to the Non Resident Keralites' who lost their jobs while working abroad due to recession may be considered as an item in the agenda of the 101st meeting of SLBC.

The matter came up for discussion in the 101st meeting of SLBC, Kerala held on 30.03.2010 in Trivandrum. The following suggestions of the Steering Committee of SLBC was noted by the forum.

- (i) to develop a package of schemes for NRI returnees for establishing own ventures
- (ii) Some level of security net shall be provided in such schemes.
- (iii) Integrated EDPs are to be thought of and these projects shall be integrated in the District Credit Plans of the Districts.

The representative from Kerala Financial Corporation informed that KFC had a separate scheme for Gulf Returnees offered at 7% interest rate for the entire loan period. Despite wide publicity/advertisement, only few takers were there for the loan and hence unable to achieve the target. Only 63 loans could be disbursed. He added that the scheme details have been provided to the Director, NORKA Department through e-mail.

Representative of State Bank of Travancore informed that from June 2009 onwards SBT had implemented a scheme for Gulf Returnees and the response was poor.

The meeting requested KFC to provide the details to SLBC. It was also decided to constitute a sub-committee of SLBC wherein the scheme details, terms and conditions etc. could be evolved. The meeting also decided to invite KFC for the Sub-Committee meeting.

The matter again came up for discussion in the State Level Review Meeting of SLBC, Kerala held on 16th & 17th September 2010 in Trivandrum and it was decided to convene the Sub-Committee meeting once the details are received from SBT & KFC and come up with appropriate recommendations.

The agenda item again came up for discussion during the 102nd meeting of SLBC, Kerala held on 15.12.2010 in Trivandrum. On the loan facilities for Rehabilitation of Gulf Returnees Convenor SLBC, replied that a subcommittee would be formed for formulating the scheme under the Chairmanship of Secretary NORKA.

The Secretary, NORKA, Government of Kerala informed that Department is not having any system for collecting the statistics on remittances from non resident Keralites. The data would be of much use in knowing the major centres of remittance, amount involved and in formulating various welfare schemes for them. He requested RBI and SLBC to extend support for collecting the exact figures regarding foreign remittance to the State of Kerala from Keralites.

Responding to that, the Regional Director, Reserve Bank of India said that Kerala is one of the States with lowest intensity in using electronic mode of payment. RBI has been advocating that people should be using electronic mode of payment so as to make available more records. Moreover, RBI had given direction to banks for providing source and details of remittance in pass books of customers.

Further Secretary NORKA added that Government had arranged many publicity and awareness campaigns on the problems faced by women in the state in the process of migration and the need for proper documents for the same. He expressed willingness to include the importance to switching over to electronic remittance to non residents in such campaigns. To this, the Regional Director, Reserve Bank of India suggested that Secretary, NORKA Department can contact Sri. M. V. Anilkumar, AGM, RBI at any time and fix a mutually convenient date to enable him to give a presentation to the employees of the NORKA Department.

The Sub-Committee met on 07.02.2011 in Trivandrum decided to convene a group of sub-committee consisting of SBT, Canara Bank, Syndicate Bank, SMGB, KFC and NORKA to finalise the operational guideline on scheme. This is being finalized.

ADWDRS – Waiver of RR collection charges

The matter was included in the 96th meeting of SLBC, Kerala held on 30.07.2008 in Trivandrum.

In the process of implementing ADWDRS, the banks could get so many sticky accounts partly closed and rest of the amount has to be written off by the banks. The sacrificed amount by the banks include unapplied interest on NPA accounts, interest from 01.03.2008 till credits of Debt Waiver or Debt Relief assistance, inspection charges, legal charges etc. The loans covered under the scheme include only agricultural advances with overdues, many cases out of the above might have already been referred for Revenue Recovery actions.

The ADWDRS does not actually envisage any recovery from the borrowers except in the case of OTS for other farmers. Therefore, the banks may be exempted from payment of RR collection charges wherever actual recovery is not effected from the beneficiaries of the loan waiver scheme as applicable to Small and Marginal farmers. However, the banks have to pay RR collection charges, in cases wherever OTS is effected, on collection of 75% of the amount outstanding from the beneficiary defaulters.

It is requested that waiver of collection of RR charges may be permitted in respect of loan waiver for small and marginal farmers and 25 % relief amount in the case of other farmers wherever OTS is contemplated, as per the ADWDR Scheme-2008 guidelines in vogue.

During the 96th meeting held in Trivandrum on 30.07.2008, the forum of SLBC Kerala pointed out that as ADWDRS was a Government of India scheme, it was decided in the meeting, to take up the matter with the concerned Department. The Additional Secretary, Revenue Department, Government of Kerala assured the forum that the above issue would be brought to the notice of the Ministry concerned.

The matter again came up for discussion during the 99th meeting of SLBC, Kerala held on 25.06.2009 wherein the Deputy Secretary, Revenue Department, Government of Kerala informed that there was already a circular from the Revenue Department in this regard stating that there is no provision for waiver of collection charges.

The meeting requested the Revenue Department to look into the matter favourably because Government of Kerala would be in a position to take an administrative decision regarding waiver of RR collection charges. The Principal Secretary, Finance Department, Government of Kerala assured the forum to examine the matter.

The matter again came up for discussion during the State Level Review Meeting (SLRM) of SLBC, Kerala held on 27th and 28th August 2009 in Trivandrum. During the group discussions there was no representation from Revenue Department to ascertain the progress. The meeting requested the concerned department to have a relook in the matter.

SLBC Convenor had vide SLBC 38 1273 2009 KM dated 03.11.2009 take up the matter with the Principal Secretary, Revenue Department requesting to examine the case and apprise the latest developments in this regard.

Revenue (H) Department, Government of Kerala vide letter No.63658/H3/09/RD dated 16.06.2010, informed that *present system of levying collection charges at the rate specified in Rule 5 of KRR Act is to be continued and to waive collection charge while implementing ADWDR Scheme 2008 is not desirable under RR Act.*

The matter again came up for discussion in the State Level Review Meeting of SLBC, Kerala held on 16th & 17th September 2010 in Trivandrum. During the Group discussions, the Group noted the contents in the background papers and suggested that while implementing ADWDRS all the banks have written off substantial amount being the balance portion and unapplied interest in all the eligible loans. Any further payment or remittance as RR collection charges would bring further financial burden to the banks. Hence, the forum suggested to the Government to review the decision.

Vide letter No.50188/H3/10/RD dated 14.12.2010, the Additional Chief Secretary, Revenue (H) Department, Government of Kerala informed that :

“This subject is under consideration of Government in file No.53131/H3/2008/RD. Levying of collection charge is at present under challenge before the Hon’ble Supreme Court.”

The agenda item again came up for discussion during the 102nd meeting of SLBC, Kerala held on 15.12.2010 in Trivandrum. The forum decided to pursue the matter with Revenue Department, Government of Kerala.

The Sub-Committee of SLBC, Kerala that met on 03.03.2011 at North Committee Room, Government Secretariat, Trivandrum noted that the representatives of the Revenue Department was not present in the meeting to ascertain the position in this regard. It was decided to pursue the matter further with Government.

The Revenue Department may inform the latest developments in this regard.

Education Loan – Uniform Rate of Interest

As per IBA norms, Education Loan can be availed by the Student/Parent from the nearest branch of their residence. But the Interest rates charged by Banks for Education Loan vary from bank to bank. As the student/Parent has no option to select the Branch they are forced to pay the interest even though the rate is higher. Hence uniform rate of interest shall be charged by banks for Education Loans.

The agenda item came up for discussion during the 102nd meeting of SLBC, Kerala held on 15.12.2010 in Trivandrum. The forum concurred with the views of the Steering Committee that the interest subsidy on Education Loans is provided uniformly to banks by the Government of India and in this context the matter is to be looked into closely.

The forum decided to take up the matter in the Sub-Committee of SLBC.

The Sub-Committee of SLBC met on 20.01.2011 in Trivandrum and the minutes of the meeting after incorporating the amendments received from RBI is shown as **Annexure-10.57** for approval.

Difficulties faced by Banks before DRT/Ernakulam - Undue delay for passing orders by the present Presiding Officer

- (i) The Debts Recovery Tribunals were constituted with the objective for a speedy and expedient recovery of public money within the time frame specified in the RDB&FI Act, 1993 (Recovery of Debts due to Banks and Financial Institutions Act). According to the said Act, Tribunals are expected to dispose OA's (Original Applications) within the period of six months from the date of the application and in the case of Securitisation applications filed under SARFAESI Act (Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002) within 60 days from the date of application and in any case not exceeding four months time. But in reality, the matters are being dragged for a long time against the spirit and intention of the said Acts. This inordinate delay causes hardship to the banks.

