

**101ST MEETING OF STATE LEVEL BANKERS' COMMITTEE, KERALA
AGENDA AND BACKGROUND NOTES**

Date : 30.03.2010 (Tuesday)
Time : 10.30 am
Venue : Hotel Residency Tower,
Govt. Press Road. Trivandrum

1. ADOPTION OF MINUTES

The minutes of the 100th Meeting of SLBC, Kerala held on 21st December, 2009 has already been forwarded to the members vide Convener's letter TLB/35/122/2010/RP dated 25.01.2010.

The House may adopt the said minutes.

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

2.1. PENDING ISSUES

2.1.1. Purchase Loan for Agriculture purpose

2.1.1.1. Upward revision in credit limit

As per the existing guidelines of RBI, for small and marginal farmers, the credit limit fixed is Rs 5 lakhs. This limit, which was introduced some years back, may be reconsidered, having bearing on the increase in the land cost. It may be made need based and condition of Rs 5 lakhs may be waived. This will encourage more disbursement to agricultural sector and will benefit the farming community.

While considering the suggestion of the bankers, the Deputy General Manager, NABARD assured the forum that NABARD would examine the issue and take up the matter with their Head Office requesting to enhance the limit considering the land value for the State of Kerala.

When the matter again came up for discussion during the 100th meeting of SLBC, Kerala held on 21.12.2009 at Trivandrum the AGM, RBI informed that upward revision in credit limit was not a State specific issue and SLBC may make a reference to RBI, RO, Trivandrum.

SLBC Convenor had vide SLBC.35.158.2010.KM dated 27.01.2010 referred the matter to Reserve Bank of India, requesting them to examine the matter and provide a decision. The present position may be informed/placed in the forum.

2.1.1.2. Constitution of Sub-Committee to decide and analyse issues involved in definition of Land Acreage and Credit limit for Small & Marginal Farmers

The SLRM 2009 observed that the definition of the Government for small and marginal farmers differs from what has been told by NABARD. Acreage norm for small and marginal farmers has been stipulated by NABARD based on the financing type of land. Banks have to ensure the viability of the land purchased and further, developmental activities have to be financed. The farmer should be able to service both instalment and interest and the type of land should be of good quality and depending on that quantum of loan has to be worked out. There was a need for revision of the limit also. SLRM suggested that a small committee could be constituted to discuss the broad parameters and changes that could be adopted. The issues pertain to the acreage as well as the value caps are to be considered by this sub-committee. The SLRM adopted that the Convenor of SLBC would be looking to the formation of the Sub-committee as well and the members would get intimated about the formation in course of time.

The matter again came up for discussion during the 100th meeting of SLBC, Kerala held on 21.12.2009 at Trivandrum. In the meeting, Sri. S. N. A. Jinnah, General Manager, NABARD informed that the definition of small and marginal farmer was decided at Head Office level and assured the forum that the details would be intimated shortly.

The details of the scheme are yet to be received from NABARD and hence the sub-committee is yet to be constituted.

2.1.2. Infrastructure bottlenecks

In Kollam and Pathanamthitta Districts, Bankers find it difficult to extend Agriculture finance under Land Purchase Scheme for small and marginal farmers, where no collateral security is available. The available primary security is not marketable since Government is not effecting mutation on the grounds of Re-Survey since last two years. This bottleneck may be removed by follow up with the Government.

The matter again came up for discussion during the 100th meeting of SLBC, Kerala held on 21.12.2009 at Trivandrum. In the meeting the representative from Revenue Department informed that they have given instruction for effecting mutation and assured the forum to provide the copies of internal instructions to the SLBC for circulation to Controlling Offices of all Banks.

The copies of the internal instructions given by Revenue Department are yet to be provided. The Revenue Department may inform the position.

2.1.3. Increasing the quantum of agricultural loans to Dairy farmers

Banks are fixing unit costs for Dairy activities based on the broad guidelines from NABARD. Banks can fix higher levels of unit costs considering the prevailing regional trends also. Usually, banks in Kerala follow a cost structure for milch cows linking with its milk yield. The Dairy department recommends that the cost of one milch cow considered for bank finance should be enhanced. Considering the previous experience in implementing such schemes through the Department of Dairy and based on the requirements of farmers, the matter was taken up since 96th SLBC meeting.

