

**116th MEETING OF STATE LEVEL BANKERS' COMMITTEE, KERALA
AGENDA AND BACKGROUND NOTES**

Date : 22nd September, 2015 (Tuesday)

Time : 9 a.m.

Venue : Hotel Residency Tower

1. ADOPTION OF MINUTES

The minutes of the State Level Review Meeting of SLBC, Kerala held on 15th & 22nd June, 2015 has already been forwarded to the members vide Convener's letter SLBC 38 214 2015 GN dated 4th July, 2015.

The House may adopt the said minutes.

2. ISSUES RELATING TO GOVERNMENT DEPARTMENTS

2.1. PENDING ISSUES IN SLBC & ACTION TAKEN REPORT

2.1.1. SECONDARY SECTOR

2.1.1.1. Issues involved in the implementation of PMEGP Scheme

(Pending since March 2014)

Panchayats are issuing licenses only after installation of machinery and banks insists for Panchayat licenses/NOC before disbursement of loans. Citing this reason many PMEGP applications are getting returned.

A common direction is necessary for minimizing beneficiary grievances in this front.

In the 115th Meeting of SLBC, Kerala held on 16.03.2015 at Trivandrum, **Sri. James Varghese, IAS**, Principal Secretary, Local Self Government Department informed the following 3 stage process for issue of license for running an industry.

- (i) Building permit
- (ii) License to install
- (iii) Running permit/licence

He informed that building permit is given once building is ready. License to install is immediately given on production of various NOCs of various statutory agencies and once it is installed running permit is given. Running license can be given only after installing the equipments concerned and this can be given only in the final stage. He informed that once the license to install is given the banks can make the disbursement. Responding to a query, he informed that provisional licensing system is not there and that may not be possible because Department is the final authority to see all the conditions are fulfilled.

The State Level Review Meeting of SLBC, Kerala held on 15th & 22nd June, 2015 decided to pursue the matter with Local Self Government Department, Government of Kerala.

The Steering Committee of SLBC Kerala that met on 10.09.2015, decided to pursue the matter.

2.1.2. TERTIARY SECTOR

2.1.2.1.Land Allotment for construction of RSETI Buildings

(Pending since July 2012)

Land allotment pertaining to the RSETIs of the following districts are pending

	Present status	Department where the matter is pending
Kozhikode	Land not allotted	District Collector Kozhikode has to identify a suitable land
Palakkad	Land identified - Forwarded by District administration to Rural Development Commissioner - forwarded to LSGD Gok - forwarded to Revenue Department - for clearance Pending with Revenue Department.	Revenue (G) Department, Gok.
Kollam	Land identified - Forwarded by District administration to Rural Development Commissioner - forwarded to LSGD Gok - forwarded to Revenue Department - for clearance - Pending with Revenue Department	Revenue (G) Department, Gok
Pathanamthitta	MOU Signed. But writ petition filed by Block Panchayat President in the Kerala High Court against allotment - Govt has to file an affidavit - Draft waiting for Law Department approval	Law Department, Gok

The Planning & Economic Affairs Department is following up the matter with the concerned departments.

*In the Steering Committee Meeting of SLBC Kerala held on 10.09.2015, representative from **Commissionerate of Rural Development** informed that in Palakkad, land identified in Parali Panchayat and pending with Revenue Department for clearance.*

In Kollam, land identified at Anchalumoodu and pending with Revenue Department for clearance.

In Pathanamthitta, already a building allotted, but writ petition filed by Block Panchayat President in the Kerala High Court against allotment and waiting for the approval from Law Department.

In Kozhikode, land not identified till date and District Collector, Kozhikode has to identify a suitable land.

*Representative from **Revenue Department** informed that Palakkad and Kollam cases have taken up with the Land Revenue Commissioner and the report in this regard is awaited.*

Other Issues related to RSETI

- (i) Waiver of One time building tax and annual building tax charged by LSGs for RSETI buildings -SLBC has written to Revenue Department vide letter no SLBC 35/261-2015 GN dt 2015 Jul 31 and reply is awaited

*In the Steering Committee Meeting of SLBC Kerala held on 10.09.2015, representative from **Commissionerate of Rural Development** informed that the matter was taken up with the Revenue Department.*

- (ii) Ernakulam - NRLM target group Training expenses for the first half of year of 2014-15 is not reimbursed by SRLM till date.

*In the Steering Committee Meeting of SLBC Kerala held on 10.09.2015, representative from **Commissionerate of Rural Development** informed that the matter was taken up with Kudumbashree people and they require some details in this regard. He suggested that RSETI, Ernakulam have to contact directly with Kudumbashree office in this regard.*

2.1.2.2.Computerization of Land Records (Pending since June 2006)

- (a) To computerise land records in the State of Kerala – This will enable financing banks to make online noting, regarding their lien and help to bring down the transaction cost for getting various certificates from village office.
- (b) To establish a National Mortgage Repository (NMR) in the State that will function in a similar manner as vehicle registration where hypothecation is marked on the Registration Book of the owner or a Search made in Registrar of Companies Office to ascertain certain details pertaining to companies.

This is aimed at bringing in more transparency and prevention of frauds on property transactions.

In the 115th Meeting of SLBC, the representative from **Revenue Department** informed that the process is continuing and digitalization process is completed only in Palakkad District.

The State Level Review Meeting of SLBC, Kerala held on 15th & 22nd June, 2015 decided to pursue the matter with Revenue Department, Government of Kerala.

*In the Steering Committee Meeting of SLBC Kerala held on 10.09.2015, representative from **Revenue Department** informed that online pokkuvaravu (Revenue record mutation) has started. Computerization of records in selected villages will be started and after that it will be extended to other villages. Computerization process is going on and some more time is required for completing process.*

2.1.2.3. Denial of E-Tender access facilities to customers of all banks except SBT
(Pending since March 2014)

Few bank branches have complained that E-Tender access is deprived to their customers as the access is restricted for SBT only. Presently SBT alone is permitted to handle E-Tender business of Government of Kerala. Because of this other bank customers are forced to open accounts with SBT and is causing lot of inconveniences to them.

E-payment access for all banks is accepted by an apex committee of the Government. The GO is awaited.

The State Level Review Meeting of SLBC, Kerala held on 15th & 22nd June, 2015 noted that during the Steering Committee of SLBC that met on 03.06.2015, representative from Planning & Economic Affairs Department, Government of Kerala informed that E-payment access for all banks is accepted by an apex committee of the Government. The GO is awaited.

The forum decided to pursue the matter with Planning & Economic Affairs Department.

*In the Steering Committee Meeting of SLBC Kerala held on 10.09.2015, representative from **Planning & Economic Affairs Department** informed that Department has taken up the matter with IT Department for getting their opinion.*

2.1.2.4. (i) Noting of Equitable Mortgage created in favour of the banks in Revenue Records (Pending since March 2014)

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 State Government. Also there are no provisions for the same in the revenue regulations of the State of Kerala.

In a recent judgment of the Hon'ble Supreme Court of India in State of Haryana v. Narvir Singh & another, reported in (2014) 1 Supreme Court Cases 105, wherein it has been held that banks and financial institutions who accept a mortgage by deposit of title deeds can request the Revenue Authorities to enter the factum of such mortgage in the revenue records. In the facts of the aforesaid case, the Revenue Authorities had taken the stand that only a registered mortgage can be noticed in the revenue records. The view taken by the Revenue Authorities has been held to be unsustainable.

Now that the law has been settled by the Hon'ble Supreme Court, it is requested that when the bank accepts mortgage by deposit of title deeds (Equitable Mortgage), provision shall be enabled for the bank to request the Revenue Authorities to note the same in the revenue records.

The State Level Review Meeting of SLBC, Kerala held on 15th & 22nd June, 2015 decided to pursue the matter with Revenue Department, Government of Kerala.

The Steering Committee of SLBC Kerala that met on 10.09.2015, proposes that the Government may introduce a reasonable fee for this facility and suggested the following fee tariff:

<i>Loan up to Rs. 10 lakhs</i>	<i>: Rs. 500</i>
<i>Loans above Rs. 10 lakhs up to 25 lakhs</i>	<i>: Rs.1000</i>
<i>Loans above Rs. 25 lakhs</i>	<i>: Rs.2500</i>
<i>Fee for releasing the charge</i>	<i>: Rs. 200</i>

Representative from Revenue Department informed that the matter was taken up with the Land Revenue Commissioner and the report in this regard is awaited.

The Revenue department may inform the progress.

2.1.2.4 (ii) Noting of lien of the Bank in Thandaper Register of Village Office for the loans granted by the Banks

As of now, there is no legal obligation on the part of the Village authorities to do so. If noting in Thandaper Register is made legally mandatory, it will help to prevent fraudulent transactions.

The State Level Review Meeting of SLBC, Kerala held on 15th & 22nd June, 2015 decided to pursue the matter with Revenue Department, Government of Kerala.

We may merge this agenda with the above and restrict our request for Mortgage transactions only, as banks have mandate for charge from the borrower only in case of mortgages.

2.1.2.5.Registration of UDS [Un Divided Share]

As per the prevalent practice in the State of Kerala sale deeds of flats will be executed only after completion of construction of the entire apartment complex. Till then the lending banks normally remain virtually unsecured. Now, we propose to insist on transfer of Undivided Share in the land at the initial stage itself so that mortgage can be created with the same. However, if a sale deed is executed for the completed flat at the time of transfer of completed flat, stamp duty will have to be paid for the entire consideration. There is no provision for set off of the stamp duty paid for registration of UDS. Builders and borrowers are reluctant to cooperate when we insist on registration of UDS. Provision for set off may be brought in the Kerala Stamp Act, 1959.

The State Level Review Meeting of SLBC, Kerala held on 15th & 22nd June, 2015 decided to pursue the matter with Registration Department, Government of Kerala.

*In the Steering Committee Meeting of SLBC Kerala held on 10.09.2015, representative from **Registration Department** informed that amendment of stamp act is required in this case. He informed that as per the CAG report Government has brought article 5 (C) in Stamp Act in 2007, to block the loss of crores of rupees in cunning transactions of tripartite agreement among builder, land owner and purchaser in the case of flats. Hence, Government will not support any further amendment in article 5 (C). He observed that banks concern is genuine, but the expenses required for the registration of UDS and stamp duty is very meager. Therefore, he suggested that rather than amendment in stamp act, a remission order is viable. At the time of transfer of completed flat to the purchaser, it can be mentioned in the convey document of the builder that if stamp duty is paid for registration of UDS, stamp duty will be exempted. Taxes Department can take a decision in this regard. He requested SLBC to take up with Taxes Department for issuing a remission order covering such cases.*

2.1.2.6.Registration Act, 1908 – State amendment of Section 17 (1) (f)

Government of Kerala has amended certain provisions of the Registration Act, 1908, vide the Registration (Kerala Amendment) Act, 2012, which came into effect from 13.09.2013. Pursuant to the amendment, Sub clauses (g), has been inserted in Section 17 of the Registration Act, 1908, making compulsorily registerable, the “Power of attorney creating any power or right of management, administration, development, transfer or any other transaction relating to immovable property of the value of one hundred rupees and upwards other than those executed in favour of father, mother, wife, husband, son, adopted son, daughter, adopted daughter, brother, sister, son-in-law or daughter-in-law of the executant”. This requirement has adversely affected lots of NRI customers. They are necessitated to come to India for registering the power of attorney if it is executed in the name of the any person other than the relatives mentioned above. We are of the view that we may seek exclusion of NRIs from the purview of registration of Power of Attorneys as above. Moreover, in-laws, ie father-in-law, mother-in-law, brother-in-law and sister-in-laws can also be suggested to be included in the list of the relatives mentioned above.