- (ii) In the said background, Federal Bank submitted the following for kind intervention and favourable solutions for this dismay :
 - (a) The present Presiding Officer is not passing any orders in OA's and there is inordinate delay in Securitisation Applications (SA). Even uncontested/exparte matters are unnecessarily getting delayed. Orders are passed against the banks by reducing the interest rate drastically, rejecting the entire future interests etc. on technical and untenable grounds.
 - (b) Long adjournments are being given in many matters even when the counsel/representative of the Banks are present and ready for hearing. The number of pending OA's and SA's are increasing day by day. For Federal Bank, 181 OA's are pending before DRT/Ernakulam involving an amount of Rs. 122.07 crores, out of this, 50% cases are pending for more than 3 to 5 years. Similarly, more than 130 SA's are pending (pending from 2006 onwards), involving an amount of Rs. 124.01 crores. 77 cases are stayed, where the Recovery Proceedings are otherwise possible.
 - (c) Though there are two Recovery Officers attached to the DRT/Ernakulam, due to the inordinate delay in the preparation of Recovery Certificates by the Presiding Officer, the recovery process became very slow and ineffective.
 - (d) The Presiding Officer is granting stay when the properties are put for auction sale through Recovery Officers, paving way for borrowers to delay the process.
 - (e) In the case of SARFAESI Applications, when Borrowers/guarantors approach DRT, stay is granted without hearing the bank's counsel/representatives. Payment of nominal amount is fixed as condition for granting such stay. In many cases, on violation of such conditions, again the amount stipulated is reduced, there by spreading a message among the borrowers that Bank's cannot enforce the SARFAESI Act proceedings at its letter and spirit. These exparte interim orders are against the spirit of SARFAESI Act and advantageous to the borrowers who are trying to evade the liability by one way or other. In many cases even after filing detailed counter/objections, interim stay orders are extended without going into the merits of the petitions. Stay granted is extended, even when the party fail to comply the conditional order making the very order valueless.
 - (f) SARFAESI Applications are also kept pending for considerable length of time without passing any order, creating lot of discomfort to the Bankers.
 - (g) A significant portion of the bank's funds are blocked in unproductive assets, the value of which deteriorates with the passage of time due to the pendency of litigation.
- (iii) It may so that other Public Sector Banks and other Private Scheduled Banks are facing identical problems. A perusal of trial cases pending for the last 3 years will give the correct picture of the insufficiency of DRT to meet the expectations of Banks. Unless proper guidance is given to the Presiding Officer, the system will fail to meet the needs of the Banks as per the Legislative intentions in this regard.
- (iv) Considering the problems faced by banks, Federal Bank has requested to obtain feed back from other banks and apprise the gravity of the situation to the concerned authorities including Finance Ministry/RBI for taking appropriate remedial steps.

The agenda item again came up for discussion during the 102nd meeting of SLBC, Kerala held on 15.12.2010 in Trivandrum. Since the issue being a matter of common interest, the forum decided to take up the matter with the appropriate authorities.

SLBC Convenor vide letter SLBC 35 290 2011KRA dated 05.02.2011, had taken up the matter with the Joint Secretary to Govt. of India, Ministry of Finance, New Delhi, requesting to look into the same and do the needful for an early solution to the issues flagged. A reply in this regard is awaited.

Exemption from appearance before the Sub-Registrar as per Sec.88(1) of the Registration Act to be made applicable to the Authorised Officer appointed by Bank under SARFAESI Act

As per Section 88 (1) of the Registration Act, the Authorised Officer of Public Sector Banks can be exempted from appearance before the SRO for registration of the Sale certificate issued under the Act.

Section 88 reads as follows:

“Registration of documents executed by Government officers or certain public functionaries

—

- (1) Notwithstanding anything contained in this Act, it shall not be necessary for
- (a) any officer of Government, or
 - (b) any Administrator General, Official Trustee or Official Assignee, or
 - (c) the Sheriff, Receiver or Registrar of a High Court, or
 - (d) the holder for the time being of such other public office as may be specified in a notification in the Official Gazette issued in that behalf by the State Government

to appear in person or by agent at any registration office in any proceeding connected with the registration of any instrument executed by him or in his favour in his official capacity, or to sign as provided in section 58.”

When the SROs were intimated of the said provision, it was informed that to avail benefit of the said section, notification in Official gazette by State Government has to be made as per the said provision. Hence the personal appearance of Authorised Officer is insisted upon in all cases where the auction sale is made under the SARFAESI.

As banks are conducting so many auction sales under SARFAESI Act all over Kerala, it is difficult for the Authorised Officer to appear before the SRO in every case for registration of the Certificate of Sale. Hence the exemption mentioned under Section 88 (1) of the Registration Act has to be made use of. This issue is not only affecting Syndicate Bank but also other banks in Kerala and hence it is requested to be placed as an agenda item in the next SLBC meeting for discussion.

The agenda item came up for discussion during the 102nd meeting of SLBC, Kerala held on 15.12.2010 in Trivandrum. The meeting concurred with the views of the Steering Committee that it was a good and worthwhile suggestion made.

In the meeting, the representative from Registration Department informed that they do not have any objection in the proposal and they in turn had given proposal to Department of Taxes.

Sri. Teeka Ram Meena IAS, Secretary, Planning & Economic Affairs Department, Government of Kerala assured the forum to take up the matter with Taxes Department, Government of Kerala.

The Sub-Committee of SLBC, Kerala that met on 03.03.2011 at North Committee Room, Government Secretariat, Trivandrum noted that the representatives of the Registration/Taxes Departments were not present in the meeting to ascertain the position in this regard. It was decided to pursue the matter further.

The Registration / Taxes Department may inform the latest developments in this regard.

Revamping of SAMIS under Lead Bank Scheme

In the SLRM held on 16th & 17th September 2010, it was suggested that SAMIS under Lead Bank Scheme required suitable amendments/modifications incorporating SME and rest of other priority sector segments separately. This is resulting in projecting a distorted picture under SME sector in light of the revised guidelines. The forum suggested taking this issue forward.

The agenda item came up for discussion during the 102nd meeting of SLBC, Kerala held on 15.12.2010 in Trivandrum. In the meeting, the Regional Director, Reserve Bank of India suggested that changes/amendments for revamping of SAMIS could be looked into by a sub-committee and the suggestions/recommendations of the sub-committee to be forwarded to RBI for onward transmission to RBI, Central Office, Mumbai. The sub-committee is to meet and finalise the proposal.

Proposal to Enhance the Housing Loan limit under Priority Sector from Rs. 20 lakhs to Rs. 25 lakhs

The matter came up for discussion during the State Level Review Meeting (SLRM) of SLBC, Kerala held on 16th & 17th September 2010 at Trivandrum.

During the Group discussions, the Group on Tertiary Sector observed that the cost of construction of house has increased considerably in the State/ Country due to escalation of wages, material cost and cost of land.

In the light of the above, the group suggested enhancing the Housing Loan limit under priority sector from Rs. 20 lakhs to Rs. 25 lakhs.

Vide letter RPCD.CO.Plan.8041/04.09.01/2010-11 dated 24.01.2011, Reserve Bank of India, Central Office, Mumbai informed that RBI had examined the request, and advised that housing loans above Rs. 20 lakh are not eligible to be classified under priority sector as per extant guidelines.

During the Budget Speech for the financial year 2011-2012, Hon'ble Union Finance Minister had made an announcement that existing Housing Loan limit under Priority sector stands enhanced to Rs. 25 lakh from the present limit of Rs.20 lakhs.

In light of the above the proposal is again placed before SLBC for appropriate decision.

Financial Inclusion - Progress in implementation of Roadmap in the identified Villages

A special Sub-Committee of SLBC, Kerala was conducted on 17.01.2011 in Trivandrum to review the progress made by the banks in the implementation of the financial inclusion roadmap across 120 villages identified in the State. Besides, banks representatives of Technology providers of various banks for ICT enabled Financial Inclusion and Corporate Business Correspondents participated in the meeting. The meeting had a threadbare discussion on various issues confronting the successful implementation of roadmap. ***The meeting resolved to complete the implementation of the roadmap in all the 120 villages by March 2011 itself.*** The Sub-Committee meeting was followed by a training-cum-workshop session wherein experts from CAB, Pune and NIRD, Hyderabad handled the sessions. As a follow up measure of this meeting another sub-committee meeting was held at Trivandrum on 18.02.2011 which reviewed the progress made by select banks and LDMs.

The critical issues impeding the successful implementation of financial inclusion roadmap are given below.

- Some Banks are yet to take policy decision on adopting ICT based Financial Inclusion model (BCs) in the villages allotted to them affecting the progress of implementation of Financial Inclusion Road Map. eg:- Punjab National Bank
- Many lead districts are still not conducting the monthly sub-committee meeting to review the progress and wherever conducted, reports are not submitted to SLBC.
- Most of the banks are not sending the monthly progress report to SLBC.
- Link branch Staff and BCs appointed are not sensitized on the importance of timely implementation of Financial Inclusion Roadmap – Issue common to all banks.
- Proper training is not given to the Link Branch Staff & Business correspondents on operational aspects – Issue common to all banks
- Though most Banks have started Financial Inclusion cells at administrative office, the monitoring process, timely implementation, submission of monthly statements to SLBC

etc are not taking place properly. Besides the implementation at grass root level is taking place at a very slow pace.

- Where ever Banks have decided to open Branches, the process to be speeded up
eg:- (i) Indian Bank – Chirakkara & Pattazhy Vadakkekara – Kollam District
(ii) SBT – Perummanna - Kozhikkode District
- In some cases even after issuing good number of smart cards transactions are not taking place defeating the objectives of plan.
- Lack of support and co-operation from the Corporate BC appointed and Technology provider is reported by some Banks and LDMs. eg. MS Integra which is the technology provider of Canara Bank, Corporation Bank, Syndicate Bank, Vijaya Bank etc.
- Delay of Opening of new accounts and Issue of cards.
- Adequate publicity is yet to be given in the identified villages on ICT based Financial Inclusion to improve awareness among common public.

The District wise/Bank wise details of Unbanked Villages with Population more than 2000 in Kerala after resolving the pending issues pertaining to village allocation is shown as **Annexure-10.50.**

INFORMATION NOTE

Deficiencies observed in level of Customer Services rendered by banks (Suggested by RBI)

Incognito visits undertaken by RBI officials have revealed a disturbing trend in the level of customer services provided by banks. Major deficiencies relate to non-display of information by bank branches on Notice Boards due to various constraints. Display of information forms an important part of Financial Education. RBI's instruction on the use of Comprehensive Notice Board in this regard needs to be strictly implemented.