The 96th SLBC meeting accordingly suggested the Dairy department to work out a model viable scheme with specifications like actual cost, average cost, input cost and the type of animals with banks' involvement also and submit the same to SLBC. The scheme was to be prepared in a holistic manner by the Department.

The matter was again discussed in the SLRM 2008. The issue was again taken up in the SLRM 2009. However the model scheme as suggested is yet to be placed in the SLBC for uniform adoption by all banks in the State of Kerala.

The matter again came up for discussion during the 100th meeting of SLBC, Kerala held on 21.12.2009 at Trivandrum. In the meeting, the representative from Dairy Development Department informed that they have just prepared a scheme to increase the price of cows from Rs. 15,000/- to Rs. 24,000/- and the scheme details would be provided to the SLBC.

SLBC vide letter SLBC.35.164.2010.KM dated: 27.01.2010 had requested the Director, Dairy Development Department to provide the scheme details. The details of the scheme is yet to be provided by the Dairy Development Department. The representative of the Department of Dairy Development may inform the position.

2.1.4. Cattle Insurance

The issue regarding Insurance Companies not entertaining policies with PTD clause in respect of cattle insurance has been reported from several BLBC meetings. It was also reported that Insurance Companies are charging different rates of premium on cattle insurance even among their own branches based on the discretion given to their Branch Managers. The matter was discussed in the 96th SLBC which requested the Insurance Companies to adopt a uniform rate of premium, at least for the State as a whole and also for coverage of PTD clause.

The matter has been deliberated in the SLRM 2008 and SLRM 2009. The representatives from insurance companies were not available for discussion in both the meetings. There were a lot of issues connected with cattle insurance which were discussed by the members in the group discussion session.

The matter again came up for discussion during the 100th Meeting of SLBC held on 21.12.2009 in Trivandrum. Even though the Insurance Company officials were not present to share their views, the above meeting recommends that Permanent Total Disability clause (PTD) should be included under master policy and decided to pursue the matter.

SLBC, vide letter SLBC.35.43.2010.KM dated: 11.01.2010 had written to the controlling units of all the four major Insurance companies the concern regarding the absence of the representative and requested to nominate a specific person to attend the SLBC hence forth. However Oriental Insurance Co, Ltd and The New India Assurance Co Ltd confirmed but response is yet to be obtained from M/s United India Insurance Co Ltd and National Insurance Co.

The representative from the Insurance Company may inform the position regarding the issues.

2.1.5. Schemes and Activities of National Fisheries Development Board (NFDB)

In terms of the large untapped potential available under the Fisheries Sector and aquaculture and also based on the perspectives of the NFDB for the development of Fisheries Sector it has been decided that the schemes prepared may be placed in the SLBC for enlisting support of banks in the matter of smooth and successful implementation. The Fisheries & Allied Departments were requested to submit the scheme details with sufficient number of copies for the approval of SLBC wherever such schemes are drawn up. This aspect has been stressed in all the SLBC meetings since 2007.

The matter again came up for discussion during the 100th meeting of SLBC, Kerala held on 21.12.2009 at Trivandrum and as representative from Fisheries Department/Matsyafed were not present in the meeting to ascertain the position the meeting decided to pursue the matter.

In terms of the decision taken SLBC vide letter SLBC.35.165.2010.KM dated 27.01.2010 had requested the Director of Fisheries, Vikas Bhavan, Thiruvananthapuram to place the progress and also the details of the project implemented for the information of the forum.

2.1.6. Inclusion of all perennial horticulture crops under the NAIS

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

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

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

Vide letter SLBC.35.182.201.KM dated 30.01.2010 SLBC had referred the matter once again to the Director of Agriculture and the Regional Manager, Agri. Insurance Corporation of India Ltd. The representative of the Department of Agriculture / AICIL is requested to appraise the forum on the developments in this regard.

2.1.7. Legislation for Lease Land Farming

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

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

The matter is being followed up by SLBC since August 2006 with the Agricultural Production Commissioner, Government of Kerala. The Department of Agriculture, Government of Kerala, vide letter No.TP3. 34138/2006 dated 14.08.2006, informed that enacting legislations for promoting contract farming is a policy matter of Government of Kerala and that State Government has not taken any policy decision in this regard so far. SLRM 2006, 2007, 2008 & 2009 has been regularly initiating discussion in this matter which is pending with the Government.