In the Steering Committee Meeting of SLBC Kerala held on 03.06.2015, representative from Registration Department informed that registration act is central act and state amendment can be made by State Government but the process would need Presidential sanction. Department is ready to submit a proposal to Central Government.

The State Level Review Meeting of SLBC, Kerala held on 15th & 22nd June, 2015 concurred with the above and decided to pursue the matter with Registration Department, Government of Kerala.

*In the Steering Committee Meeting of SLBC Kerala held on 10.09.2015, representative from **Registration Department** informed that registration act is central act and amendment can be made by State Government in the Legislative Assembly which would require Presidential sanction. He requested SLBC to take up the matter with Taxes Department for moving such an amendment*

2.1.2.7. Issues relating to Stamp duty on Branch & ATM lease deeds

The Kerala Finance Act of 2014 amended certain provisions in the Kerala Stamp Act of 1959. One such is insertion of a new clause (e) in the Schedule SI no 5 Agreement or Memorandum of Agreement

As per this clause stamp duty payable on an agreement or memorandum of agreement if relating to installation of an ATM between a bank and the land owner or renewal thereof shall be Rs.2500/- per year.

Grievance of the Banks is that, where a bank takes a building on lease as premises for the Branch office and if we are placing an ATM Machine within this premise, the Sub-Registrars are asking to pay the stamp duty @ Rs.2500 p.a for the ATM space separately.

It is requested that in such cases this additional stamp duty should not be charged.

Representative of the Registration Department informed that the Department shall propose necessary amendment to the article 5 (E) schedule to Kerala Stamp Act 1959.

In the Steering Committee Meeting of SLBC Kerala held on 03.06.2015, representative of the Registration Department informed that the Department shall propose necessary amendment to the article 5 (E) schedule to Kerala Stamp Act 1959. He requested support from banks for making a draft proposal for submitting to Government.

The State Level Review Meeting of SLBC, Kerala held on 15th & 22nd June, 2015 concurred with the above and decided to pursue the matter with Registration Department, Government of Kerala.

*In the Steering Committee Meeting of SLBC Kerala held on 10.09.2015, representative from **Registration Department** informed that the Department shall propose necessary amendment to the article 5 (E) schedule to Kerala Stamp Act 1959. He requested support from banks for making a draft proposal for submitting to Government.*

The committee decided that SLBC Cell and Registration Department can sit together for making a draft proposal for submitting to Government.

3. GENERAL ISSUES

3.1. FRESH ISSUES

3.1.1. SECONDARY SECTOR

3.1.1.1. Implementation of Coir Udyami Yojana of Coir Board (Suggested by Coir Board)

Ministry of Micro, Small and Medium Enterprises, Government of India has conveyed its approval for continuation of the Central Sector Scheme 'Coir Udyami Yojana' (CUY) being implemented by Coir Board during the XII Plan period at an outlay of

Rs.80.00 Crores with certain modifications. The pattern of assistance under the Scheme is 40% of the project cost as Govt. of India Subsidy, 55% as Bank Credit and 5% as beneficiary contribution. Any coir projects with project cost upto Rs.10.00 lakhs would cover under the Scheme. Besides this the unit can avail 25% of the project cost as working capital however the working capital component shall not be considered for subsidy. The scheme is opened to Individuals, Companies, Self Help Groups, Non Governmental Organizations, Institutions registered under Societies' Registration Act 1860, Production Co-operative Societies, Joint Liability Groups and Charitable Trusts. The assistance will be made available through all the Scheduled Commercial Banks listed in the 2nd Schedule of the RBI Act, Regional Rural Banks, Co-operative Banks, SC/ST/OBC Finance and Development Corporations.

(i) Review of implementation of Coir Udyami Yojana during 2014-15

The target fixed for implementation of Coir Udyami Yojana in the State of Kerala during the year 2014-15 was Rs.327.00 lakhs for setting up of 150 units. However, the Banks in Kerala have not shown a priority approach towards the applicants of Coir Udyami Yojana for sanctioning loan under the Scheme. Owing to this Board could release only an amount of Rs.37.60 lakhs to the banks as subsidy for assisting 86 units under CUY as detailed below:

Name of Bank	Subsidy released (Rs. in lakhs)	No. of units
SBT, Varanad	3.60	9
SBT, Vaikom	5.20	13
SBT, Pathirapally	0.40	1
SBT, Kulasekharamangalam	6.80	17
SBT, Punnapra	0.92	1
SBT, Thiruvankulam	0.74	1
SBT, Danapady	2.67	7
SBT, Thycattusserry	1.03	5
SBI, Kayamkulam	0.40	1
Union Bank of India, Karthikapally	10.00	25
Union Bank of India, Haripad	2.00	5
Bank of Baroda, Cherthala	3.84	1
Total	37.60	86

From the above it can be seen that in the State of Kerala Board was able to achieve only 11% of the financial target fixed for the year 2014-15. This was mainly due to non-consideration of CUY applications by the Banks on priority basis.

(ii) Review of implementation of Coir Udyami Yojana during 2015-16

Ministry of MSME, Government of India has allocated an amount of Rs.20 Crores for implementation of Coir Udyami Yojana during 2015-16 for setting up of 825 units. Out of which a target of 150 units at an outlay of Rs.2.90 Crores has been fixed for Kerala State.

The modified Scheme of Coir Udyami Yojana was launched during December 2014 and the Field Offices of the Board have been instructed to implement the Scheme as per the modified operational guidelines from 1st April, 2015 onwards. Now that Board is implementing the Coir Udyami Yojana as per the modified operational guidelines. So far Board has forwarded 158 applications to different Banks in Kerala. However, out of which Board has received only 6 loan sanctions from the Banks. Applications detailed below are still pending with the following Banks:

Sl. No.	Name of Bank	No. of applications pending with the Bank
1	Union Bank of India	44
2	Canara Bank	36
3	State Bank of Travancore	31
4	Federal Bank	9
5	State Bank of India	8
6	Corporation Bank	5
7	South Indian Bank	4
8	Catholic Syrian Bank	3
9	Dhanlaxmi Bank	3
10	Kerala Gramin Bank	2
11	Bank of Baroda	1
12	Syndicate Bank	1
13	Indian Bank	1
14	Punjab National Bank	1
15	KGB	1
16	Kerala Financial Corporation	1
17	UCO Bank	1
	Total	152

The Banks may be requested to co-operate and speed up the process of sanctioning loans under Coir Udyami Yojana in order to utilize the fund fully, earmarked for the year 2015-16.

In the Steering Committee Meeting of SLBC Kerala held on 10.09.2015, the representative from Coir Board explained the implementation of Coir Udyami Yojana in the State and informed that against the target of 150 units, only 86 units are sanctioned during 2014-15 under the scheme. During 2015-16, the target is 150 and out of 158 applications, only 6 units are sanctioned. She informed that Chairman of Coir Board has written letter to all bank authorities in this regard. She made a request that banks may cooperate and speed up the process of sanctioning loans under the scheme in order to utilize the fund fully earmarked and otherwise return the application mentioning the reason for rejection. She added that they have started providing EDP to the borrowers before availing loans from banks.

The committee requested that Coir Board to provide soft copy of the District/bank/branch wise pending list in excel sheet to SLBC Cell so as to enable to take up the same with the concerned. The committee also suggested that Coir Board may give EDP to borrowers only after getting provisional sanction letter from banks,. The Committee observed that most of the loans sanctioned under Coir Board schemes are slipped into NPA, particularly in many areas in Alappuzha District. The committee requested Coir Board to extend adequate support to banks for recovery of those loans.

3.1.1.2.Kerala State Self Entrepreneur Development Mission (KSSEDM) – Project of Kerala Financial Corporation (KFC) [Suggested by Canara Bank]

Government of Kerala, through Kerala Financial Corporation (KFC) had launched the KSSEDM scheme aimed at providing financial assistance to unemployed youth to start new micro enterprises. As recommended by the Canara Bank, Trivandrum Circle, MSME Wing, Head Office formulated a scheme for financing these enterprises. The scheme guidelines were formulated based on the original guidelines of KFC. During the year 2014, KFC amended certain scheme guidelines and based on the recommendation from the Trivandrum Circle, Head Office has permitted the amendments.

Now, KFC again amended the eligible loan quantum and the same were published in the website of KFC which is as under:

Sl. No	Existing guidelines issued by the Bank	Modified guidelines by KFC
	Loan Quantum	
1	<i>The eligible maximum loan amount will be Rs. 10 lakhs per technocrat promoter and Rs. 4 lakhs per non technocrat promoter, subject to a maximum of Rs. 20 lakhs per enterprise / per group.</i>	<i>The eligible maximum loan amount will be Rs. 15 lakhs per technocrat promoter and Rs. 7 lakhs per non technocrat promoter, subject to a maximum of Rs. 20 lakhs per enterprise.</i>

Hence, Canara Bank has requested to place these modifications in the SLBC meeting for approval. The revised KFC guidelines are provided in **Annexure-8.1.**

The Steering Committee of SLBC Kerala that met on 10.09.2015, noted the modification in the eligible quantum made by the KFC and decided to place the matter in SLBC for information and approval.

3.1.2. TERTIARY SECTOR

3.1.2.1. Banking facility in villages with population below 2000 (Suggested by Reserve Bank of India)

As per RBI instructions, mechanisms to provide banking services (branch /BC/ CSC) in villages with population below 2000 have to complete by August 14, 2015. In Kerala, there are 16 villages with population below 2000 as detailed given below. In view of RBI’s mandate as said above, it is requested to place in the meeting the current status of banking infrastructure available in these villages (viz. bank branch / USB / BC / CSC-Akshaya)

Sl. No	Name of District	No. of Villages	Name of Villages
1	Kollam	1	Valacode (Part)
2	Alappuzha	2	Aryad South (Part)
			Mullackal (Part)
3	Pathanamthitta	1	Pathanamthitta (Part)
4	Kottayam	2	Muttambalam (Part)
			Velloor (Part)
5	Idukki	2	Thodupuzha (Part)
			Mlappara
6	Ernakulam	1	Trikkakara North (Part)
7	Thrissur	1	Pullu
8	Wayanad	1	Thariyode
9	Kasaragod	5	Kaliyoor
			Talikala
			Bekoor
			Ujarulvar
			Cheemeni II

The Steering Committee of SLBC Kerala that met on 10.09.2015, noted that SLBC Cell has confirmed to RBI that all the villages with population below 2000 are having banking facility.

The AGM, RBI informed that RBI has received the confirmation mail from SLBC Cell. RBI wants to know the type/model of banking facility set up in these villages and the bank which have set up the facility. He requested to find out the same stating that these are the villages covering such and such facilities so as to ensure all the villages with population below 2000 in the State would be covered.

The committee requested banks concerned to give the detailed information in this regard to SLBC for onward transmission to RBI.

The committee decided that the matter would be placed in the SLBC after confirmation from banks.