Another important deficient area relates to display of the salient features of genuine notes and non extension of facilities to the public as regards exchange of soiled/ mutilated notes on counters.

This issue may be taken up for discussion in the SLBC so as to ensure hassle free customer service to the common man.

Views of the Steering Committee

The Assistant General Manager, Reserve Bank of India informed that RBI is usually conducting incognito visits and regular visits through LDOs for observing the deficiencies at bank branches and is reporting the same to the RBI, Central Office, Mumbai. Added to this, the Manager, RBI informed that some banks have not come up to the expectations of RBI in adhering to the time norms, display of notice boards etc. RBI has provided the latest check

list prepared for the same which would be provided to SLBC for dissemination to among banks.

SLBC Convenor vide letter SLBC/35/250/2011/KRA dated 02.02.201, had already communicated the deficiencies observed in the level of customer service rendered in banks during incognito visits by RBI to Controlling Offices of all banks, requesting them to implement the same in the branches under their command.

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

Training to Banking Correspondents (BC) (Suggested by RBI)

Banking Correspondents/ Facilitators are important intermediaries in increasing the outreach of the banking sector by leveraging technology to speed up the process of financial inclusion. Skill development through training is a vital tool in ensuring the effectiveness of performance in this new role. SLBC may take up for discussion the issue of training to BCs for discussion.

Views of the Steering Committee

The Convenor, SLBC informed that SLBC is regularly following up with the controlling offices of Banks on implementation of their financial inclusion plan and collecting the monthly progress report from concerned banks. Training given to BCs appointed and the link branch staff is one of the item pursued by SLBC.

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

Follow up of Credit Counseling Centres in Kerala (Suggested by RBI)

Each Lead Bank is expected to open a FLCC in every district where it has lead responsibility. As per the data furnished by SLBC as at December 2010 FLCCs are functioning in 8 districts of the State. However in the FLCCS opened by SBT in Pathanamthitta, Alappuzha and Kottayam no counsellor is posted so far. Also in Kozhikode and Wayanad Canara Bank as the Lead Bank has not opened a FLCC. A review of the progress/ action plan for the future may be taken up for discussion to ensure that the process of credit counseling is taken forward.

Views of the Steering Committee

The Convenor, SLBC informed that out of the 14 districts in the State, FLCCs were opened in 9 districts and in the remaining 5 districts, respective Lead Banks of Kollam, Idukki and Ernakulam have agreed to open FLCCs on or before March 2011 and left out districts are Kannur and Kasaragode. He added that in Wayanad and Kozhikkode districts, FLCCs were opened by Federal Bank and Kozhikkode District Co-operative Bank respectively.

The representative of Syndicate Bank informed that Syndicate Bank had taken initiatives to open FLCCs in Kannur and Kasaragode Districts before March 2011.

The representative of Indian Bank informed that Indian Bank had identified the venue of FLCC in Kollam District and inauguration is scheduled on 31.03.2011.

The Assistant General Manager, RBI made a request to the Controlling Offices of Banks which have opened FLCCs so far to appoint the councilors so as to ensure the functioning of FLCCs.

The Convenor, SLBC assured the forum that SLBC would collect all the details of FLCC and provide the same in the SLBC.

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

Review of Service Charges for Cheque Collection (Suggested by RBI)

RBI vide letter RPCD (T) No.LBS.739/03.02.02/2010-11 dated 28.02.2011 had forwarded a copy of the RBI Central Office Circular DPSS.CO.CHD No.1671/03.06.01/2010-11 dated January 19, 2011 (shown as **Annexure-10.54**) regarding Review of Service Charges for Cheque Collection and steering committee decided to include it as an information note in the SLBC.

Improving the Management Information System (MIS) and Data Flow to SLBC/RBI (Suggested by LDM, Thrissur)

When the SLBC collects data from the State Apex Office of the Banks for the State as a whole, the Lead Banks collect data from the Regional Offices of Banks for the respective Districts. Regional Offices of Banks who administer Branches from more than one District, has to segregate their performance District wise for onward submission of data to Lead Banks. The Lead Banks can collect District's performance on various Government sponsored programmes from the District Offices of the respective department.

Under core Banking setup, the Regional Offices will be able to supply the data without much delay. Whereas, the Lead Bank is required to submit performance of District Credit Plan also, for which the Lead Bank should get the LBR 2 from all the member Branches and consolidate through their outsourced agency latest by 14th day after closure of the quarter so as to adhere to the new time schedule stipulated by RBI for Data flow and conduct of SLBC meetings. This can be achieved only if the LBR 2 of the last month of the Quarter or LBR U2 of the quarter is received at the Lead Bank at least within 10 days from the closure of the quarter. Between 11th and 14th day after closure of the quarter the Lead Bank has to despatch the latest received statements to outsourced agency for consolidation, this agency has to process, consolidate and generate statements and forward the data back to Lead Bank. We do not how equipped the outsourced Agencies are to attend this within the time frame when

they have more number of Districts to cover. In some of the Districts even outsourcing of for consolidation of LBR2 is not arranged that compels the Lead Bank Office, themselves the consolidation, grouping and tabulation with limited infrastructure.

In our District there are about 715 Commercial Banks and Co-operative institutions to submit LBRs, and unless maximum submissions of LBRs are ensured, the actual performance will not come to the lime light. As convenors of District Level Bankers' Committee the Lead Bank has got vital role to speed up the data flow from down the line to the SLBC. Whereas, the success and fruit of this time bound exercise can be enjoyed only with the active support of Individual Branches of Scheduled Banks and PACs. It has been our experience that SAMIS takes backseat at the Branches, when they have in-house prioritization of reporting, especially when the LBRs are not computerized or system generated, but manually prepared and submitted.

Therefore to bring in desired outcome on the new notification, Apex offices of each Bank and PACs through the Registrar of Co-operative Societies are apprised about the proposed calendar and data flow by the RBI themselves directly to call for more seriousness in the matter, so that rest of follow up by the Lead Bank will be rewarding and result oriented.

We may also suggest that the RBI to advise all the Scheduled Commercial Banks and State Co-operative Department to design and work out for a system generated SAMIS that would not only speed up smooth data flow but ensure data integrity too. With future plans for installation of software and consolidation at Lead Bank itself, apart from saving precious time, annually Rs. 1.50 lacs to Rs. 2.0 lacs can also be saved being the charges given to the outsourced agency for consolidation.

Views of the Steering Committee

The Steering Committee opined that there would be difficulties to stick the time schedule prescribed by RBI especially due to slow pace of data flow to lead banks/Controlling offices of banks. This matter is applicable to all the lead banks in the district and across the country too.

The Steering Committee decided to place the matter before SLBC for information of banks and to suggest means to have a synchronized system of extracting data from the CBS.

Activities of Consultancy Division of Kerala Financial Corporation (Suggested by MD, KFC)

Background:

Kerala Financial Corporation incorporated under SFC Act of 1953 is a development bank of State Government with a mandate to promote micro, small and medium enterprises, having more than 55 years of experience in industrial financing.

As a part of diversification of activities of the Corporation, a Consultancy Division was set up by KFC with a view to offering various services to the customers. The Consultancy Division has since been strengthened with the objective of bringing together experts from Government, industry, academic institutions and other related organizations to evolve, develop and supply quality consulting services to the customers to solve issues related to industrial, financial, marketing, man-power, product costing, etc.

It is envisaged that the Consultancy Division will act as an important partner in the client's growth by providing dynamic/expert consultancy services tailored to their needs. The aim has been to make easily available to our clients and all other needy industries/organisations in Kerala reliable, fast and effective consultancy services at minimum cost.

Proposed Activities:

The core areas of Management Consultancy that can be provided are as follows:

- i. Guidance to entrepreneurs on a day-to-day basis.
- ii. Hand-holding services to entrepreneurs in identifying a project, preparing project report, selecting location, choosing machinery suppliers, obtaining various approvals, locating raw material sources and marketing channels, etc. and to help them till the project is fully implemented.
- iii. Co-ordination and liaison work with Government Departments, Professional bodies and collection of information useful to MSME projects.
- iv. Preparation of Project profiles for smaller projects suitable to Kerala's economy.
- v. Conducting feasibility studies and preparation of Project reports for MSME Sector, as well as techno-economic feasibility reports for various projects.
- vi. Preparation of Revival and Rehabilitation proposals of sick units.
- vii. Operational Analysis of existing Industries including preparation of financial statements.
- viii. Consultancy for Government sponsored projects.
- ix. Compilation and building up of a data bank for various categories of projects such as Hotels, Resorts, Hospitals, Small and Medium Scale Industries, etc. including inter-firm comparison.
- x. Conducting Entrepreneurship Development and skill upgradation programmes for MSME sector.
- xi. Valuation of all type of assets including land, building & other civil structures, plant and machinery, equipments of MSME Sector.
- xii. Project Monitoring Services.
- xiii. Financial evaluation and financial tie-ups/consortium arrangements for projects.
- xiv. Providing strategic advice for expansion/modernisation/ diversification of projects.

Infrastructure for providing the service:

Corporation is in existence since 1953 and assisted more than 40000 units in micro, small and medium industrial/service enterprises. All these projects are appraised by a team of Officers of the Corporation from Technical, legal and General Wings having professional qualifications such as Engineering in all disciplines, Post Graduates in Management/Commerce/Economics and Law Graduates. We have also rendered consultancy services to our assisted units for the purpose of rehabilitation/valuation of assets/Techno-economic feasibility study and preparation of Detailed Project Report (DPR).