The matter again came up for discussion during the 100th meeting of SLBC, Kerala held on 21.12.2009 at Trivandrum. In the meeting the Secretary to Government, Planning & Economic Affairs Department assured to take up the matter with APC so as to inform the progress in this regard in the next SLBC meeting.

SLBC vide SLBC.35.210.2010.KM dated: 10.02.2010 had requested the Secretary, Planning & Economic affairs, to assist in resolving the issue being a long pending one. The representative of the Department of Agriculture / Planning is requested to appraise the forum on further developments in this regard.

2.1.8. Loans sanctioned by Banks for mechanized boats - non-availability of insurance cover due to ban on granting Registration/License by the Department of Fisheries

The SLBC, in its meeting held on 27.06.2006 observed that in the Kerala coast, fishing was being intensively undertaken and there was overcrowding of mechanized fishing vessels. Hence about 1½ decade back, NABARD had recommended that no fresh mechanized fishing boats should be financed. The Kerala Government had also put up a ban on further registration of fishing vessel except under replacement. Hence, if banks were financing for new mechanized boats except under replacement there would not be any statutory permission for the vessels.

But banks, especially in Kozhikode district have financed for new mechanized boats for which insurance cover is not available due to lack of registration by the Government.

Hence it was suggested that in the case of loans already granted, the forum could take up with the government for granting exceptions to the rule as a one-time measure. This would benefit the poor fishermen as well as banks. The forum agreed to request the State government to examine whether Government could give a one-time exception in this regard, so that insurance cover can be made available in the case of loans already sanctioned.

The matter is being pursued by SLBC and deliberated in the SLRM 2006, 2007, 2008 & 2009 for a decision from the Government of Kerala.

The matter again came up for during the 100th meeting of SLBC, Kerala held on 21.12.2009 in Trivandrum. Due to the non availability of the representative from the Department of Fisheries in the meeting, the Secretary to Government, Planning & Economic Affairs Department assured the forum to take up the matter with Fisheries Department. The Managing Director, SBT suggested holding a resurvey for the issue.

However, vide letter No.G1-15514/08 dated 30.12.2009 of Director of Fisheries, Trivandrum, it was informed that the Government of Kerala have decided to permit and give a chance to all fishing vessels operating along the Kerala Cost since 2007 to obtain Registration/License from the Department of Fisheries as per the Government Order G.O(Rt) No.318/07/F & PD dated 16.11.2009. In anticipation of Government sanction the Fisheries Department was extended the time limit up to 31.12.2009 for achieving 100% registration. The Government of India decided to grant uniform registration of fishing vessels in all Coastal States.

In view of the above clarification, the issue may be dropped.

2.1.9. Purchase and development of abandoned estate

The SLRM 2009 suggested formulating common guidelines to be issued for all Banks by NABARD/RBI in the matter of financing purchase and development of abandoned estates.

SLBC had taken up with the RBI/NABARD regarding the details to be placed in the SLBC on the subject. *RBI/NABARD may kindly elaborate the position in this regard.*

The 100th meeting of SLBC, Kerala held on 21.12.2009 in Trivandrum also suggested taking up the scheme submitted by State Bank of Travancore with RBI/NABARD.

SLBC, vide letter TLB/35/1572/2009/KM dated 24.12.2009, had forwarded copy of the proceedings of the National Seminar on Plantation Crop organised by NABARD on 17.01.2009 for the perusal of RBI. As per the action points, steps are to be initiated by NABARD in consultation with RBI on the subject matter.

NABARD/RBI may kindly inform the developments therein.

2.1.10. Clarification on Classification of Export Credit

The SLRM 2009 represented to RBI to reconsider the decision to exclude the Export credit given to the agriculturists and the small scale industrial units from the purview of Priority sector advances. This representation was made particularly with reference to the State of Kerala wherein the export credit extended to marine seafood process and exports, now stands classified as non-priority sector. The forum felt that the segment to which finance is extended should derive the classification from the basic nature as well as the type of advance. The suggestion was put forth since the forum felt that it would have far reaching implications on the ability of banks to achieve the priority sector segment target.