3.1.2.2. Self Employment Scheme (Bank Loan Subsidy) [Suggested by Kerala State Handicapped Persons Welfare Corporation Poojappura, Thiruvananthapuram]

The Kerala State Handicapped Persons' Welfare Corporation is a Public Sector Undertaking under the State Government established in 1979 with its Head Office at Poojappura, Thiruvananthapuram. The main aims and objectives of the Company are to formulate, to promote and implement welfare schemes aimed at the rehabilitation or improvement of the living conditions of the physically disabled viz visually impaired, the deaf and dumb, orthopedically handicapped and mentally retarded persons.

As part of its various schemes for the empowerment of Persons with Disabilities, the Corporation provides financial assistance to the disabled people under self-employment schemes to avail loan from the Banks. Under this scheme subsidy to loan availed from various banks are provided, as detailed below:

Disbursed Loan Amount (Rs.)	Subsidy
Upto Rs. 20000/-	50% of loan subject to the maximum of Rs. 5000/-
Above Rs. 20000/- and upto Rs. 50000/-	30% of loan amount.
Above Rs. 50000/- and upto Rs. 100000/-	25% of loan amount subject to the minimum Rs. 15000/-
Above Rs. 100000/-	20% of the loan amount subject to the minimum Rs. 25000/- and Maximum Rs. 100000/-.

It has come to the notice that, many a time, banks are insisting for the Kerala State Handicapped Persons Welfare Corporation subsidy amount to be released in advance and subsequently only, the bank loans are released. This is causing undue delay in receipt of the bank loans for differently abled persons, availing bank loan subsidy scheme. Hence it is requested to make a prompt payment of loan amount from banks without waiting for the Kerala State Handicapped Persons Welfare Corporation subsidy amount and it is also assured that on receipt of grant from Government, the loan subsidy amount committed by the Kerala State Handicapped Persons Welfare Corporation shall be released without any delay.

In the Steering Committee Meeting of SLBC Kerala held on 10.09.2015, representative from the Corporation informed that many times, banks are insisting for the Corporation subsidy amount to be released in advance prior to the disbursement of loans which is causing undue delay in receipt of the bank loans. She informed that subsidy will be released to banks as and when received the funds from Government.

The committee requested the Corporation to give bank wise pendency to the SLBC Cell and LDMS for effective follow up. If the existing Corporation guidelines do not provide for release of subsidy in advance, the Corporation may consider amending such provisions. The committee decided to place the matter in SLBC for information/action of concerned Department.

3.1.2.3. Agenda items suggested by Directorate of Scheduled Caste Development Department

(1) ഇ-ഗ്രാന്റ്സ്

ഇ-ഗ്രാന്റ്സ് ഫണ്ട് വിതരണത്തിന് പല ബ്രാഞ്ചുകളും കമ്മീഷൻ ആവശ്യപ്പെടുന്നു. ഇത് ഭാവിയിൽ ഒഴിവാക്കേ താണ്.

The Steering Committee of SLBC Kerala that met on 10.09.2015 requested that banks may suitably address their branches if charging commission for E-grants payments. If specific instances are brought to SLBC notice, they can be addressed suitably.

The Committee decided to place the matter in SLBC.

(2) സ്വയം തൊഴിൽ പദ്ധതി പ്രകാരം ലഭ്യമാകുന്ന ബാങ്ക് വായ്പയ്ക്ക് പട്ടികജാതി വികസന വകുപ്പിൽ നിന്നും സബ്സിഡി അനുവദിക്കുന്ന പദ്ധതി

പട്ടികജാതി വികസന വകുപ്പിൽ നിലവിലുള്ള സ്വയം തൊഴിൽ പദ്ധതി പ്രകാരം ലഭ്യമാകുന്ന ബാങ്ക് വായ്പയ്ക്ക് സബ്സിഡി അനുവദിക്കുന്ന പദ്ധതി അനുസരിച്ച് ബാങ്ക് വായ്പ കൈപ്പറ്റി ഗുണഭോക്താവ് സ്വയം തൊഴിൽ സംരംഭം ആരംഭിച്ചാൽ മാത്രമേ വകുപ്പിൽ നിന്നും സബ്സിഡി ബന്ധപ്പെട്ട ബാങ്കിന് അനുവദിക്കാൻ നിർവ്വാഹമുള്ളൂ. എന്നാൽ സബ്സിഡി മുൻകൂറായി അനുവദിക്കണമെന്ന ചില ബാങ്കുകളുടെ നിലപാട് പദ്ധതി നടത്തിപ്പിനെ പ്രതികൂലമായി ബാധിക്കുന്ന വിവരം ശ്രദ്ധയിൽപ്പെട്ടിട്ടുണ്ട്. ബാങ്കുകളുടെ ആവശ്യപ്രകാരം സബ്സിഡി വകുപ്പിൽ നിന്നും മുൻകൂറായി അനുവദിച്ചാൽ സർക്കാർ നൽകുന്ന സബ്സിഡി തുക ദുർവിനിയോഗം ചെയ്യാനും ബന്ധപ്പെട്ട ഗുണഭോക്താവ് സ്വയം തൊഴിൽ സംരംഭം ആരംഭിക്കാത്ത സാഹചര്യം സംജാതമാകാനും സാധ്യതയുണ്ട്. ആയതിനാൽ ബാങ്ക് വായ്പ ലഭിച്ച് ബന്ധപ്പെട്ട പട്ടികജാതി ഗുണഭോക്താവ് സ്വയം തൊഴിൽ സംരംഭം ആരംഭിച്ചു എന്ന് ഉറപ്പുവരുത്തിയതിനുശേഷം പട്ടികജാതി വികസന വകുപ്പിൽ നിന്നും സബ്സിഡി അനുവദിക്കുന്ന രീതി തന്നെ തുടരുന്നതിനായി ബന്ധപ്പെട്ട ബാങ്കുകൾക്ക് നിർദ്ദേശം നൽകാവുന്നതാണ്.

The Steering Committee of SLBC Kerala that met on 10.09.2015 noted that during the 108th Meeting of SLBC Kerala of held on 03.01.2013 at Trivandrum, as suggested by LDM, Kollam the following matter came up for discussion.

Non Receipt of Government Subsidy for Bank Loans sponsored by Scheduled Caste Development Offices

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

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

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

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

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

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

The forum took a decision that henceforth the disbursement of loans shall be done only after getting the subsidy upfront from SC Development Department, Government of Kerala.

The forum requested LDMs to report the same to SLBC.

LDM, Trivandrum reported that such issues are prevalent in Trivandrum since 2008.

Sri. Subrata Biswas, IAS, Agricultural Production Commissioner, Government of Kerala assured the forum to take up the matter with concerned Department.

Sri. P. Ramasamy, Assistant Director, National Commission for SC intervened in the discussions and assured to take up with the department concerned so that the matter could be resolved early. He informed that the sponsoring department is not having any shortage of funds and the delay in providing subsidy may be on account of some other technical aspects which required to be examined closely.

The forum decided to take up the matter with the SC Development Department, Government of Kerala for getting the subsidy settled at the earliest.

The corporation may inform if the old unreleased cases of subsidy have been released. If the existing Corporation guidelines do not provide for release of the subsidy in advance, the Corporation may consider amending such provisions.

The Committee decided to place the matter in SLBC for information/action of the SC Development Department.

(3) സ്വാശ്രയ സംഘങ്ങൾക്ക് സ്വയം തൊഴിൽ സംരംഭം ആരംഭിക്കുന്നതിന് ധനസഹായം നൽകുന്ന പദ്ധതി:

പത്തോ അതിൽ കൂടുതലോ പട്ടികസമുദായംഗങ്ങൾ ചേർന്നു രൂപീകരിക്കുന്ന സ്വാശ്രയ സംഘങ്ങൾക്കും 80 ശതമാനമോ അതിനു മുകളിലോ പട്ടികജാതിക്കാർ അംഗങ്ങളായുള്ള വനിതാ സ്വാശ്രയ സംഘങ്ങൾക്കും പ്രോജക്ട് റിപ്പോർട്ടിന്റെ അടിസ്ഥാനത്തിൽ സ്വയം തൊഴിൽ സംരംഭങ്ങൾ ആരംഭിക്കുന്നതിന് സാമ്പത്തിക സഹായം നൽകുന്ന ഒരു പദ്ധതി 2014-15 സാമ്പത്തികവർഷം മുതൽ പട്ടികജാതി വികസന വകുപ്പ് ആവിഷ്കരിച്ചിട്ടുണ്ട്. അംഗീകരിക്കപ്പെടുന്ന പ്രോജക്ടുകളുടെ മുതൽ മുടക്കിന്റെ 3/4 വരുന്ന തുക ബന്ധപ്പെട്ട സ്വയം സഹായ സംഘങ്ങൾക്ക് വകുപ്പിൽ നിന്നും ബാങ്ക് അക്കൗണ്ടിലൂടെ അനുവദിച്ചു നൽകുന്നതാണ്. മുതൽ മുടക്കിന്റെ 1/4 വരുന്ന തുക ഗുണഭോക്താക്കൾ സ്വന്തം നിലയിൽ കൈത്തുകയോ ബാങ്ക് ലോൺ മുഖേന സ്വരൂപിക്കുകയോ ചെയ്യേണ്ടതാണ്. ഈ പദ്ധതി പ്രകാരം വിവിധ പ്രോജക്ടുകളുടെ നടത്തിപ്പിനായി ബാങ്ക് വായ്പ ലഭിക്കാൻ അർഹതയുള്ളതും, ബാങ്കുകളെ വായ്പയ്ക്കായി സമീപിക്കുന്നതുമായ പട്ടികജാതി സ്വാശ്രയ സംഘങ്ങൾക്ക് ബാങ്ക് ലോൺ ലഭ്യമാക്കുന്നതിന് ബാങ്കുകൾക്ക് നിർദ്ദേശം നൽകാവുന്നതാണ്. കുടുംബശ്രീ സംഘങ്ങൾക്ക് മാത്രമേ ബാങ്ക് ലോൺ നൽകുകയുള്ളൂ എന്ന് പറഞ്ഞ് ബാങ്കുകൾ സ്വാശ്രയ സംഘങ്ങൾക്ക് ബാങ്ക് ലോൺ നിരസിക്കുന്നതും ശ്രദ്ധയിൽപ്പെട്ടിട്ടുണ്ട്. ആയതിനാൽ പട്ടികജാതി വികസന വകുപ്പിന്റെ 3/4 ധനസഹായം ലഭ്യമാക്കി ഉത്തരവ് ലഭിച്ചിട്ടുള്ള സ്വാശ്രയ സംഘങ്ങൾക്ക് 1/4 തുക ബാങ്ക് ലോൺ അനുവദിക്കുന്നതിനുള്ള നടപടി സ്വീകരിക്കുവാൻ ബാങ്കുകൾക്ക് നിർദ്ദേശം നൽകേണ്ടതാണ്.

The Steering Committee of SLBC Kerala that met on 10.09.2015 requested the Corporation to give details on the organizing and monitoring infrastructure available for supervising these groups and also provisions to avoid multiple financing

The formation and financing of such groups may be linked to SRLM and SULM wherever possible.

The committee decided to place the matter in the SLBC.