In order to broad-base our activities and provide the entire gamut of services, the Corporation has already empanelled a few consultants. It is proposed to empanel a few more consultants in Technical, Finance and H.R. areas, so that their services can be made use of as and when required.

Fee structure:

The fee for consultancy services generally vary from 0.25% to 0.50% of the project cost/value of assets and for each activity can be decided on a case to case basis. The Managing Director is authorised to take a decision in this matter.

The Consultancy Division will be able to offer prompt service and our endeavour is to render the best possible service at minimum cost. For more details regarding the services of Consultancy Division the following officials can be contacted.

Dy. General Manager -III	- 0471 2318319
Asst. General Manager (Technical)	- 0471 2318319

Views of the Steering Committee

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

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 31.12.2010

(Rs. in lakhs)

Sl. No.	District	Deposits	Advances	CD Ratio (%)
1	Trivandrum	2889130.00	2028681.00	70.22
2	Kollam	1007064.76	633782.90	62.93
3	Pathanamthitta	1433437.84	602597.26	42.04
4	Alappuzha	1062615.00	653525.00	61.50
5	Kottayam	1413219.74	866502.24	61.31
6	Idukki	232875.36	361716.50	155.33
7	Ernakulam	3301099.00	3590422.00	108.76
8	Thrissur	2178667.00	1417230.00	65.05
9	Palakkad	1165739.27	905924.10	77.71
10	Malappuram	814701.00	646632.00	79.37
11	Kozhikkode	1160496.00	901260.00	77.66
12	Wayanad	145746.00	189238.00	129.84
13	Kannur	940019.00	675563.00	71.87
14	Kasaragod	255097.00	220981.00	86.63
Total for State		17999906.97	13694055.00	76.08

In Kerala, Pathanamthitta is the only district having poor CD Ratio which is constantly under monitoring. As a result, the CD ratio of the district has improved and it touched a level (42.04 %) just above the benchmark of 40% as at December 2010. It has been reported by the LDM, Pathanamthitta that the Special Sub-Committee (SSC) of DCC was formed and that the committee has been monitoring the level of CD Ratio in the District. It was assured that the position would be improved further by March 2011.

The forum may note the position and suggest measures for improvement of the CD Ratio.

Review of Progress under Reverse Mortgage Loan Scheme of National Housing Bank – for information

On a review of the performance, it was seen that as at December 2010, banks in Kerala sanctioned an amount of **Rs. 11.40 crores** (102 accounts) and the balance outstanding was **Rs. 18.48 crores** (372 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 10.31**.

5. REVIEW OF PERFORMANCE UNDER PRIORITY SECTOR ADVANCES

Disbursements to Priority Sector Advances (Disbursement) as at December 2010 - ACP 2010-11 Achievements (Refer Annexures 10.11 & 10.12)

The performance of banks with reference to the Annual Credit Plan-2010-2011 as at December 2010 with Bank-wise and District-wise break up is furnished in the annexure. The abstract of the performance as at December 2010 under ACP 2010-2011 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	3304	2498	76	1068	675	63	4845	4026	83	9217	7198	78
Nationalised Banks	5570	5928	106	1235	518	42	4774	2978	62	11579	9424	81
RRBs	2398	1892	79	152	36	24	1075	1239	115	3625	3167	87
Private Sector Banks	2900	5420	187	935	529	57	3683	2218	60	7518	8167	109
Cooperatives	6310	4754	75	584	246	42	9297	9240	99	16191	14240	88
KFC				219	108	49	72	254	353	291	362	124
Total	20482	20492	100	4193	2112	50	23746	19955	84	48421	42559	88
% to Total Disbursement		48.15			4.96			46.89			100	

Overall Performance under Annual Credit Plan

The banking sector of the state has disbursed **Rs. 42559 crores** to the priority sector during the fiscal 2010-11 as at December 2010. This is **88 %** of the annual target of **Rs.48421 crores**.

Banking group wise analysis reveals that Cooperatives have disbursed the highest quantum of priority sector loans in the state during the fiscal (**Rs.14240 crores**) followed by Nationalized Banks (**Rs. 9424 crores**).

Disbursement to secondary sector constituted only **4.96 %** of the total disbursement made by banks to the priority sector. Here it may be noted that sub-segments like Retail Trade, Small Business, Professional & Self Employed and SRTO that are presently classified under SME segment is still getting reported under Tertiary sector due to the continuation of the old LBR

reporting format. Hence, the performance that ought to have come under secondary sector is getting reflected under Tertiary sector.

Bank-wise analysis reveals that Kerala State Co-operative Bank has disbursed the highest quantum of priority sector loans (**Rs.13704 crores**) followed by State Bank of Travancore (**Rs. 4911 crores**). Three Banks viz., State Bank of Indore, Yes Bank and Kotak Mahindra have reported “nil” disbursement to priority sector in the state during the period from 01.04.2010 to 31.12.2010, which needs immediate attention.

Ernakulam district stood first in the quantum of priority sector loan disbursement (**Rs. 6441 crores**) followed by Thrissur with a disbursement of **Rs. 5702 crores** to Priority Sector. Ernakulam district was first in percentage achievement of target (**120.35 %**) followed by Thrissur (**108.61 %**), Kottayam (**93.29%**), Trivandrum (**92.91 %**) and Malappuram (**88.67%**) districts which had achieved targeted levels above the State’s average position. However, Pathnamthitta district (**51.72 %**) has registered poor performance under ACP achievement.

Performance under Primary Sector

The primary sector, which comprises of the agriculture sector, accounted for **48.15 %** of the total disbursements in priority sector. The sector achieved **100 %** of the annual target as at December 2010 which is highly appreciable. An amount of **Rs.20492 crores** was disbursed to the sector as at December 2010 against the year-end target of **Rs.20482 crores**.

Nationalised Banks, by disbursing **Rs.5928 crores**, accounted for more than one-fourth (**28.93 %**) of the total disbursement to the sector. Co-operative Sector accounted for **23 %** of the total disbursement to the primary sector of the state by disbursing **Rs. 4754 crores** and Private Sector Banks disbursed **Rs. 5420 crores**.

Among Commercial Banks SBT, Canara Bank, SMGB, Indian Bank, Union Bank, ICICI Bank and the Federal Bank Ltd. 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 Hyderabad, State Bank of Indore, Bank of Maharashtra, Punjab and Sind Bank, J&K Bank, Yes Bank and Kotak Mahindra Bank.

Highest disbursement to primary sector was reported in Ernakulam district (**Rs. 3742 crores**) followed by Thrissur (**Rs. 2939 crores**), Trivandrum district (**Rs. 2244 crores**). Among the poor performing districts, Wayanad district with **48.03 %** achievement of the target and Pathanamthitta with **55.90 %** achievement of the target should improve the performance during the remaining part of the fiscal for achieving the annual target.

Performance under Secondary Sector

Under secondary sector, which includes the SME Sector, the banking sector of the state could achieve only **50 %** of the annual target as at December 2010. Banks in the state have disbursed loans to the tune of **Rs.2112 crores** upto December 2010. Another disturbing fact is that the sector accounted for only **4.96 %** of the disbursement to priority sector in the state.

State Banks group lead in disbursements to the sector (**Rs 675 crores**) followed by Private Sector Bank group Banks (**Rs. 529 crore**) and Nationalised Bank (**Rs. 518 crores**). State Bank of Travancore led in quantum disbursement to secondary sector in the state by disbursing **Rs. 335 crores** followed by State Bank of India (**Rs. 328 crores**), Kerala State Co-operative Bank Disbursed **Rs.207 crores**, The Federal Bank Ltd (**Rs.225 crores**), Canara Bank (**Rs.164 crores**). The following Banks have not reported any disbursement to the sector - State Bank of Indore, J & K Bank, Yes Bank, and Kotak Mahindra Bank.

Among the districts, highest disbursement to secondary sector was reported in Kollam district (**Rs. 636 crores**) followed by Ernakulam district (**Rs. 359 crores**).Among the districts Alappuzha recorded the lowest achievement of **18%** followed by Pathanamthitta with **22%**.

Performance under Tertiary Sector

Tertiary sector accounted for **46.89 %** of the total disbursement to the priority sector in the state thereby slightly increasing its share in the Priority sector credit disbursement as compared to the disbursement during the same period in the previous fiscal. The total disbursement to the sector during the current fiscal upto December 2010 was **Rs. 19955 crores** thereby achieving **84 %** of the annual target.

Under quantum of loans disbursed during the current fiscal, Cooperatives lead other banking groups by disbursing **Rs. 9240 crores** followed by State Bank Group with **Rs. 4026 crores** of disbursement, Nationalized Bank group (**Rs.2978 crores**) and Private Sector Bank (**Rs. 2218 crores**). Under the parameter of percentage achievement of target, Karur Vysya Bank Ltd (**395.54 %**) topped the list of achievers closely followed by KFC with **354.21%** , State Bank of Mysore (**264.88 %**). Co-operative Banks with **99.38%**, State Bank Group with **83.10%**, Nationalized Banks with **62.37%** and private Sector Banks **60.23%** follow suit.

Among Commercial Banks, State Bank of Travancore leads in disbursement to the sector (**2625 crores**) followed by State Bank of India (**Rs.1323 crores**), Federal Bank Ltd (**Rs.813 crores**), Canara Bank with **600 Crores**, Union Bank of India (**Rs.492crores**), Punjab National Bank (**Rs. 431 crores**). Poor performers under Annual Credit Plan such as State

Bank of Indore, Yes Bank and Kotak mahindra Bank have reported 'NIL' disbursement to the Tertiary sector in the State.