The matter again came up for discussion during the 100th meeting of SLBC, Kerala held on 21.12.2009 at Trivandrum. The Chairman of the meeting informed that Canara Bank, Head Office had taken up the matter with the RBI Central Office and had received clarification from RBI on 10.12.2009. He informed that the clarification in this regard would come in the form of a general instruction to all banks.

The General Manager, Federal Bank informed in the meeting that recently Deputy Governor of RBI on a visit to Kochi had categorically stated that export credit could be classified as Priority Sector Advances. Accordingly Federal Bank had taken up the matter with the RBI.

Vide Letter RPCD(T)No.LBS/1532/03.02.02/2009-10 dated 16.02.2010, RBI informed that as recorded in the minutes of the 100th SLBC held on 21.12.2009, RBI had already issued clarification in this regard.

The matter may hence be dropped.

2.2. FRESH ISSUES

2.2.1. Agenda items suggested by NABARD

2.2.1.1. Ground Level Credit Flow 2008-09 – Need for sectoral balance

An analysis of the major activity-wise targets and achievement of ground level credit during 2008-09 under priority sector is appended below.

(Rs. crore)

Activity	ACP 2008-09		
	Target	Achievement	% Achievement
Crop Loans	12326.70	14605.12	118
Minor Irrigation	472.82	140.77	30
Land Development	550.78	366.78	67
Farm Mechanisation	155.34	89.15	57
Plantation &	1260.08	1310.53	104
Dairy	424.04	163.92	39
Poultry	64.71	64.70	100
Fishery	186.79	67.06	36
Non Farm Sector	3158.15	2568.51	81
Other Priority Sector	17327.50	18318.66	106

It is seen that, although the DCP target was over achieved by 9.6% during 2008-09, the distribution of achievement against Minor irrigation, dairy and fisheries was much less than 50% of the projected target. All three sectors are vital to the rural economy and concerted efforts to bridge the gap needs to be attempted. It is also seen that, for the past three years the performance under the above sectors, have been particularly unsatisfactory as detailed below.

Activity	2006-07			2007-08			2008-09		
	Target	Ach	% ach	Target	Ach	% ach	Target	Ach	% ach
Minor Irrigation	29,657	13,873	47	31,165	14,042	45	47,282	14,077	30
Dairy Development	30,897	15,108	49	28,431	15,418	54	42,404	16,392	39
Fisheries	14,819	7,632	51	11,005	5,751	52	18,679	6,706	36

The issue may be discussed in the SLBC forum. The persistent imbalance may be brought to the notice of the banks emphasising the need to correct by channelling credit to the above three Investment activities showing consistently poor levels of achievement. Some of the avenues for investment are indicated below.

Minor Irrigation

- Banks, in association with agricultural department, may promote drip/sprinkler irrigation systems with special emphasis on proper designing and after sales services/maintenance.

Dairy

- Finance Marketing Infrastructure units for collection, grading, standardization, packing quality certification etc., of milk under “Capital Investment Subsidy Scheme for Development / Strengthening of Agricultural Marketing Infrastructure, Grading and Standardization
- Finance establishment of commercial goat, piggery, broiler and male calf / male buffaloe calf rearing units.
- Finance dairy development activities covered under Central Sector Plan Scheme - “Dairy/ Poultry Venture Capital Fund”
- Encourage SHG / Kudumbashree members to start ventures viz., back yard poultry farms, broiler farms, goat rearing units, male buffaloe calf rearing units, fodder cultivation on lease lands etc.

Fisheries

- Setting up private sector hatcheries for production of good quality fish/ prawn seed.
- Farming of non conventional varieties like clams, oysters and mussels may be propagated. Depuration units may be set up in Government and private sector.
- Ornamental fish breeding units may be promoted in the private sector.

Views of the Steering Committee

The Steering committee that met on 18.03.2010 suggested that the issue may be viewed seriously and that SLBC may ascertain the reasons for the low level of achievement in the three major segments as pointed out by NABARD. The steering committee also felt that the heavy subsidisation of the schemes in these segments may be one of the reasons for the low off take of credit in these segments. The steering committee also suggested that NABARD shall have a re-look and identify areas where more focus on these schemes could be given.