3.1.2.4. Agenda item suggested by Finance (Planning – A) Department, Government of Kerala

“Non cooperation of some banks towards Government’s Bill Discounting System”.

The Steering Committee of SLBC Kerala that met on 10.09.2015 decided to place the matter in SLBC.

3.1.2.5. Waiving of stamp duty on loan sanctioned against pension to Senior Citizens (Suggested by State Bank of Travancore)

Banks are now providing finance as term loans with higher limits to suit to the urgent needs of various pensioners. For availing such loans, pensioners have to bear the cost of stamps for executing the loan agreements.

Nowadays pensioners or senior citizens are extended many benefits from the Government as Social Security measures. Hence, in this spirit, to avoid penalizing of such expenses from the pensioners’ hand, we propose the agenda that *Stamp duty can be waived on Loan agreements when the loan is sanctioned against pensions to senior citizens.*

The Steering Committee of SLBC Kerala that met on 10.09.2015 decided to place the matter in the SLBC for a favourable decision from Government.

3.1.2.6. Government Order regarding Levy of Service Charges for assisting Banks in taking over possession under Section 14 of SARFAESI Act, 2002 (Suggested by South Indian Bank)

As per the GO (MS)No.39/11/RD dated 20.01.2011 of Revenue Department, the Government of Kerala has given sanction to recover service charge at the rate of 7.50% of the demanded amount for the recoveries initiated under the SARFAESI Act from the agency requisitioning for action under Section 14 of SARFAESI Act, since the services for the implementation of the Act is being provided by the Revenue Department of the State Government.

Citing the above Government Order, Tahasildars are demanding service charge from the Bank immediately after taking possession of secured assets under Section 14 of the SARFAESI Act.

In this regard, as the matter is of great concern to all the Banks and Financial Institutions, we would like to place the following aspects for consideration of SLBC in its next meeting.

- (i) The Government Order specifies service charges @ 7.50% of the demanded amount. This means that if there are 10 items of secured assets to be taken possession in one account on different occasions/before different District Magistrates/Tahasildars, Banks have to pay 75% of the demanded amount to Government. Quite often when the secured assets are put for sale, Banks are not in a position to collect entire amount due to them for want of required value for the secured assets and that too in a distressed sale.
- (ii) Taking possession under Section 14 of SARFAESI Act does not by itself means that bank has recovered the amount. It is only one of the measures in the process of realization of secured asset. Before the property is auctioned, there are different situations in which banks have to restore possession to the borrower.
- (iii) The Government Order is per se arbitrary and unconstitutional. The SARFAESI Act or Rules framed there under do not provide for levy of any charges by the designated agencies for collection of service charges. If at all the Government wanted to fix service charges for the services rendered, it should have been nominal only which is sufficient to cover the actual expenses of the staff and infrastructure used rather than fixing the service charges at ad valorem rates.

In view of the above, it is requested to place the matter before the SLBC and take up the issue with Government for withdrawal of the cited Order or atleast prescribing a fixed amount, say Rs. 5000/- per Secured Asset for providing assistance to Banks and Financial Institutions under Section 14 of SARFAESI Act.

Copy of the Government Order is provided in **Annexure-8.2.**

In the Steering Committee Meeting of SLBC Kerala held on 10.09.2015, GM, Canara Bank informed that the cases having difficulties, objection, protest where banks are not able to go for taking possession would only be referred to Revenue Department. The committee observed that since this is an importance issue, the Revenue Department may take sympathetic view in this regard. The committee decided to place the matter in SLBC for information/action of Revenue Department.

3.1.2.7. Regarding making available small value credit to RSETI trainees with ease (Suggested by LDM, Trivandrum)

With the launch of National Kousal Yojana by GOI, skill training has attained centre stage in the nation with many agencies coming in the field. Banks have put up RSETIs at great cost both as capital expenses & as running expenses. The difference in the services provided by RSETIs has to project out to make them relevant & important in the society. The provision of credit & the 2 year handholding as a package ought to make that difference to attract real target group & ensure capacity utilization. Feedback from trainees, RSETI director, FLCs nurturing them indicate a rampant shyness on the part of branches in extending credit in sub Two Lac category for Micro enterprises of RSETI trained candidates, in which fall the demands of most trainees. With the launch of PMMY importance of Small Value loans have increased. There is need to monitor the credit flow

to this category at every district to support, nurture & develop RSETI as a vibrant institution in that district. Since District Collector is the Chairman of the Managing Committee, the image of banking system will get boosted. Hence we suggest that an annual target in terms of both Physical & Financial terms for credit to RSETI trainees be introduced at macro & micro levels in the state to be monitored in BLBC, DLRC & SLBCs.

On an average 800 to 1000 trainees in about 30-32 programmes are trained by a RSETI per annum. With a provision for fallout of 20%, about 650 nos of such Micro credits for RSETI trained candidates, to be divided among branches in a district by Lead Bank Office, to start with, will be a good proposition. These can be brought under any available Government schemes as such agencies accord preference to RSETI trainees.

The Steering Committee of SLBC Kerala that met on 10.09.2015 suggested that these proposals may be considered under the PMMY scheme and decided to place the matter in SLBC.

3.2. PENDING ISSUES IN SLBC & ACTION TAKEN REPORT

3.2.1. PRIMARY SECTOR

3.2.1.1. Introduction of a Credit Guarantee Scheme for Agriculture Term Loans similar to CGTMSE (Pending since July 2012)

In the SLRM 2012, it was suggested that in view of the mounting NPA under Agriculture Term Loans after implementation of ADWDRS, banks were facing serious issues. It was recommended to suggest introduction of a Guarantee Scheme similar to CGTMSE, particularly for Term Loans under Agriculture.

The State Level Review Meeting of SLBC, Kerala held on 15th & 22nd June, 2015 decided that SLBC to take up the matter with RBI and examine the matter once again.

In response to the recommendation, SLBC Cell has taken up the matter with the GOI and reply from GOI is awaited.

The Steering Committee of SLBC Kerala that met on 10.09.2015 decided to pursue the matter.

3.2.1.2. Proposals for revision of Unit Cost for the year 2015-16

The matter came up for discussion in the State Level Review Meeting of SLBC, Kerala held on 15th & 22nd June, 2015 at Trivandrum as suggested by NABARD.

The State Level Unit Cost Committee (SLUCC) meeting for the FY 2015-16 for deliberation and finalization of Unit costs for potential investment activities under various sectors viz. Animal Husbandry, Plantation and Horticulture, Minor Irrigation, Farm Mechanization, Land Development, Fishery etc. will be convened by NABARD in June 2015. Banks and Govt. Departments are requested to forward their suggestions/ proposals for revisions / modifications in Unit Cost to NABARD, Kerala RO latest by 15 June 2015.

The forum decided that Banks / Departments to work out the details, in this regard, and suggestions, if any, to be provided to NABARD, for revising the unit cost for the year 2015-16. The forum suggested that bankable schemes applicable to the State of Kerala can be identified so as to boost up the investment credit under agriculture.

*A meeting in this regard was conducted on 05.08.2015 at Canara Bank, Circle Office, Trivandrum and the minutes of the meeting is provided in **Annexure-8.3**.*

SLBC Cell vide its letter Kerala SLBC/SLRM 2015 /283/GN/2015 dated 17.08.2015 take up the matter with the Director of Agriculture, Trivandrum.

SLBC Cell vide its letter Kerala SLBC/SLRM 2015 /281/GN/2015 dated 17.08.2015 take up the matter with the Director, State Horticulture Mission, Trivandrum.

SLBC Cell vide its letter Kerala SLBC/SLRM2015 /286 /GN/2015 dated 17.08.2015 take up the matter with the Additional Chief Secretary (Planning), Government of Kerala.

3.2.2. SECONDARY SECTOR

3.2.2.1. PMRY 2006–07 & 2007–08 - Non receipt of Subsidy *(Pending since August 2009)*

Subsidy on PMRY loans granted during 2006-07 and 2007-08 are yet to be released to various banks in few accounts.

The RBI has informed that the matter is pending with the Government and RBI is closely following up. The RBI has asked for reporting to it the pending details from the banks

The State Level Review Meeting of SLBC, Kerala held on 15th & 22nd June, 2015 decided to pursue the matter with Reserve Bank of India.

The Steering Committee of SLBC Kerala that met on 10.09.2015 decided to pursue the matter.

3.2.2.2. CGTMSE Cover

In the State Level Review Meeting of SLBC, Kerala held on 15th & 22nd June, 2015, the Group has discussed in length about the functioning of CGTMSE and coverage of loans granted by the Banks. Following points emanated from the discussion:

- (1) At present Guarantee fee is charged on the sanctioned limit. It is suggested that the annual fee should be on the liability outstanding as on 31st March.
- (2) Difficulties in accessing CGTMSE site are causing avoidable delay in submission of data.

- (3) Banks are making payment of the renewal premium on the basis of the demand notice made by the Trust. But in many cases, already covered accounts are not finding a place in the demand list, thereby these accounts automatically come out of the CGTMSE cover. Consequently, once the accounts become NPA, responsibility and onus of not covering the accounts rests on the concerned branch officials.
- (4) In respect of the accounts slipped to NPA and reported to the Trust as such, the system does not permit subsequent upgradations. The same issue was discussed in the last SLRM also.

The forum decided that a sub-committee of SLBC shall discuss the issues and submit a report detailing the issues faced by banks. This report shall be submitted to the Reserve Bank of India for escalating the same to the appropriate authorities.

*Meeting of the sub-committee of SLBC was held on 05.08.2015 at Trivandrum and the minutes of the meeting is provided in **Annexure-8.4**.*

SLBC Cell vide its letter SLBC 35 279 2015 GN dated 12.08.2015, taken up CGTMSE issues faced by banks with the General Manager, RBI, Trivandrum requesting to escalate the issues with the appropriate authorities.

3.2.3. TERTIARY SECTOR

3.2.3.1.(i) Non availability of Government of India Interest Subsidy on Education loans granted by KSCARD Bank - Pending since July 2012

Education Loans granted by KSCARD Bank also to be provided with interest subsidy extended

The State Level Review Meeting of SLBC, Kerala held on 15th & 22nd June, 2015 decided to pursue the matter with MoHRD, Government of India.

The Steering Committee of SLBC Kerala that met on 10.09.2015 noted that the Government of Kerala has written to the Ministry of Human Resources and the reply is awaited. The bank/Co-operative Department may follow up further.

*Representative from **Planning & Economic Affairs Department** informed that the Government of India has requested IIM Bangalore to conduct a study and give report.*

3.2.3.1.(ii) Non availability of Central Government & State Government Interest Subsidy to Education Loans availed from District Co-operative Banks & PACS (Pending since September 2013)

In the District Development Council (DDC) Meeting of Kasaragod District held on 30.09.2013, Sri. N. A. Nellikunnu M.L.A. Kasaragod raised the issue of non availability of Central Govt / State Govt Interest Subsidy to Education Loans granted by Co-op. Banks in the District.

It was informed in the DDC that, this issue of Cooperative Banks not coming under the purview of the Interest Subsidy Scheme on Education Loans of the Central Government & State Government has been deliberated time and again in the Block Level Banker's Committee and the District Level Consultative Committee. This matter, as per the decision in the DLRC/BLBC, was also referred to the SLBC, for taking up with Central Government & State Government. It was also informed that SLBC had already taken up the matter with the Government, but there is no favourable response so far.