District wise analysis reveals that Wayanad district has achieved **168.37 %** of the year-end target followed by Kottayam with **119.25%** and Idukki with **110.42%**. The performance of Pathanamthitta (**51.29 %**), Kozhikode (**63.16 %**) districts needs considerable improvement.

State Bank of Indore, Yes Bank and Kotak Mahindra Bank had not reported any disbursement under Priority Sector. This could be mainly on account of not submitting any LBR returns at all to the respective Lead Bank offices. RBI may note this and intervene with appropriate corrective action.

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

Review of Priority Sector Advances (Outstanding) as at December 2010
(Refer Annexure 10.4)

Performance versus National goals

(Figures in percentage)

Sl. No.	PARAMETER	GOAL %	Mar. 2007	Mar. 2008	Mar. 2009	Dec. 2009	Mar 2010	Dec. 2010	Variation	
									Mar.'10 To Dec.'10	Dec.'09 To Dec.'10
1	Priority Sector Advances to Total Credit	40	55.52	58.53	58.42	58.13	60.01	61.88	1.87	3.75
2	Agriculture Advances to Total Credit	18	17.70	21.23	19.27	21.13	22.46	26.27	3.81	5.14
3	Weaker Section Adv. to Total Credit	10	13.01	12.91	14.78	15.99	16.16	17.49	1.33	1.50
4	DRI Advances to Total Credit	1	0.01	0.02	0.26	0.03	0.02	0.02	nil	-0.01
5	C: D Ratio	60	70.09	71.39	63.54	66.98	67.63	72.29	4.66	5.31

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 December 2010 is summarized as follows.

(Rs in. Crores)

Parameter	Outstanding					Variation			
	Mar. 2008	Mar. 2009	Dec. 2009	Mar. 2010	Dec. 2010	Mar. '08-Mar. '09	Mar. '09-Dec. '09	Mar. '09-Mar. '10	Mar.'10-Dec.'10
Priority Sector Adv.	44078	48387	53938	58204	70823	4309	5551	9817	12619
Agriculture Adv.	15991	15959	19608	21786	30063	-32	3649	5827	8277
SSI Adv./ SME	6674	8095	10354	11759	14612	1421	2259	3664	2853
Weaker Section Adv.	9724	12240	14836	15674	20012	2516	2596	7772	4338
SC Advances	1700	2204	1903	3359	2701	204	-301	1155	-658
ST Advances	NA	NA	418	300	458	NA	NA	40	158
DRI Advances	10.78	211.82	23.71	22.61	21.94	201.04	-188.11	-189.21	-0.67

Performance of the Banking sector inclusive of KSCARDB as at December 2010

The performance of the banking sector inclusive of KSCARDB is summarized as follows:

Performance of KSCARDB under Priority Sector Advances

(Amount Outstanding)

(Rs in. Crores)

Parameter	March 2010		KSCARDB % to total advances	December 2010		KSCARDB % to total advances
	KSCARDB	COMM. BANKS + KSCARDB		KSCARDB	COMM. BANKS + KSCARDB	
Total advances	1966.69	101009.76		2079.46	116525.79	
Priority Sector Adv.	1966.69	60171.04	100.00	2079.46	72902.95	100.00
Agriculture Adv.	613.90	22400.07	31.21	575.83	30639.30	27.69
SSI Adv./ SME	278.89	12037.47	14.18	386.97	14999.30	18.61
Weaker Section Adv.	1720.85	17395.22	87.50	1887.70	21899.97	90.78
SC Advances	78.15	3359.18	3.97	93.40	2794.31	4.49
ST Advances	NA	300.03		NA	457.62	
DRI Advances	0.00	2261.49	0.00	NA	21.94	

Priority Sector Advances in Total Advances – Bank Group wise (Refer Annexure 10.4)

(Rs in. Crores)

Parameter	Outstanding					Variation			
	Mar. 2008	Mar. 2009	Dec. 2009	Mar. 2010	Dec. 2010	Mar. '08- Mar. '09	Mar. '09- Dec. '09	Dec. '09- Dec. '10	Mar. '10- Dec. '10
Priority Sector Adv.	44078	48387	53938	58204	70823	4309	5551	16885	12619

During the financial year, April 2010 to December 2010, a growth of **Rs.12619 crores** was recorded by the commercial banks in the state under priority sector outstanding.

During the first three quarters of the year of 2010-11, Priority Sector Advances of Commercial banks in the State increased by **Rs.12619 crores** as against **Rs. 5551 crores** added during the corresponding period of last fiscal. A year-on-year analysis reveals that there was a growth of **Rs.16885 crores** in priority sector advances over December 2009, recording a growth of **31.30 %**.

Against the mandatory norm of 40% under priority sector advances, as at December 2010, **61.88 %** of the total advances of the banks in the state was to priority sector.

**Banking Group Wise Performance Under
Priority Sector Advances as at December 2010**

(Rs in. Crores)

BANK	Total Advances			Priority Sector Advances			% PSA to Total Adv. (Dec. '10)
	Mar.2010	Dec. 2010	Growth Mar. '10- Dec. '10	Mar.2010	Dec. 2010	Growth Mar. '10- Dec. '10	
State Bank Group	33166	38319	5153	18311	21339	3028	55.69
Nationalized Banks	30632	37346	6714	22551	27682	5131	74.12
RRBs	4764	5308	544	4202	4435	233	83.55
Private Sector Banks	27885	33473	5588	13013	17367	4354	51.88
Foreign Banks	540	NA	NA	127	NA		
GRAND TOTAL	96987	114446	17999	58204	70823	12746	61.88

During the first three quarters of the financial year of 2010-11, highest contribution to the Priority Sector advances of the state is by Nationalised Banks (**Rs.27682 crore**) followed by the State Bank Group Banks (**Rs.21339 crore**). RRBs have **83.55 %** of their advances and Nationalised Banks have **74.12 %** of their advances under priority sector. State Bank Group (**55.69 %**) and Private Sector Banks (**51.88 %**) were below the level achieved by the state (**61.88 %**) in terms of percentage of priority sector advances to total advances.

The entire advance of KSCARDB comes under Priority sector advances.

Agriculture Advances (Refer Annexure 10.5)

(Rs in. Crores)

Parameter	Outstanding				Variation			
	Mar. 2009	Dec. 2009	Mar. 2010	Dec. 2010	Mar. '09- Dec. '09	Dec. '09- Dec.10	Mar. '09- Mar. '10	Mar. '10- Dec. '10
Agriculture Adv.	15959	19608	21786	30063	3649	10455	5827	8277

The outstanding advances to agriculture sector in the state have increased by **Rs. 8277 crores** during the first three quarters of the current fiscal. The outstanding agriculture advances stood at **Rs.30063 crores** as at December 2010, which is **26.27%** of the total advances outstanding in the state. This is gradually increasing and is well above the mandatory norm of 18% fixed by RBI.

Year-on-year there was an increase of **Rs. 10455 crores** in agriculture advances outstanding recording a stupendous growth rate of **53.32%**.

Banking Group Wise Performance Under Agriculture Advances as at December 2010

(Rs in. Crores)

BANK	Total Advances			Agriculture Advances			% Agri. Adv to Total Adv. (Dec. '10)
	Mar. 2010	Dec. 2010	Growth Mar. '10 Dec. '10	Mar. 2010	Dec. 2010	Growth Mar. '10 Dec. '10	
State Bank Group	33166	38319	5153	4175	5498	1323	14.35
Nationalized Banks	30632	37346	6714	9569	12927	3358	34.61
RRBs	4764	5308	544	2545	2327	-218	43.84
Private Sector Banks	27885	33473	5588	5497	9311	3814	27.82
Foreign Banks	540	NA	NA	0	NA		
GRAND TOTAL	96987	114446	17999	21786	30063	8277	26.27

Private Sector Banks has contributed the highest quantum growth in agriculture advances outstanding (**Rs.3814 crores**) followed by Nationalized Banks (**Rs. 3358 crores**). State Bank group has shown a growth of **Rs. 1323 crores**. RRBs Agriculture Outstanding had shown a decline of **Rs. 218 crores** from March 2010 and the same warrants immediate attention.

43.84 % of the advances outstanding with RRBs in the state is to agriculture sector. State Bank group has the least outstanding under agriculture in terms of percentage agriculture advances to total advances (only **14.35 %**)

The following Public Sector banks apart from both the RRBs had crossed the mandatory norm of 18% under agriculture advances - Bank of Baroda, Canara Bank, Punjab National Bank, Union Bank of India, Indian Bank, IDBI Bank, Corporation Bank, UCO Bank, Syndicate Bank and Vijaya Bank.

Federal Bank Ltd., The Catholic Syrian Bank Ltd., ICICI Bank Ltd., Dhanlaxmi Bank Ltd., HDFC Bank Ltd., ING Vysya Bank Ltd., Karur Vysya Bank Ltd. and Axis Bank Ltd. are the private sector banks having agriculture advances more than 18% of their total credit.

As far as KSCARDB is concerned, **27.69 %** of their advances is under agriculture sector.