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

NABARD has time and again reiterated that the coverage under the Kisan Credit Card (KCC) Scheme assures adequate, timely and hassle free credit support to farmers. In the hundredth SLBC, NABARD had placed an agenda, stating that banks may be advised to fix realistic targets to cover all eligible farmers under the KCC scheme by 30 September 2009. In continuation of the above concern it is pertinent to take look at the land holding pattern of farmers in Kerala. There are 66.6 lakh operational holdings in the State, with

an average land holding size of 0.24 hectare. Due to the small size of land holdings, the farmers practice homestead farming which is unique to the state. Most of these farmers being marginal and small require timely and adequate credit to carry on their farming operations.

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

Views of the Steering Committee

The Steering Committee suggested that banks shall work in close co-ordination with the Agriculture Department and ensure that all eligible farmers in the purview of the Krishi Bhavans are covered under the scheme.

2.2.2. Agenda items suggested by Animal Husbandry Department

2.2.2.1. Food Security Project to be implemented in 14 districts of Kerala State

(Approved in 100th SLBC Meeting – Scheme guidelines presented for information)

Livestock Development Project 2009 (LDP 2009) is one of the 4 schemes incorporated under the food security project. The Livestock Development Project is a loan linked scheme which requires financial support from banks. The project envisages increasing milk production in the state by inducting pregnant heifers into the state procured from neighbouring states. Since the animals are pregnant they start producing in a few months and considerable increase in milk production is expected. **5000 pregnant heifers** will be added to the population and on an average about **50000 litres of cow milk** per day is added to the pool. Purchase of heifers requires banking assistance as loan. The financial break up of the project is given below.

No	Item	Assistance @ 40%	Loan	Beneficiary contribution	Total Cost
Unit Cost					
1	Cost of pregnant heifer	10000	15000	Nil	25000
2	Insurance cost	Nil	Nil	1500	1500
3	Expansion of existing cattle shed	1500	Nil	3500	5000
4	Feed cost	2500	Nil	2500	5000
5	Total	14000	15000	7500	36500
	Total Cost for 1 unit	36500			
	Total Assistance for 1 unit	14000			
	Number of units	5000			
	Total fund outlay	7,00,00,000	7,50,00,000	3,75,00,000	18,25,00,000

Total amount required as bank loan = **Rs. 7.5 crore.**

District-wise allocation

Trivandrum	500
Kollam	500
Pathanamthitta	200
Kottayam	400
Alapuzha	300
Ernakulam	300
Idukki	500
Thrissur	200
Palakkad	500
Malappuram	300
Kozhikode	300
Wayanad	500
Kannur	300
Kasargode	200
Total	5000

Guidelines

- (1) 5000 farmers will be provided with 1 pregnant heifer each & cattle feed
- (2) Loan linked project
- (3) Subsidy will be 40%
- (4) 30% of the beneficiaries will be women
- (5) 10% will be SC/ST
- (6) Beneficiaries should be existing dairy farmers
- (7) Animals will be purchased from outside the State by a committee (VS/SVS, bank representative, a representative of beneficiaries)
- (8) Selection of panchayats by DAHO
- (9) Beneficiary selection – The VS/SVS shall invite application after wide publicity. A Committee of Veterinary Surgeon/SVS, Dairy Extension Officer, Grama Panchayat President/representative and Bank representative shall select the beneficiaries from the applicants
- (10) DAHO will approve the beneficiary list at district level.
- (11) Implementing officer will place indent for feed with KFL/MILMA

Views of the Steering Committee

The 100th meeting of SLBC held on 21.12.2009 in Trivandrum adopted the project details for implementation in the State of Kerala. District wise allocation and guidelines were not provided in the meeting. The Steering Committee suggested placing the details for information.

2.2.2.2. Integrated Livestock Development Project 2009 to be implemented in Pathanamthitta, Palakkad and Thrissur Districts

(Approved in 100th SLBC Meeting – Scheme guidelines presented for information)

The Integrated Livestock Development Project is another loan linked scheme which requires financial support from banks. This scheme proposes to supply 1000 units consisting of 1 cow and 5 chicks each. The cows will be purchased from outside the state following the procedures adopted in the previously implemented ILDP scheme. This scheme will add 1000 cows and 5000 chicks to the population and increase milk and egg production in the state. The financial break up of the project is given below.