In the above circumstances, it is requested to take up the matter again with Central/State Government for including District Cooperative Banks & PACS also under the purview of interest subsidy in addition to State Co-operative bank and other scheduled Commercial banks. This will support DCBs and PACS which are extending credit to this sector in a big way and also prevent discrimination of Education Loan borrowers in the matter of interest subsidy.

The 115th Meeting of SLBC, Kerala held on 16.03.2015 at Trivandrum decided that SLBC Cell to collect data from other cooperative banks and make a representation to the Government with Ministry of Finance, Government of India and Planning Department, Government of Kerala.

The State Level Review Meeting of SLBC, Kerala held on 15th & 22nd June, 2015 decided to take up the matter with the Planning & Economic Affairs Department, Government of Kerala to pursue the matter with Government of India.

Vide letter No.6042/F(RO)/2015/Plg dated 01.06.2015 of Planning & Economic Affairs (F) Department, Government of Kerala informed that "*the matter regarding Inclusion of District Cooperative Banks and Primary Agriculture Credit Societies under the Education Loan Interest Subsidy Scheme of State Government has been examined by the State Government thoroughly. In the current financial situation, the State Government is not in a position to take on such huge financial liability. Hence it is not possible for the State Government to include District Cooperative Banks and Primary Agriculture Credit Societies under the Education Loan Interest Subsidy Scheme of the State Government*".

The Steering Committee of SLBC Kerala that met on 10.09.2015 decided to merge the item with the above.

3.2.3.2. Education Loan - Management Quota (Admissions)

A special meeting of the SLBC Kerala was conducted on 30.01.2015 at Trivandrum to discuss, among others, issues related to Education Loans (Management Quota Admissions). The constituted a sub-committee under the Chairmanship of Sri. C. V. Venkatesh, General Manager, SBI. The sub-committee had members from 5 major banks and also the representative from Planning Department, Government of Kerala. The report of the committee was placed as Annexure 9.44 of the agenda item no 3.2.3.6 in the 115th SLBC meeting held on 16.03.2015 at Trivandrum.

- The committee had made its recommendations on 14 specific issues and 3 general issues.
- Whereupon, the SLBC forum decided that the recommendations of the sub-committee be placed before the boards of the respective banks for approval.
- Subsequently in June 2015, the Government of Kerala vide its letter No. 571/F (RO)/2015/Plg dated 01.06.2015, requested the SLBC to re-consider some of above recommendations. The Government also conveyed its agreement to certain recommendations.
- Government's request was placed as agenda item 4.9.15 in the State Level Review Meeting of the SLBC Kerala held on 22.06.2015 at Trivandrum.
- Whereupon, the SLBC forum decided that the sub-committee shall examine the request of the Government and give its report to the SLBC.
- Accordingly the Sub-Committee met again on 2015 August 21st with Sri. C. V. Venkatesh, GM, SBI in Chair. In addition to the Member bankers and representative from the Government, a representative of the Reserve Bank of India also attended.
- The Government's request for reconsideration was on the following five issues
 1. Item 2 - Mark eligibility Norms
 2. Item 3 - Security Norms
 3. Item 4 - Differentiation between categories of admission
 4. Item 5 - Quantum of loan
 5. Item 7 - Exercising discretion waiving in terms & conditions

Meeting of the Sub-Committee on Education Loan (Management Quota) held on 21.08.2015 at Trivandrum and the minutes of the meeting is provided in **Annexure-8.5**.

3.2.3.3. Housing for all Scheme of Government of Kerala

While reviewing the performance under Housing Loan during the State Level Review Meeting of SLBC, Kerala held on 22nd June, 2015, it was decided to form a Sub-Committee in this regard with the following members.

1. *General Manager, State Bank of India - Chairman*
2. *State Bank of Travancore*
3. *Canara Bank*
4. *Indian Overseas Bank*
5. *Indian Bank*
6. *Union Bank of India*
7. *Syndicate Bank*
8. *Representative from Govt of Kerala*

The committee would evaluate within the existing scheme of the bank where govt can participate. (ii) It could also suggest areas where there could be unanimity with the Government and Bankers to make it bankable scheme. The committee may form its report after examining the all the possible options for the banks to participate in the housing for all scheme envisaged by the Government of Kerala. The report shall be placed in SLBC for discussion.

According to this, the Sub-Committee Meeting on Housing for All Scheme of Government of Kerala convened on 21.08.2015 at Trivandrum and the minutes of the is provided in **Annexure-8.6.**

3.3. INFORMATION NOTES

3.3.1. Skill Loan Scheme (Suggested by SLBC as per the directives of DFS)

The revised model scheme for skill loans formulated by Ministry of Skill Development and Entrepreneurship along with simplified application is provided in **Annexure-8.7.**

The Steering Committee of SLBC Kerala that met on 10.09.2015 committee decided to place the matter in SLBC for information.

3.3.2. Agenda items suggested by MSME – Development Institute, Thrissur

The institute is proposing to include NMCP Activity 5 i.e. Reimbursement for participation of MSMEs in the Domestic Exhibition in the next Meeting of SLBC Kerala. The following guidelines may be included in the aforesaid agenda.

- (a) Pavilion / Stall / Space charges upto 6.0 sq. mtr. – 50% cost will be reimbursed by GOI
- (b) To and fro actual fare by shortest distance / direct train (limited to AC II tier class) from the nearest railway station / bus fare to place of exhibition for one person – 50% of fare will be reimbursed by GOI.
- (c) For SC / ST / Women / Physically Handicapped entrepreneurs the assistance will be up to 80% for the items (a) & (b) above.
- (d) The total reimbursement will be max Rs. 30,000/- per unit for the SC / ST / Women / Physically Handicapped entrepreneurs, while for the other units the max limit will be Rs. 20,000/- per unit.

*The Steering Committee of SLBC Kerala that met on 10.09.2015, noted that NMCP (National Manufacturing Competitiveness Programme) offers reimbursement to EM II MSME manufacturing units on the expenses incurred for participating exhibitions organized by State /District authorities/associations. The guidelines issued by the Development Commissioner (MSME, Ministry of MSME Govt. of India) are given in **Annexure-8.8.***

*The representative from **MSME Development Institute** informed that there are no proposals for conducting exhibitions on EM II MSME manufacturing units. Government of India have provided funds for reimbursement upto 50% to general category (maximum Rs.20000/- per unit) and 80% to SC/ST/PH/Women entrepreneur (maximum Rs.30000/- per unit). He added that if there is no proposals the amount, the funds will be lapsed.*

The committee decided to place the matter in SLBC for information of banks.

4. Review of Performance under Priority Sector Advances

4.1. Review of Priority Sector Advances (Disbursement) as at June 2015 - ACP 2015-16 Achievements (Refer Annexure 8.19 & 8.20)

The performance of banks with reference to the Annual Credit Plan 2015-16 as at June 2015 with Bank-wise and District-wise break up is furnished in the annexure. The abstract of the performance as at June 2015 under ACP 2015-16 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	8481	1034	12.19	3625	812	22.40	6204	485	7.82	18311	2331	12.73
Nationalized Banks	12016	2453	20.41	5318	920	17.30	7336	505	6.88	24669	3879	15.72
RRBs	4779	1535	32.12	1309	232	17.72	1825	301	16.49	7913	2069	26.15
Private Sector Banks	7279	1439	19.77	4139	633	15.29	5623	358	6.37	17041	2431	14.27
Cooperatives	15365	2874	18.70	4399	735	16.71	16673	3516	21.09	36438	7126	19.56
KFC	0	0	0	390	39	10.00	175	22	12.57	565	61	10.80
Total	47919	9335	19.48	19180	3372	17.58	37837	5188	13.71	104937	17895	17.05
% to Total Disbursement		52.17			18.84			28.99			100	

4.1.1. Overall Performance under Annual Credit Plan

The banking sector of the State has disbursed **Rs. 17895 crores** to the priority sector during the fiscal 2015-16 as at June 2015. This is **17.05 %** of the annual target of **Rs. 104937 crores**. There is an increase of **Rs. 275 crores** in total disbursements over that achieved during the corresponding period of the last financial year.

Banking group wise analysis reveals that Cooperatives have disbursed the highest quantum of priority sector loans in the State during the fiscal (**Rs. 7126 crores**) followed by Nationalized Banks (**Rs. 3879 crores**). Disbursement to secondary sector constituted only **18.84 %** of the total disbursement made by banks to the priority sector.

Bank-wise analysis reveals that Kerala State Co – operative Bank has disbursed the highest quantum of priority sector loans (**Rs. 4918 crores**) followed by Kerala Gramin Bank (**Rs. 2069 crores**), District Co – operative Banks (**Rs. 1733 crores**) and Canara Bank (**Rs. 1691 crores**). State Bank of Bikaner & Jaipur and State Bank of Patiala have reported “NIL” disbursement to Priority Sector in the State during the period from 01.04.2015 to 30.06.2015, which needs immediate attention.

Among the Districts, Thrissur district stood first in the quantum of priority sector loan disbursement (**Rs. 2466 crores**) followed by Kollam district with a disbursement of **Rs. 2230 crores**. Kasargode district stood first in percentage achievement of target (**27.09%**) followed by Malappuram (**26.94 %**) and Kollam (**26.63 %**). Six Districts (Trivandrum, Pathanamthitta, Alappuzha, Kottayam, Ernakulam and Palakkad) have recorded less than 15 % achievement under ACP and needs considerable improvement. LDMS of all lagging Districts need to identify the field level issues and take immediate steps to reverse the trend in the remaining quarters.

4.1.2. Performance under Primary Sector

The primary sector, which comprises of the agriculture sector, accounted for **52.17%** of the total disbursements in priority sector. The sector achieved **19.48%** of the annual target as at June 2015. An amount of **Rs. 9335 crores** was disbursed to the sector as at June 2015 against the year-end target of **Rs. 47919 crores**. Compared to the disbursements during the corresponding period of the previous fiscal, the disbursement to primary sector decreased by **Rs. 147 crores**.

Co-operative Sector, by disbursing **Rs. 2874 crores**, accounted for **30%** of the total disbursement to the sector followed by Nationalized Banks (**Rs. 2453 crores**) **26%** and RRB (**Rs.1535 crores**). Private Sector accounted for **15%** of the total disbursement to the primary sector of the State by disbursing **Rs.1439 crores**. State Bank Group disbursed **Rs. 1034 crores**.

Among Commercial Banks, Kerala Gramin Bank, Canara Bank, Federal Bank and State Bank of Travancore are the top performers with regard to quantum of loans disbursed to the sector.

Highest disbursement to primary sector was reported in Thrissur (**Rs.1093 crores**) followed by Kozhikode (**Rs.1092 crores**) and Malappuram (**Rs.1091 crores**).

4.1.3. Performance under Secondary Sector

Under secondary sector, which includes the SME Sector, the banking sector of the State could achieve **17.58%** of the annual target as at June 2015. Banks in the State have disbursed loans to the tune of **Rs. 3372 crores** till June 2015.

Another disturbing fact is that the sector accounted for only **18.84 %** of the disbursement to priority sector in the State.