SME Advances (Priority) (Refer Annexures 10.6 & 10.42)

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

(Rs in. Crores)

Parameter	Outstanding				Variation			
	Mar. 2009	Dec. 2009	Mar. 2010	Dec. 2010	Mar. '09-Mar. '10	Mar. '09-Dec. '09	Dec. '09-Dec. '10	Mar. '10-Dec. '10
SME Advances	8095	10354	11759	14612	3664	2259	4258	2853

The outstanding advance of commercial banks in the state to SME (Priority) sector has grown up by **Rs.2853 crores** during the first three quarters of the current fiscal. The growth is encouraging as compared to that recorded (**Rs. 2259 crores**) during the corresponding period of the previous fiscal.

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

(Rs. in Crores)

Banking Group	SME Outstanding (Priority)									
	March 2010					December 2010				
	Micro Enterprises		Small Enterprises		Micro Enterprises		Small Enterprise		Retail Trade	
	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt
State Bank Group	46086	988	131474	1970	23863	1036	143974	1885	100050	1068
Nationalized Banks	18318	2639	46683	2003	15103	2466	49097	2438	47423	716
RRBs	14405	619	1202	57	83265	468	984	53	76483	403
Private Sector Banks	24157	1326	50798	2156	41175	1592	46312	2354	8418	133
Grand total	39747	5572	230157	6186	29933	5562	240367	6730	232374	2320

Advances to Weaker Section (Refer Annexure 10.9)

(Rs in. Crores)

Parameter	Outstanding				Variation			
	Mar. 2009	Dec. 2009	Mar. 2010	Dec. 2010	Mar. '09- Mar. '10	Mar. '09- Dec. '09	Dec. '09 - Dec. '10	Mar. '10- Dec. '10
Weaker Section Advances	12240	14836	15674	20012	3434	2596	5176	4338

Weaker Section advances grew by **Rs. 4338 crores** during the first three quarters of the current fiscal as against **Rs. 2596 crores** added during the corresponding period of last fiscal. Year-on Year increase as at December 2010 was **Rs. 5176 crores**.

Advances to SC/STs (Refer Annexure 10.9)

(Rs in. Crores)

Parameter	Outstanding				Variation			
	Mar. 2009	Dec. 2009	Mar. 2010	Dec. 2010	Mar. '09- Mar. '10	Mar. '09- Dec. '09	Dec. '09 - Dec. '10	Mar. '10- Dec. '10
SC Advances	2003	1903	3359	2701	1356	-100	798	-658
ST Advances	201	418	300	458	99	217	40	158
Total SC/ST Advances	2204	2321	3659	3159	1455	117	838	-500

From the above table it is evident that the total SC/ST advances of the State had shown a decline of **Rs. 500 crores** from March 2010. Though ST advances had shown an increase of Rs.158 crores the SC advances had come down by **Rs. 658 crores** from the March 2010 level. But year on year growth from Dec 2009 to Dec 2010 works out to **Rs.838 crores** with **36%** growth rate.

As evident from the table below, **96.52 %** of the SC advances of the state is contributed by Public Sector Banks (including RRBs), while the share of Private Sector Banks is just **3.48%**. In the case of ST advances **98.25 %** advances is contributed by Public Sector Banks (including RRBs) while the share of Private Sector Banks is just about **1.75 %**.

Banking Group Wise Performance under SC/ST advances as at December 2010

(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	78080	1429	52.91	22169	358	78.16
Nationalized Banks	131317	1098	40.65	10257	86	18.78.
RRBs	42806	80	2.96	2731	6	1.31
Private Sector Banks	14701	94	3.48	949	8	1.75
GRAND TOTAL	266904	2701	100.00	36106	458	100.00

KSCARDB has an outstanding advance of **Rs.93 crores** to SC/STs. 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. Though this is reiterated in various communications many banks are yet to follow this. Hence, all banks are requested to provide the data on SC and ST separately to have a fruitful discussion in future.

DRI Advances (Refer Annexure 10.10)

(Rs in. Crores)

Parameter	Outstanding				Variation			
	Mar. 2009	Dec. 2009	Mar. 2010	Dec. 2010	Mar. '09-Mar. '10	Mar. '09-Dec. '09	Dec. '09 - Dec. '10	Mar. '10-Dec. '10
DRI Advances	211.82	23.71	22.61	21.94	-189.21	-188.11	-1.77	-0.67

Against the national goal of 1% of the previous year's Gross Bank Credit, only **0.02 %** of the total credit could be given under the DRI scheme in the state by Commercial banks as at December 2010.

The table below reveals that, Public Sector Banks account for bulk of the DRI advances (**83.36 %**) in the State whereas Private Sector banks contribute only **16.64%** of the DRI advances in 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 December 2010 (Rs. in lakhs)

BANK	DRI Advances	
	O/S	% to total
State Bank Group	285	12.99
Nationalized Banks	1488	67.82
Private Sector Banks	365	16.64
RRBs	56	2.55
GRAND TOTAL	2194	100.00

6. REVIEW OF PERFORMANCE UNDER SPECIAL FOCUS PROGRAMMES

Swarozgar Credit Card Scheme (Refer Annexure 10.23)

The data submitted by the controlling offices reveal that commercial banks in the state have sanctioned **1283** Swarozgar Credit Cards (SCCs) during the third quarter of the year 2010-11. The limit sanctioned was to the tune of **Rs. 6.10 crore**. Since inception of the scheme the banks have sanctioned **79219** cards in the state amounting to **Rs. 245.60 crores**. The amount outstanding as at December 2010 is **Rs. 90.82 crore** in **37514** cards. The Bank wise data is furnished in the annexure. During the quarter, NMGB leads the performance by sanctioning maximum number of cards followed by Federal Bank Ltd and SMGB.

Artisans Credit Card Scheme (Refer Annexure 10.23)

Commercial banks in the state have sanctioned only **77** Artisans Credit Cards (ACCs) during the quarter ending December 2010. The total limits sanctioned are to the tune of **Rs.17.86 lakhs**. Since inception of the scheme, the banks have sanctioned **4373** cards in the state with a limit amounting to **Rs.25.70 crore**. The amount outstanding as at December 2010 is **Rs. 6.70 crore** in **1537** cards.

Canara Bank leads among the commercial banks in the state by issuing the highest number of cards. Private sector banks except Federal Bank (granted 2 cards amounting to 0.95 lakhs) have not sanctioned any loans under the scheme during the quarter. The Bank wise data is furnished in the annexure.

Laghu Udhyami Credit Cards (Refer Annexure 10.23)

Commercial banks in the state have sanctioned only **412** Laghu Udhyami Credit Cards (LUCC) during the third quarter of 2010-11 making available credit limits to the tune of **Rs.11.61 crores** to small entrepreneurs of the state. Since inception of the scheme, the banks have sanctioned **18217** LUCCs in the state sanctioning credit limits amounting to **Rs.323.50 crores**. The amount outstanding as at December 2010 is **Rs. 73.70 crores**. During the quarter SBT leads in the state by issuing highest number of LUC Cards followed by Canara Bank, Syndicate Bank and Vijaya Bank.. Private sector banks have not sanctioned any loans under the scheme during the quarter. The Bank wise data is furnished in the annexure.

Performance under General Credit Card Scheme (Refer Annexure 10.28)

During the quarter under review (October-December 2010), banks in the State have sanctioned **9504** GCCs with limits amounting to **Rs. 20.80 crore**. The outstanding under GCCs as at 31.12.2010 is **100956** cards with a liability of **Rs. 197.53 crores**.

Canara Bank leads in issuance of GCC during the quarter by granting 6070 cards with a loan amount of **Rs.13.68 crores**. This is followed by SMGB with **1332** cards, NMGB with **687**

cards, Corporation Bank with **543** cards, State Bank of Travancore with **192**, Punjab National Bank with **183** cards. The bank-wise data is given in the annexure.

Performance under Kisan Credit Card Scheme (Refer Annexure 10.20)

As per the reports available with the Convenor SLBC only **43087** Kisan Credit Cards with an amount of **Rs. 627.49 crores** have been issued during the third quarter of the current fiscal. In the State, **1486667** KCCs were issued since inception involving a credit outlay of **Rs. 8824.90 crores**. As at December 2010, the outstanding number of loan accounts under KCC is **427419** with **Rs. 3754.98 crores**. **261703** farmers were covered under Personal Accident Insurance Scheme (PAIS) linked to KCC. Bank-wise data is given in the annexure.

Agri-Clinics and Agri Business Centres (Refer Annexure 10.19)

The outstanding accounts under Agri clinics in the State by Commercial Banks are **9** with a credit outlay of **Rs. 27.50 lakhs**.

242 Agri-Business Centres were financially assisted in the State from the date of inception of the scheme with a credit outlay of **Rs.2941 lakhs**. As at December 2010, 109 Agri-Business centres loans exist with an outstanding amount of **Rs. 583.23 lakhs**.

Review of implementation of Package of Relief Measures for the Debt Stressed Farmers of Wayanad, Palakkad and Kasargod districts of the State

Progress achieved in claiming interest waiver under Relief Package

The banks in the State claimed an amount of **Rs. 223.98 crores** being the overdue interest waiver in about **306048** accounts under the package from RBI/NABARD and the settlement for **Rs. 218.96 crores (251201 accounts)** has already been confirmed. It is advised by NABARD, the nodal office for relief package implementation, that no more claims will be entertained by RBI/NABARD as all the banks have given certificates to this effect through SLBC, Kerala.

Progress in Rescheduling of loans under Relief Package

Out of the **302804** eligible accounts with an outstanding amount of **Rs. 802.63 crores**, banks in Kerala have rescheduled **140641** accounts with an outstanding amount of **Rs. 397.19 crores (47% in terms of number of accounts and 50 % in terms of amount rescheduled)**.

Fresh loans provided against rescheduled accounts under Relief Package

Under the PM's Relief Package **Rs. 34.74 crores** in **9386** accounts was provided as fresh finance against the rescheduled accounts. Though the fresh finance against the rescheduled accounts show a less brighter picture, banks in the 3 identified districts surpassed its target under Annual Credit Plan during 2007-08 by disbursing **Rs. 2324.30 crores** of agriculture

advance against the target of **Rs. 1957.83 crores**. In the first three quarters of the current fiscal 2010-11, banks in these 3 districts disbursed **Rs.2704 crores** to agriculture sector taking a share of **75 %** of target under ACP.

Credit Flow to Minority Communities (Refer Annexures 10.41)

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 in the annexure. The data reveal that there is significant increase in amount of loans availed by minorities. However, all the banks in the state are yet to comply with the instructions of the controlling bank (RBI) in respect of reporting 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 **50.71 %** of the total priority advances has gone to the minority communities as at December 2010.

Data on Minority Sector Advances in the State of Kerala

(Rs. In crores)

Year	Total Priority Sector Advances	Minority Sector Advances	Percentage
31.03.2008	45900	22240	48.45
30.06.2008	46257	23698	51.23
30.09.2008	48107	25395	52.79
31.12.2008	47780	26040	54.50
31.03.2009	50217	26070	51.91
30.06.2009	51830	26120	50.40
30.09.2009	53743	26432	49.18
31.12.2009	55842	38831	69.54
31.03.2010	58204	38532	66.20
30.06.2010	60967	41149	67.49
30.09.2010	65738	33485	50.94
31.12.2010	70823	35912	50.71

Performance under Micro-credit (Annexures 10.24 to 10.27)

SLBC had compiled the data obtained from all banks regarding the cumulative performance of banks in the state as at December 2010. The bank-wise performance is given as annexure.

On a review of the performance, it is seen that about 3.47 lakh SHGs are maintaining savings account with commercial banks as at December 2010 in the state.

The banking group-wise data is as follows.

(Rs in. Crores)

Banking Group	SHGs maintaining Savings a/c		Of which No. of SHGs under	
	No.	Amt.	Govt. Sponsored	Excl. Women
State Bank Group	182285	204.99	54661	170048
Nationalized Banks	80659	264.37	18258	61200
RRBs	39243	11.07	13152	33638
Private Sector Banks	44804	35.47	8892	40041
Total - Kerala State	346991	515.90	94963	304927

As evident from the above **88 %** of the SHGs are exclusive women SHGs and **27 %** 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.

Mode of Linkage	No. of SHGs Financed		
	Total	of which	
		Under Govt. Sponsored	Women SHGs
Financing SHGs directly by banks	216648	65839	191805
Financing SHGs directly with the facilitation of NGOs	61115	12829	54102
Financing SHGs through the medium of NGOs	75812	39371	68982
Total No. of SHGs linked	353575	118039	314889

As could be seen from the above table, about **3.53 lakh** SHGs have been linked in the state so far under the SHG-Bank linkage programme. Over **61 %** of the SHG linkages have been done directly by banks.

Small and Medium Enterprises (SME) Advances (Refer Annexures 10.6 & 10.42)

Consequent upon 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 December 2010 comes to **Rs. 14612 crores** for the commercial banks in the state. Out of this, Micro & Small Enterprises and Retail Trade constitute **Rs. 5561 crores**, **Rs.6731 crores** and **Rs. 2320 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. 8434 crores** covering **5490** loan accounts with commercial banks. The bank wise details are given in the annexure.

7. REVIEW OF PERFORMANCE UNDER GOVERNMENT SPONSORED SCHEMES

Swarna Jayanthi Shahari Rozgar Yojana (SJSRY) as at December 2010

(Refer Annexures 10.15 to 10.18)

The performance of the State under SJSRY upto December 2010 is summarized hereunder:

(Rs. in lakhs)

Sub component	No. of Applications							Subsidy Released Amount	Amount of Loan	
	Forwarded	Rejected	Sanctioned	Pending Sanction	Disbursed	Pending Disbursement	Total Pending		Sanctioned	Disbursed
USEP	56363	21724	28903	5736	27216	1687	7423	847.43	5974.43	5544.21
DWCUA	2610	254	2070	286	1980	90	376	1528.63	2993.86	2603.37
Total	58973	21978	30973	6022	29196	1777	7799	2376.06	8968.29	8147.58

The banks have sanctioned 28903 loans to individual beneficiaries for micro enterprises under USEP scheme as at December 2010 involving loan amount of **Rs. 5974.43_ lakhs**. Under DWCUA (Development of Women and Children in Urban Areas), **2070** groups were sanctioned with loans to the tune of **Rs.2993.86 lakhs**.

Banking Group wise performance under SJSRY as at December 2010

(Rs. in lakhs)

Sl. No.	Bank	USEP		DWCUA		Total SJSRY	
		Sanctions		Sanctions		Sanctions	
		No	Amount	No	Amount	No	Amount
1	Public Sector Bank	23834	5083.92	1606	2447.08	25440	7531.00
2	Private Sector Banks	2894	550.72	159	198.55	3053	749.27
3	Others	2175	339.79	305	348.23	2480	688.02
	Total	28903	5974.43	2070	2993.86	30973	8968.29

Analysis of the Bank wise performance reveals that Public Sector Banks (including RRBs) accounted for **82 %** of the loans (Number) sanctioned and **84%** of loan amount sanctioned. There is a need for greater participation by Private Sector Banks in the implementation of the scheme. There is no involvement by some of the private sector banks in the implementation of the scheme which may be corrected by their Controlling offices. The details are available in the Annexures.

Swarnajayanthi Gram Swarozgar Yojana (SGSY) - Performance as at December 2010 (Refer Annexures 10.13 & 10.14)

The credit mobilisation target for 2010-11 is **Rs. 9347.25 lakhs**. As at December 2010, the state has reached **102.47 %** of the target. Banking group wise analysis reveals that State Bank group with an achievement of **110.34 %** of the target and Cooperative banks with **181.36 %** are above the State's performance level. The performance of Private Sector Banks (**45.36%**) and RRBs (**68.90 %**) are below the State's performance level and needs improvement.

SGSY – Performance as at December 2010

(Rs. in lakhs)

Sl. No	Name of Bank	Target	Total SGSY						% Achvmt. Sanctioned Amt
			Forwarded		Sanctioned		Disbursed		
			No.	Amount	No.	Amount	No.	Amount	
1	State Bank Group	2073.64	3087	3237.70	1987	2288.15	1353	1477.89	110.34
2	Nationalized Banks	2984.18	3417	3939.23	2343	2861.04	1607	1910.50	95.87
3	Private Sector Banks	1478.26	1322	1225.21	733	670.49	498	410.09	45.36
4	RRBs	1193.88	1426	1192.09	1009	822.63	821	606.59	68.90
5	Co-operative Banks	1617.29	3267	3878.87	2276	2933.18	1743	2275.33	181.36
6	Others	0	10	6.10	2	2.90	1	2.50	
	State Total	9347.25	12529	13479.20	8350	9578.39	6023	6682.90	102.47

All the banks have improved their performance such that during the third quarter of the year of 2010-2011 due to which the overall performance reached a level of **102.47 %**.

8. REVIEW OF PERFORMANCE OF THE BANKING SECTOR

Banking Statistics as at December 2010 (Refer Annexure 10.1 to 10.3)

The detailed banking statistics for the State as at December 2010 is furnished in the Annexure. A comparative analysis of the data over the previous fiscals is presented below.

(Rs. in crores)

Parameter	Outstanding					Variation				
	Mar. 2009	Dec. 2009	Mar. 2010	Sept. 2010	Dec. 2010	Mar. '09-Mar. '10	Mar. '09-Dec. '09	Dec. '09-Dec. '10	Mar. '10-Dec. '10	Sep. '10-Dec '10
No. of Branches	4084	4223	4310	4446	4488	226	139	265	178	42
Total Deposits	130350	138531	143404	151846	158306	13054	8181	19775	14902	6460
Domestic Deposits	93331	101119	106518	114406	121241	13187	7788	20122	14723	6835
NR Deposits	37019	37412	36886	37440	37065	-133	393	-347	179	-375
Total Advances	82818	92788	96987	107533	114446	14169	9970	21658	17459	6913
Investments	3712	3779	3929	4199	5211	217	67	1432	1282	1012
Adv. + Investment.	86530	96567	100916	111732	119657	14386	10037	23090	18741	7925
C: D Ratio	63.54	66.98	67.63	70.82	72.29	4.09	3.44	5.31	4.66	1.47
C+l: D Ratio	66.38	69.71	70.37	73.58	75.59	3.99	3.33	5.88	5.22	2.01

Branch Network

As at the end of December 2010, the total number of branches of Commercial Banks in the State was **4488**.

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	206	2066	690	2962	4.59	46.03	15.37	65.99
Private Sector Banks	261	949	316	1526	5.82	21.15	7.04	34.01
Total	467	3015	1006	4488	10.41	67.18	22.41	100.00

Of the total Commercial banks in the state, Public Sector Banks account for **65.99 %** of the branch network in the state. Private sector banks are having the highest number of rural

branches (**261** branches). Of the total branch network of Commercial banks in the State, only **10.41%** are in rural areas whereas Semi-urban areas have **67.18 %** of the bank branches in the state. Urban branches constitute **22.41%** of branch network.

On a comparison with March 2010 position, it is found that Public sector banks have increased their tally of branches by **84** branches whereas that of Private Sector Banks increased by **94** branches.