When compared to the disbursements during the corresponding period of the previous fiscal, there is a good increase in disbursements to the sector. Last fiscal during April 2014 to June 2014, the disbursement to the secondary sector was **Rs. 3493 crores** whereas during the same period this year banking sector in the State could disburse **Rs. 3372 crores** only, registering a decline growth of **Rs.121 crores** in disbursement.

Nationalized Banks led in disbursements to the sector (**Rs. 920 crores**) followed by State Bank Group (**Rs. 812 crore**) and Co-operative Sector (**Rs.735 crores**). Kerala State Co-operative Bank led the disbursement in the secondary sector with a figure of **Rs. 518 crores** followed by State Bank of Travancore (**Rs.496 crores**), Canara Bank (**Rs. 363 crores**), SBI (**Rs. 315 crores**) and Indian Bank (**Rs. 261 crores**). The following Banks have not reported any disbursement to the sector - State Bank of Bikaner & Jaipur, State Bank of Patiala, Lakshmi Vilas Bank, J & K Bank, Yes Bank.

Among the districts, highest disbursement to secondary sector was reported in Kollam district (**Rs. 798 crores**) followed by Thrissur district (**Rs. 481 crores**). Ernakulam **5%**, Alappuzha **7 %** and Pathanamthitta **9 %** recorded lower percentage of achievement in the sector. These districts should give more focus to the secondary sector during the remaining part of the financial year.

4.1.4. Performance under Tertiary Sector

Tertiary sector accounted for **28.99 %** of the total disbursement to the priority sector in the State. The total disbursement to the sector during the fiscal up to June 2015 was **Rs. 5188 crores** thereby achieving **13.71 %** of the annual target. When compared to the disbursements during the corresponding period of the previous fiscal, there is an increase of **Rs. 543 crores** in the disbursements to the sector. Last fiscal during April 2014 to June 2014, the disbursement to tertiary sector was **Rs. 4645 crores**.

Under quantum of loans disbursed during the current fiscal, Cooperatives lead other banking groups by disbursing **Rs. 3516 crores**. Nationalized Banks and Private Sector Banks need to improve their performance under this sector.

Among Commercial Banks, State Bank of Travancore leads in disbursement to the sector (**Rs. 306 crores**) followed by KGB (**Rs. 301 crores**), State Bank of India (**Rs. 172 crores**), Canara Bank (**Rs. 136 crores**) and South Indian Bank (**Rs. 123 crores**). Banks like State Bank of Patiala and State Bank of Bikaner & Jaipur have reported 'NIL' disbursement to the Tertiary sector in the State.

District wise analysis reveals that Kollam district has achieved **22 %** of the year-end target followed by Thrissur (**19 %**) and Kannur (**19 %**). Seven districts have recorded less than **15 %** achievement and needs considerable improvement.

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.

4.2. Review of Priority Sector Advances (Outstanding) as at June 2015
(Refer Annexure 8.12)

4.2.1. Performance versus National goals

(Figures in percentage)

Sl. No.	Parameter	Goal %	March 2013	June 2013	March 2014	June 2014	March 2015	June 2015	Variation	
									June'14 To June'15	Mar.'15 To June'15
1	Priority Sector Advances to Total Credit	40	56.72	57.08	59.14	59.85	58.83	60.68	0.83	1.85
2	Agriculture Advances to Total Credit	18	25.73	25.29	25.42	26.06	26.36	24.93	-1.13	-1.43
3	Weaker Section Advances to Total Credit	10	19.94	23.22	21.72	21.13	21.53	21.24	0.11	-0.29
4	DRI Advances to Total Credit	1	0.03	0.03	0.03	0.03	0.02	0.02	-0.01	0
5	Credit Deposit Ratio	60	76.41	72.88	68.66	67.82	68.37	66.53	-1.29	-1.84

The achievements of the commercial banking sector of the State under total Priority sector advances, Agriculture Advances, Weaker Section advances and Credit Deposit Ratio are above the national goals.

The growth in outstanding advances under sub sectors of priority sector as at June 2015 is summarized as follows.

(Rs in. Crores)

Parameter	Outstanding				Variation			
	March 2014	June 2014	March 2015	June 2015	March '14- June '14	March '14- March '15	June '14- June '15	March '15- June '15
Priority Sector Advances	113555	115246	128655	132733	1691	15100	17487	4078
Agriculture Advances	48812	50177	57656	54523	1365	8844	4346	-3133
MSE Advances - Priority	32069	31594	35730	35281	-475	3661	3687	-449
Weaker Section Advances	41701	40682	47092	46450	-1019	5391	5768	-642
SC Advances	4664	4656	4390	4361	-8	-274	-295	-29
ST Advances	1008	1342	1164	966	334	156	-376	-198
DRI Advances	66.54	55.29	49.43	47.30	-11.25	-17.11	-7.99	-2.13

4.2.1.1. Performance of the Banking sector inclusive of Co-operatives (excluding PACs) as at June 2015

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

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

(Rs in. Crores)

Parameter	June 2015		Share of Co-operatives to Total
	Co-operative Sector	Commercial Banks + Co-operatives	
Branches	954	6964	13.7
Total Deposits	47383	376146	12.6
Total Advances	33365	252104	13.23
Total Business	80748	628250	12.85
Priority Sector Advances	21115	153848	13.72
% Priority Sector Advances	63.28	61.03	xx
Agriculture Advances	5639	60162	9.37
% Agriculture Advances	16.9	23.86	xx
CD Ratio	70.42	67.02	xx

Including the Co-operative sector the total Banking business in the State is **Rs. 628250 crores**. The Co-operative sector accounted for **12.85%** of the banking business in the State (**Rs. 80748 crores**). The CD ratio of the State including Co-operatives have recorded a figure of **67.02%** as at June 2015 against **66.53 %** recorded for commercial banks.

4.2.2. Priority Sector Advances in Total Advances – Bank Group wise (Refer Annexure 8.12)

(Rs in Crores)

Parameter	Outstanding				Variation			
	March 2014	June 2014	March 2015	June 2015	March '14- June '14	March '14- March '15	June '14- June '15	March '15- June '15
Priority Sector Advances	113555	115246	128655	132733	1691	15100	17487	4078

During the current Quarter, April 2015 to June 2015, there was an increase of **Rs. 4078 crores** in Priority Sector Advances of Commercial Banks which was on account of reclassification of Medium Enterprises as Priority Sector. Last year for the same period there was a growth of **Rs. 1691 crores**.

A year-on-year analysis reveals that there was a growth of **Rs. 17487 crores** in priority sector advances over June 2014, recording a growth of **15.17 %**.

Against the mandatory norm of 40% under priority sector advances, as at June 2015, **60.68 %** of the total advances of the banks in the State was to priority sector.

Banking Group wise Performance under Priority Sector Advances as at June 2015
(Rs in. Crores)

Banking Group	Total Advances			Priority Sector Advances			% PSA to Total Advances (June '15)
	March 2015	June 2015	Growth March '15- June '15	March 2015	June 2015	Growth March '15- June '15	
State Bank Group	63175	62203	-972	37506	37838	332	60.83
Nationalized Banks	74734	75385	651	48237	51354	3117	68.12
Regional Rural Bank	10467	10610	143	9447	9637	190	90.83
Private Sector Banks	70330	70542	212	33466	33904	438	48.06
Grand Total	218706	218739	33	128656	132733	4077	60.68

4.2.3 Agriculture Advances (Refer Annexure 8.13)

(Rs in. Crores)

Parameter	Outstanding				Variation			
	March 2014	June 2014	March 2015	June 2015	March '14- June '14	March '14- March '15	June '14- June '15	March '15- June '15
Agriculture Advances	48812	50177	57656	54523	1365	8844	4346	-3133

The outstanding advances to agriculture sector in the State have decreased by **Rs. 3133 crores** during the first quarter of the current fiscal. The outstanding agriculture advances stood at **Rs. 54523 crores** as at June 2015, which is **24.93%** of the total advances outstanding in the State. The percentage of Agriculture Advances to total advances has marginally decreased from a level of **26.06%** as at June 2014 to **24.93%** as at June 2015, but is much above the mandatory norm of 18% fixed by RBI.

Year-on-year there was an increase of **Rs. 4346 crores** in agriculture advances outstanding recording a growth rate of 8.66 %.

Banking Group wise Performance under Agriculture Advances as at June 2015
(Rs in. Crores)

Banking Group	Total Advances			Agriculture Advances			% Agri. Advances to Total Advances (June '15)
	March 2015	June 2015	Growth March '15 June '15	March 2015	June 2015	Growth March '15 June '15	
State Bank Group	63175	62203	-972	15798	13107	-2691	21.07
Nationalized Banks	74734	75385	651	23085	22708	-377	30.12
Regional Rural Bank	10467	10610	143	6102	6245	143	58.86
Private Sector Banks	70330	70542	212	12671	12463	-208	17.67
Grand Total	218706	218739	33	57656	54523	-3133	24.93

RRB contributed the highest quantum growth in agriculture advances outstanding (**Rs. 143 crores**). State Bank Group, Nationalized Banks and Private Sector Banks had shown a negative growth of **Rs. 3276 crores** put together.

58.86% of the advances outstanding with RRB in the State was to agriculture sector. Private Sector Banks has the least outstanding under agriculture in terms of percentage agriculture advances to total advances (**17.67%**)

In the State Bank Group, SBI & SBT has recorded **22.05%** and **20.92%** levels respectively under Agriculture advances to total advances. The following Public Sector banks apart from both the RRB had crossed the mandatory norm of 18% under agriculture advances – Bank of India, Bharatiya Mahila Bank, Canara Bank, Central Bank of India, Indian Bank, Indian Overseas Bank, Punjab National Bank, State Bank of India, State Bank of Travancore, Syndicate Bank, UCO Bank, Union Bank of India and Vijaya Bank. Dhanlaxmi Bank, Federal Bank, HDFC Bank and South Indian Bank are the private sector banks having agriculture advances more than 18% of their total credit.

4.2.4. MSME Advances (Priority) (Refer Annexures 8.14 & 8.34)

(Rs in. Crores)

Parameter	Outstanding				Variation			
	March 2014	June 2014	March 2015	June 2015	March '14- June '14	March '14- March '15	June '14- June '15	March '15- June '15
SME Advances	32069	31594	35730	40335	-475	3661	8741	4605

Priority Advances under Secondary Sector now includes Medium, Small and Micro Enterprises. The growth shown above is on account of the reclassification effected during the quarter.

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

(Rs. in Crores)

Banking Group	Small & Micro Enterprises Outstanding (Priority)											
	March 2015						June 2015					
	Micro Enterprises		Small Enterprise		Retail Trade		Micro Enterprises		Small Enterprise		Retail Trade	
	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt
State Bank Group	24210	2748	32004	2293	24383	1232	52583	3541	8194	3540	24472	1269
Nationalized Banks	240190	4889	42719	6106	45825	1828	258650	4736	37816	6341	39319	1717
RRB	28420	233	88549	646	57258	484	101086	753	879	48	62679	499
Private Sector Banks	40818	3768	110646	8969	90269	2533	39200	3729	111102	7447	33592	1662
Grand total	333638	11638	273918	18014	217735	6077	451519	12758	157991	17375	160062	5147

From the data it is observed that there is an increase in advances outstanding under micro, where as Small Enterprise and Retail Trade has decreased from March 2015 levels.

4.2.4.1. MSME (Priority) – Medium, Small & Micro Enterprises - Outstanding:

(Rs. in Crores)

BANK	MSME Priority		
	Manufacturing	Services	Total
	Amount	Amount	Amount
State Bank Group	4553	4678	9231
Nationalized Banks	4446	9787	14233
R R B	306	994	1300
Private Sector Banks	4661	10910	15571
Commercial Banks	13966	26369	40335

4.2.5. Advances to Weaker Section (Refer Annexure 8.17)

(Rs in. Crores)

Parameter	Outstanding				Variation			
	March 2014	June 2014	March 2015	June 2015	March '14- June '14	March '14- March '15	June '14- June '15	March '15- June '15
Weaker Section Advances	41701	40682	47092	46450	-1019	5391	5768	-642

Weaker Section advances declined by **Rs. 642 crores** during the first quarter of the current fiscal. During the corresponding period of last fiscal there was a decrease of **Rs.1019 crores**. Year-on Year increase as at June 2015 was **Rs. 5768 crores**.

4.2.6. Advances to SC/STs (Refer Annexure 8.17)

(Rs in. Crores)

Parameter	Outstanding				Variation			
	March 2014	June 2014	March 2015	June 2015	March '14- June '14	March '14- March '15	June '14- June '15	March '15- June '15
SC Advances	4664	4656	4390	4361	-8	-274	-295	-29
ST Advances	1008	1342	1164	966	334	156	-376	-198
Total SC/ST Advances	5672	5998	5554	5597	326	-118	-671	-227

From the above table it is evident that the total SC/ST advances of the State had shown a decrease of **Rs. 227 crores** from March 2015. ST advances had shown a decrease of **Rs. 198 crores** and SC advances declined by **Rs. 29 crores** from the March 2015 level. Year on year growth from June 2014 to June 2015 under SC/ST advances shows a decrease of **Rs. 671 crores**.

As evident from the table below, **97.13 %** of the SC advances of the State is contributed by Public Sector Banks (including RRB), while the share of Private Sector Banks is just about **2.87 %**. In the case of ST advances **98.69%** advances is contributed by Public Sector Banks (including RRB) while the share of Private Sector Banks is just **1.31%**.

Banking Group wise Performance under SC/ST advances as at June 2015

(Rs. in crores)

Banking Group	SC Advances			ST Advances		
	Outstanding		% O/S to total	Outstanding		% O/S to total
	No.	Amount		No.	Amount	
State Bank Group	216955	3335.10	76.47	60064	707.94	73.26
Nationalized Banks	88985	799.81	18.34	18699	212.04	21.94
RRB	20566	101.14	2.32	10595	33.72	3.49
Private Sector Banks	9732	125.28	2.87	1306	12.63	1.31
Grand Total	336238	4361.33	100	90664	966.33	100

All banks, especially Private Sector Banks, should give more attention for rendering assistance to these most vulnerable sections of the society. A periodical review should be made by the Controlling Office of banks regarding the credit extended to SCs / STs on the basis of returns and other data received from the branches. This will improve the credit flow to SC/STs and would minimize the data inconsistency and reporting issues to SLBC/RBI.

Further nodal implementing agencies for the Central / State Government sponsored schemes are also requested to review the sub category wise credit flow to SC/STs and ensure that targets as specified in the RBI/Government guidelines are invariably achieved.

4.2.7. DRI Advances (Refer Annexure 8.18)

(Rs in. Crores)

Parameter	Outstanding				Variation			
	March 2014	June 2014	March 2015	June 2015	March '14- June '14	March '14- March '15	June '14- June '15	March '15- June '15
DRI Advances	66.54	55.29	49.43	47.30	-11.25	-17.11	-7.99	-2.13

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 June 2015.

The table below reveals that, Public Sector Banks account for bulk of the DRI advances (**84.62 %**) in the State whereas Private Sector banks contribute only **2.75%** of the DRI advances in the State.

**Banking Group wise Performance under DRI advances
as at June 2015 (Rs. in lakhs)**

Banking Group	DRI Advances	
	O/S	% to total
State Bank Group	298.44	6.31
Nationalized Banks	4003.02	84.62
Private Sector Banks	130.00	2.75
RRB	299.04	6.32
Grand Total	4730.49	100.00

5. Review of Performance under Special Focus Programmes

5.1. Swarozgar Credit Card Scheme (Refer Annexure 8.28)

The data submitted by the Controlling offices of banks reveals that Commercial banks in the State have sanctioned 34 Swarozgar Credit Cards (SCCs) during the first quarter of the fiscal 2015-16. The limits sanctioned to the tune of **Rs. 60.05 lakhs**. The amount outstanding as at June 2015 is **Rs. 36.20 crores** in **8752** cards.

5.2. Artisans Credit Card Scheme (Refer Annexure 8.28)

Commercial banks in the State have sanctioned 32 Artisans Credit Cards (ACCs) during the quarter ending June 2015. The total limits sanctioned are to the tune of **Rs. 8.65 lakhs**. The amount outstanding as at June 2015 is **Rs. 127.33 crores** in **128 cards**.

Canara Bank leads among the commercial banks in the State under outstanding number of cards followed by Federal Bank, State Bank of India and Vijaya Bank. Also, only these four banks have outstanding under Artisans Credit Card.

5.3. Laghu Udhyami Credit Cards (Refer Annexure 8.28)

Commercial banks in the State have sanctioned 43 Laghu Udhyami Credit Cards (LUCC) during the first quarter of the fiscal 2015-16 making available credit limits to the tune of **Rs. 185.70 crores** to small entrepreneurs of the State. The amount outstanding as at June 2015 is **Rs. 57.72 crores** in **1891 cards**. Corporation Bank issued highest number of LUC Cards followed by Vijaya Bank.

The performance of banks under ACC, SCC & LUCC is not impressive and needs lot of improvement. The Bank wise data is furnished in the annexure.

5.4. Performance under Kisan Credit Card Scheme (Refer Annexure 9.18)

The data submitted by the Controlling offices of banks reveals that 95875 Kisan Credit Cards with an amount of **Rs. 1236 crores** have been issued during the first quarter of the current fiscal by the banking sector in the State. As at June 2015, the outstanding number of loan accounts under KCC is **1570153** with **Rs. 12311 crores**. **667515** farmers were covered under Personal Accident Insurance Scheme (PAIS) linked to KCC. Bank-wise data is given in the annexure.

5.5. Agri-Clinics and Agri Business Centres (Refer Annexure 8.23)

The outstanding accounts under Agri clinics in the State by Commercial Banks is 35 with a credit outlay of **Rs. 94 lakhs**.

As at June 2015, 11 Agri-Business centre loans exist with an outstanding amount of **Rs. 221 lakhs**.

5.6. Credit Flow to Minority Communities (Refer Annexures 8.33)

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. The comparative position with regard to the previous year is given below.

Data on Minority Sector Advances in the State of Kerala

(Rs. in Crores)

Year	Total Priority Sector Advances	Minority Sector Advances	Percentage
31.03.2012	85606	46247	54.02
30.06.2012	87751	52877	60.26
30.09.2012	91253	48177	52.79
31.12.2012	92844	51466	55.43
31.03.2013	99318	55248	55.63
30.06.2013	99515	55874	56.15
30.09.2013	101468	61290	60.40
31.12.2013	105160	69998	66.56
31.03.2014	113555	67406	59.35
30.06.2014	115246	63647	55.22
30.09.2014	119436	63858	53.46
31.12.2014	121360	68135	56.14
31.03.2015	128655	72431	56.30
30.06.2015	132733	80372	60.55

5.7. Performance under Micro-credit (Annexures 8.24 to 8.27)

SLBC had compiled the data obtained from all banks on the cumulative performance under micro credit in the State as at June 2015. The bank-wise performance is given in annexures.

On a review of the performance, it is seen that about **476798** SHGs are maintaining savings account with commercial banks as at June 2015 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.	Government Sponsored	Exclusive Women
State Bank Group	300707	290	119031	285840
Nationalized Banks	102071	913	8881	90449
RRB	51332	73	0	48765
Private Sector Banks	22688	200	3058	2956
Total - Kerala State	476798	1476	130970	428010

As evident from the above around 90 % of the SHGs are exclusive women SHGs and 27.5 % are formed under various Government sponsored schemes.

There are 3 modes for credit linkage of SHGs under the SHG-Bank linkage programme. Credit linkage through

1. Financing SHGs directly by banks
2. Financing SHGs directly with the facilitation of NGOs
3. Financing SHGs through the medium of NGOs

The performance of the banking sector in the State under the above 3 modes of linkage is as follows.

(Rs. in crores)

Mode of Linkage	SHGs formed during the Quarter	No of SHG loans Disbursed During the Quarter		Outstanding Amount under SHG Finance		Beneficiaries Assisted
		A/c	Amt	A/c	Amt	
Financing SHGs directly by banks	2984	4168	113.61	45591	750.22	409026
Financing SHGs directly with the facilitation of NGOs	8609	11387	211.22	116513	1850.85	1180045
Financing SHGs through the medium of NGOs	xxxx	161	15.70	2677	147.96	388637
Total No. of SHGs linked	11593	15716	340.53	164781	2749.03	1977708

As could be seen from the above table, 15716 SHGs have been credit linked in the State during the first quarter of the fiscal under the SHG-Bank linkage programme. The total amount outstanding under all the three modes of financing put together is **Rs. 2749 crores**.

5.8. Small and Medium Enterprises (SME) Advances (Refer Annexures 8.14 & 8.34)

Consequent to the new priority sector classification norms, advances classified under MSME comes under priority (Medium, Small & Micro enterprises. The total advances under MSME priority as at June 2015 come to Rs. 40335 crores for the commercial banks in the State. Out of this, Micro constitute Rs. 13189 crores and Small Enterprises constitute Rs. 22092 crores. The Medium enterprises have Rs. 5054 crores exposure. The bank wise details are given in the annexure.

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

The major recommendations of the task force are given below:

- Achieve a 20% year-on-year growth in credit to micro and small enterprises to ensure enhanced credit flow.
- The allocation of 60% of the MSE advances to the micro enterprises to be achieved in stages; viz. 50% in the year 2010-11; 55% in the year 2011-12 & 60% in the year 2013-14; and
- Achieve a 10% annual growth in number of micro enterprise accounts.

Performance of the State under above parameters is as follows:

Sl. No.	Parameter	June 2014	June 2015	Increase	% Increase	Target
1	No of Loan accounts under Micro Enterprise	595668	536816	-58852	-9.88	10%
2	Credit under Micro and Small Enterprise (Rs.in Crores)	31594	35281	3687	11.67	20%
3	Share of Micro Enterprise to total MSE Credit (%)	45.80	37	xxxx	xxxx	60%

In the matter of outstanding credit to Micro and Small Enterprise, state could post a growth rate of **11.67 %** against the mandated 20%. In the case of growth in number of loan accounts under Micro Enterprise, the State posted a negative growth of **-9.88%** against the target of 10%. The share of Micro Enterprise alone accounted for only **37 %** against the mandated level of 60% as at March 2015.

6. Review of Performance of the Banking Sector

6.1. Banking Statistics as at June 2015 (Refer Annexure 8.9 to 8.11)

The detailed banking statistics for the State as at June 2015 is furnished in the Annexure. A comparative analysis of the data over the previous fiscal is presented below.