Deposit growth

During the first three quarters of the fiscal 2010-11, there was a growth of **Rs. 14902 crores** in the total deposits with the commercial banking sector of the state and outstanding total deposits reached a level of **Rs. 158306 crores**. During the corresponding period of the previous fiscal, the total deposit of the State was **Rs. 101119. crores**.

Another significant feature in this deposits growth is that the share of domestic deposits in total deposits is gradually increasing. As at March 2004 the share of domestic deposits in the total deposits was **54.37 %**, which has now steadily increased to **76.59 %** as at December 2010.

Sectoral Growth of Deposit over the Years

(Rs. in Crores)

Type of deposit	March 2004	March 2005	March 2006	March 2007	March 2008	March 2009	Dec. 2009	March 2010	Dec. 2010	Variation	
										Mar.'10 Dec.'10	Dec.'09 Dec.'10
Total Deposit	65961	69396	77677	91697	105488	130350	138531	143404	158306	14902	19775
Domestic Deposit	35861	40276	47006	58394	75599	93331	101119	106518	121241	14723	20122
N R Deposit	30100	29120	30671	33303	29889	37019	37412	36886	37065	179	-347
% Share of Domestic deposits	54.37	58.04	60.51	63.68	71.67	71.60	72.99	74.28	76.59		

A. Banking Group wise Growth in Deposits

As evident from the following table, Private Sector Bank (**56.97 %**) followed by Nationalized Banks (**25.12 %**), has the highest share in growth of deposits among the Commercial Banks in the State.

Banking Group wise Growth in Deposits

(Rs. in crores)

Sl. No.	Banking group	Total Deposits			% Share in Total Deposits (Dec.10)	Variation		% Share in Growth	
		Dec. 2009	Mar. 2010	Dec. 2010		Mar.'10 to Dec.'10	Dec.'09 to Dec.'10	Mar.'10 to Dec.'10	Dec.'09 to Dec.'10
1	State Bank Group	49712	51197	53144	33.57	1947	3432	12.39	16.72
2	Nationalized Banks	40812	42510	45967	29.04	3457	5155	21.99	25.12
3	RRBs	4122	4324	4366	2.76	42	244	0.27	1.19
4	Private Sector Banks	43138	44555	54829	34.63	10274	11691	65.35	56.97
5	Foreign Banks	747	817	NA	NA	NA	NA	NA	NA
	Total	138531	143403	158306	100.00	15720	20522	100.00	100.00

Banking Group wise comparison reveals that **33.57 %** of the deposits in the state are with State Bank group, which has a **22.57 %** share in branch network. The corresponding figures for Private Sector Banks are **34 %** share in branch network and **34.63 %** share in deposits. Nationalized Banks, which have **34.27%** of the branch network in the state, have a share of **29.04 %** in total deposits. RRBs, in spite of having a share of **9.16 %** of the branch network has only **2.76 %** share in total deposits of the state.

B. Population Group Wise/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	1746	31614	19784	53144	3.28	59.49	37.23	100	33.57
Nationalized Banks	1567	24649	19751	45967	3.41	53.62	42.97	100	29.04
RRBs	453	3252	661	4366	10.38	74.48	15.14	100	2.76
Private Sector Banks	5979	26728	22122	54829	10.90	48.75	40.35	100	34.63
Total	9745	86243	62318	158306	6.16	54.48	39.36	100	100.00

As evident from the above table, **54.48 %** of the total deposits of the state is from semi-urban areas where **67.18 %** of the branch network exists. Urban areas accounted for **39.36%** of the deposits and rural areas, **6.16 %**. On a comparison with March 2010 position, it is found that the share of semi-urban branches in total deposits is showing a small decrease, and that of urban areas and rural are showing an increasing trends.

NR Deposits (Refer Annexure 10.2)

The NR Deposits have registered an increase of **Rs. 179 crores** from the March 2010 level. The NR deposits of the state that stood at **Rs.37412. crore** as at December 2009 marginally declined to a level of **Rs.37065 crores** as at December 2010. The year-on-year decline was **Rs. 347 crore** in NR Deposits as at December 2010.

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	422	11240	4615	16277	2.59	69.06	28.35	100	43.91
Nationalized Banks	321	6605	2856	9782	3.28	67.52	29.20	100	26.39
RRB s	38	145	12	195	19.49	74.36	6.15	100	0.53
Pvt . Sector Banks	1422	6701	2688	10811	13.15	61.98	24.87	100	29.17
Total	2203	24691	10171	37065	5.94	66.62	27.44	100	100.00

State Bank group has the highest share (**43.91 %**) in the NR deposits from the State followed by Private Sector Banks (**29.17%**) and Nationalized Banks (**26.39%**). Of the total Non-Resident deposits, **66.62 %** deposits were from Semi Urban areas while Urban areas accounted for **27.44 %** and rural areas, **5.94 %**.

Domestic Deposits

The growth in domestic deposits during the first three quarter of the fiscal 2010-11 (**Rs. 14723 crore**)

Share of Domestic Deposits in Total Deposits (%)

March 2009	December 2009	March 2010	December 2010
71.60	72.99	74.28	76.59

As at December 2010, domestic deposits accounted for **76.59 %** of the total deposits and this ratio is gradually increasing as evident from the table given above.

Credit Expansion (Refer Annexure 10.2)

Growth in Advances of the Banking sector in the State

(Rs. in crores)

Parameter	Total Advances Outstanding over the Years							Variation	
	Mar. 2006	Mar. 2007	Mar. 2008	Mar. 2009	Dec. 2009	Mar 2010	Dec. 2010	Mar.'10 Dec.'10	Dec.'09 Dec.'10
Total Advances	51919	64273	75305	82819	92788	96987	114446	17459	21658
Percentage Growth	26.79	13.56	17.16	9.07	11.41	17.11	18.00		

During the third quarter of the current fiscal, the total advances grew by **Rs. 6913 crores** to reach **Rs. 114446 crores** as at December 2010.

Comparison of the growth in advances during the first three quarter of the current fiscal with that of the previous fiscal reveals that the advances growth during the current fiscal so far was **Rs. 17459 crore**.

On a year-on-year basis from December 2009 - December 2010 period there was a growth of **Rs 21658 crores** in advances, recording a growth rate of **18 %**.

Share of Banking Groups in Total Advances of the State

State Bank Group has the highest share (**33.48 %**) in the total advances outstanding in the state followed by the Nationalized Banks (**32.63%**). Private Sector Banks accounted for **29.25 %** of the total advances against a **34 %** 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	1933	18859	17527	38319	5.04	49.22	45.74	100	33.48
Nationalized Banks	1167	16853	19326	37346	3.12	45.13	51.75	100	32.63
RRB s	635	4349	324	5308	11.97	81.93	6.10	100	4.64
Private Sector Banks	3197	13218	17058	33473	9.55	39.49	50.96	100	29.25
Total	6932	53279	54235	114446	6.06	46.55	47.39	100	100.00

Further, **47.39 %** of the total advances in the state is to urban areas where **22.41 %** of the branch network exists. Semi Urban areas had **46.55 %** share in total advances against a share of **67.18 %** in branch network. Rural areas had a share of **6.06 %** only in the total advances deployed in the state where as they hold a share of **10.41 %** in total commercial branch network.

Credit-Deposit Ratio [C D Ratio] (Refer Annexure 10.3)

The Credit-Deposit ratio of the Commercial Banking sector of the State has increased by **147** basis points during the quarter to reach **72.29 %** as at December 2010.

Banking Group wise C D ratio as at December 2010

Banking Group	C D Ratio			
	Percentage Distribution as at December 2010			
	Rural	Semi-Urban	Urban	Total
State Bank Group	110.68	59.65	88.59	72.10
Nationalized Banks	74.48	68.37	97.85	81.25
RRBs	140.28	133.77	48.92	121.59
Private Sector Banks	53.48	49.45	77.11	61.05
Total	71.14	61.78	87.03	72.29

The C D Ratio of rural areas of the state is at **71.14 %** which is more than the mandatory norm of **60%**. Further, the urban areas have a high CD ratio of **87.03 %** whereas that in Semi urban area is at **61.78 %**, just above the mandatory norms.

The C D ratio of RRBs is the highest at **121.59 %**. Further, the CD ratios of State Bank Group, Nationalized Banks 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 **53.48 %** and **49.45 %** in rural and semi-urban centres respectively. In the semi-urban areas, the State Bank Group and Private Sector Banks could only attain a CD Ratio level of **59.65%**, **49.45%** respectively which is below the national benchmark of 60%.

Credit + Investment: Deposit ratio (C+I: D ratio) (Refer Annexure 10.3)

The C+I D ratio of the Commercial Banking Sector of the State as at December 2010 stood at **75.59 %**. There is an increase of 5.22% from the level of **70.37%** as at March 2010 to the present level of 75.59 % as at December 2010.

Incremental CD Ratio

Reporting Quarter	Deposits	Advances	CD Ratio	Incremental CD Ratio
March 2009	130350	82818	63.54	30.22
March 2010	143404	96987	67.63	108.53
June 2010	147369	99885	67.78	73.09
September 2010	151846	107533	70.82	124.92
December 2010	158306	114446	72.29	117.16

From the above table it is evident that the incremental CD ratio is 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 as the Credit has started picking up in the busy season. Incremental credit-deposit (CD) ratio for nine month ending December 2010 stood at 105% for the banking system for the country as a whole. This means that the incremental CD ratio of Kerala is more than the National average. It may be recalled that the Reserve Bank of India had expressed its concerns about the high CD ratio in January in its quarterly review of the monetary policy.

9. ANY OTHER MATTER WITH THE PERMISSION OF CHAIR

10. ANNEXURES