(Rs. in crores)

Parameter	Outstanding				Variation			
	March 2014	June 2014	March 2015	June 2015	Mar. '14- June '14	Mar. '14- Mar. '15	June '14- June '15	Mar. '15- June '15
No. of Branches	5688	5755	5984	6010	67	296	255	26
Total Deposits	279655	283928	319890	328763	4273	40235	44835	8873
Domestic Deposits	185772	189831	210287	211414	4059	24515	21583	1127
NR Deposits	93883	94097	109603	117349	214	15720	23252	7746
Total Advances	192010	192561	218706	218739	551	26696	26178	33
Investments	10983	17077	15586	13092	6094	4603	-3985	-2494
Adv. + Investment.	202993	209638	234292	231831	6645	31299	22193	-2461
C: D Ratio	68.66	67.82	68.37	66.53	-0.84	-0.29	-1.29	-1.84
C+I: D Ratio	72.59	72.24	71.18	70.52	-0.35	-1.41	-1.72	-0.66

6.2. Branch Network

As at the end of June 2015, the total number of branches of Commercial Banks in the State was **6010**.

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

Banking Group	Number of Branches				Percentage distribution			
	Rural	Semi Urban	Urban	Total	Rural	Semi Urban	Urban	Total
Public Sector Banks	275	2826	917	4018	5	47	15	67
Private Sector Banks	183	1370	439	1992	3	23	7	33
Total	458	4196	1356	6010	8	70	22	100

Of the total Commercial banks in the State, Public Sector Banks account for **67 %** of the branch network in the State. Public sector banks are having the highest number of rural branches (**275** branches). Of the total branch network of Commercial banks in the State, only **8 %** is in rural areas whereas Semi-urban areas have **70 %** of the bank branches in the State. Urban branches constitute **22 %** of branch network.

On a comparison with March 2015 position, it is found that Public sector banks have increased their tally of branches by 21 branches whereas that of Private Sector Banks increased by 5 branches as at June 2015.

6.3. Deposit growth

During the first quarter of the fiscal 2015-16, there was a growth of **Rs. 8873 crores** in Deposits of the State and the outstanding total deposits reached a level of **Rs. 328763 crores** in the Commercial banking sector of the State. During the corresponding period of the previous fiscal, the total deposit of the State was **Rs. 283928 crores**. Quantum wise, the total deposits have grown from **Rs. 283928 crores** in June 2014 to **Rs. 328763 crores** in June 2015, a year-on-year growth of **15.79 %**.

Another significant feature in the deposits growth is that the share of domestic deposits in total deposits is decreasing since March 2011. As at June 2014, the share of domestic deposits in the total deposits was 66.85 %, which has now decreased to 64.31 % as at June 2015.

Sectoral Growth of Deposit over the Years

(Rs. in Crores)

Type of deposit	March 2009	March 2010	March 2011	March 2012	March 2013	March 2014	June 2014	March 2015	June 2015	Variation	
										Mar.'15- June'15	June'14- June'15
Total Deposits	130350	143404	161562	197557	229148	279655	283928	319890	328763	8873	44835
Domestic Deposits	93331	106518	123872	149103	162958	185772	189831	210287	211414	1127	21583
N R Deposits	37019	36886	37690	48454	66190	93883	94097	109603	117349	7746	23252
% Share of Domestic deposits	71.60	74.28	76.67	75.47	71.11	66.42	66.85	65.74	64.31	xxx	xxx

A. Banking Group wise Growth in Deposits

As evident from the following table, Private Sector Banks (**36.24 %**) followed by State Bank Group (**33.64 %**), has the highest share in growth of deposits among the Commercial Banks in the State during the first quarter of the current fiscal.

Banking Group wise Growth in Deposits

(Rs. in crores)

Sl. No.	Banking group	Total Deposits			% Share in Total Deposits (June'15)	Variation		% Share in Growth	
		June 2014	March 2015	June 2015		Mar.'15 to June'15	June'14 to June'15	Mar.'15 to June'15	June'14 to June'15
1	State Bank Group	98614	106004	110611	33.64	4607	11997	51.92	26.76
2	Nationalized Banks	76811	89761	90748	27.6	987	13937	11.12	31.09
3	RRB	7591	8582	8270	2.52	-312	679	-3.52	1.51
4	Private Sector Banks	100912	115543	119134	36.24	3591	18222	40.47	40.64
	Total	283928	319890	328763	100	8873	44835	100	100

Banking Group wise comparison reveals that 33.64 % of the deposits in the State is with State Bank group, which has got a **22.06 %** share in branch network. The corresponding figures for Private Sector Banks are **33.14 %** share in branch network and **36.24 %** share in deposits. Nationalized Banks, which have **35.36 %** of the branch network in the State, have only a share of **27.6 %** in total deposits. RRB, in spite of having a share of **9.43 %** of the branch network has only **2.52 %** 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	3703	64900	42007	110611	3.35	58.67	37.98	100	33.64
Nationalized Banks	2562	48346	39840	90748	2.82	53.28	43.9	100	27.6
RRB	1057	5928	1285	8270	12.78	71.68	15.54	100	2.52
Private Sector Banks	5238	67934	45961	119134	4.4	57.02	38.58	100	36.24
Total	12561	187108	129094	328763	3.82	56.91	39.27	100	100

As evident from the above table, 56.91 % of the total deposits of the State is from semi-urban areas where 69.82 % of the branch network exists. Urban areas accounted for 39.27% of the deposits and rural areas 3.82 %. On a comparison with March 2015 position, it is found that the share of urban and rural branches in total deposits is showing gradual increasing trend.

6.4. NR Deposits (Refer Annexure 8.10)

The NR Deposits have registered an increase of **Rs. 7746 crores** from the March 2015 level. The NR deposits of the State that stood at **Rs. 94097 crores** as at June 2014 increased to a level of **Rs. 117349 crores** as at June 2015. The year-on-year growth was **Rs. 23252 crores** in NR Deposits as at June 2015 recording a growth rate of **24.71 %**.

Population Group wise/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	1247	27417	14835	43499	2.87	63.03	34.1	100	37.07
Nationalized Banks	945	15835	8653	25434	3.72	62.26	34.02	100	21.67
RRB	50	284	23	357	14.01	79.55	6.44	100	0.3
Private Sector Banks	2061	31420	14579	48060	4.29	65.38	30.33	100	40.95
Total	4303	74957	38090	117349	3.67	63.88	32.46	100	100

Private Sector Banks has the highest share (**40.95%**) in the NR deposits in the State followed by State Bank Group (**37.07 %**) and Nationalized Banks (**21.67%**). Of the total Non-Resident deposits, **63.88 %** deposits were from semi urban areas while urban areas accounted for **32.46 %** and rural areas, **3.67%**.

6.5. Domestic Deposits

There is an increase in domestic deposits during the first quarter of the fiscal 2015-16 only to the tune of **Rs. 1127 crores**.

Share of Domestic Deposits in Total Deposits (%)

March 2014	June 2014	March 2015	June 2015
66.42	66.85	65.73	64.31

As at June 2015, domestic deposits accounted for **64.31 %** of the total deposits and this ratio had shown decreasing trend since March 2014.

6.6. Credit Expansion (Refer Annexure 8.10)

Growth in Advances of the Banking sector in the State

(Rs. in crores)

Parameter	Total Advances Outstanding over the Years							Variation	
	March 2011	March 2012	March 2013	March 2014	June 2014	March 2015	June 2015	March'15 June'15	June'14 June'15
Total Advances	121980	149293	175087	192010	192561	218706	218739	33	26178
% Growth over the previous fiscal	25.77	22.39	17.28	9.67	10.46	13.90	13.59	0.02	13.59

During the first quarter of the current fiscal, the total advances marginally increased by **Rs. 33 crores** to reach **Rs. 218739 crores** as at June 2015.

On a year-on-year basis from June 2014-June 2015 period there was a growth of **Rs. 26178 crores** in advances, recording a growth rate of **13.59 %**.

Share of Banking Groups in Total Advances of the State

Nationalized Bank has the highest share (**34.46 %**) in the total advances outstanding in the State followed by Private Sector Banks (**32.25%**) and State Bank Group (**28.44%**).

(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	3951	30889	27363	62203	6.35	49.66	43.99	100	28.44
Nationalized Banks	2321	35943	37121	75385	3.08	47.68	49.24	100	34.46
RRB	1522	8424	664	10610	14.34	79.4	6.26	100	4.85
Private Sector Banks	5829	31249	33463	70542	8.26	44.3	47.44	100	32.25
Total	13623	106505	98611	218739	6.23	48.69	45.08	100	100

Further, **45.08 %** of the total advances in the State is to urban areas where **22.56 %** of the branch network exists. Semi Urban areas had **48.69%** share in total advances against a share of **69.82%** in branch network. Rural areas had a share of **6.23%** only in the total advances deployed in the State where as they hold a share of **7.62%** in total commercial branch network.

6.7. Credit-Deposit Ratio [C D Ratio] (Refer Annexure 8.11)

The Credit-Deposit ratio of the Commercial Banking sector of the State has declined by 1.84% from March 2015 level to reach 66.53% as at June 2015.

Banking Group wise C D ratio as at June 2015

Banking Group	C D Ratio - Percentage Distribution as at June 2015			
	Rural	Semi-Urban	Urban	Total
State Bank Group	106.68	47.60	65.14	56.24
Nationalized Banks	90.60	74.35	93.17	83.07
RRB	144.00	142.11	51.64	128.29
Private Sector Banks	111.28	46.00	72.81	59.21
Total	108.46	56.92	76.39	66.53

The C D Ratio of Rural & Urban areas of the State is more than the mandatory norm of 60%. Further, the urban areas have a high CD ratio of **76.39 %** whereas CD ratio in Semi urban area is below the benchmark level of 60% and is presently at **56.92%**. For the State as a whole the CD Ratio is **66.53%**.

The C D ratio of RRB is the highest at **128.29 %**. Further, the CD ratios of State Bank Group and Private Sector Banks, among the banking groups, are below the desired level of 60% in the State. In rural areas, the public sector banks have shown a better C D Ratio of **106.44 %** well above the RBI stipulated 60 %. Private sector banks have shown a C D Ratio of **111.28 %** in rural where as in semi-urban centres CD ration of Private Sector Banks is only **46%** which needs further improvement.

6.8. Credit + Investment: Deposit ratio (C+I: D ratio) (Refer Annexure 8.11)

The C+I D ratio of the Commercial Banking Sector of the State as at June 2015 stood at **70.79 %**. There is a decline of from the March 2015 level of **71.18 %**.

CD Ratio

Reporting Quarter	Deposits (Rs. in crores)	Advances (Rs. in crores)	CD Ratio
March 2010	143404	96987	67.63
March 2011	161562	121981	75.50
March 2012	197557	149293	75.57
March 2013	229148	175087	76.41
March 2014	279655	192010	68.66
June 2014	283928	192561	67.82
September 2014	292709	204405	69.83
December 2014	302882	201757	66.61
March 2015	319890	218706	68.37
June 2015	328763	218739	66.53

There is a marginal fall in CD Ratio over the last quarter on account of fall in advances as well as increase in deposit.