No.	Item	Assistance @ 40%	Loan	Beneficiary contribution	Total Cost
Unit Cost					
1	Cost of milch cow	10000	15000	Nil	25000
2	Transportation cost	1000	1000	Nil	2000
3	Insurance cost	Nil	1500	Nil	1500
4	Fodder	1000	Nil	1000	2000
5	Cost of birds + coop	300	Nil	700	1000
6	Cost for maintenance of cattle shed	1000	Nil	1000	2000
7	Feed cost	700	Nil	800	1500
8	Total	14,000	17,500	3500	35000
	Total Fund for 1 unit	35000			
	Number of units	1000			
	Total fund outlay	1,40,00,000	1,75,00,000	35,00,000	3,50,00,000

Total amount required as bank loan = **Rs. 1.75 crore.**

District-wise allocation

Palakkad	500
Thrissur	400
Pathanamthitta	100

Guidelines

- (1) 1000 farmers will be provided with 1 cow and 5 chicks each
- (2) Loan linked project
- (3) Subsidy will be 40% (Rs. 14000 per beneficiary)
- (4) Bank loan will be Rs. 17500 per beneficiary
- (5) Beneficiary contribution will be Rs. 3500 per beneficiary
- (6) 50% of the beneficiaries from Palakkad, 40% from Thrissur and 10% from Pathanamthitta
- (7) Beneficiaries should be existing paddy farmers
- (8) Animals will be purchased from outside the State by a committee (VS/SVS, bank representative, a representative of beneficiaries)
- (9) Birds will be procured from Government farms/approved egger nurseries/KSPDC/KAU
- (10) Beneficiary selection – The VS/SVS shall invite application after wide publicity. A Committee of Veterinary Surgeon/SVS, Agricultural Officer, Grama Panchayat President/representative and District lead bank/bank representative shall select the beneficiaries from the applicants
- (11) At district level, DAHO and Principal Agricultural officer will approve the beneficiary list

Views of the Steering Committee

The 100th meeting of SLBC held on 21.12.2009 in Trivandrum adopted the project details for implementation in the State of Kerala. District wise allocation and guidelines were not provided in the meeting. The Steering Committee suggested placing the details for information.

2.2.2.3. Induction of Cows in Kuttanad – Informatory Note

The project proposes to induct 3000 cows in Kuttanad with an objective to mitigate agrarian distress in the area following Swaminathan commission recommendation. The project will be implemented as per special package guidelines of government of India. 1000 cows each will be inducted in three districts of Kuttanad area viz Alapuzha, Pathanamthitta and Kottayam. The animals will be purchased from outside the state by a committee. The unit cost of the project is Rs 60000 for induction of 2 cows, subsidy will be Rs 30000 per beneficiary (50%) and Rs 30000 will be met as bank loan.

Abstract of the Project

Number of districts covered = 3
Number of beneficiaries = 1500 (500 per district)
Number of milch cows to be inducted = 3000 (2 per beneficiary)
Unit cost = Rs 60000
Subsidy = Rs 30000(50%)
Bank loan = Rs 30000
Total Bank Loan required = Rs 3000 x 1500 = Rs 450 Lakh

The financial aspects of the project is as given below

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

Total Bank Loan required = Rs 30000 x 1500 = Rs 450 Lakh

Views of the Steering Committee

The Steering Committee suggested placing the details for information.

2.2.3. Scheme for financing Private Milch Cattle Breeders (Suggested by State Bank of India)

Kerala has been facing severe shortage of milk. To meet the existing/growing demands of liquid milk supply in the State, MILMA, Kerala Livestock Development Board (KLDB)

and Department of Dairy Development may draw out plans for encouraging private milch cattle breeders in the State to set up cattle breeding farms for supply of good quality/cross bred cattle on an ongoing basis. This will be a better practice than of purchasing cattle from neighbouring states which does not result in qualitative improvement in the cattle heads. The identified breeders can be financed by banks. Government/ Kerala Livestock Development Board (KLDB)/ Department of Dairy Development may also subsidize / provide Venture Capital in view of the high capital cost in such projects.

Views of the Steering Committee

The Steering Committee suggested placing the details for appropriate action by the Departments concerned.

2.2.4. Centrally Sponsored Scheme - Integrated Development of Small Ruminants and Rabbits - Information Note for SLBC members by NABARD

NABARD, has issued a Circular No. 219/ ICD-46/ 2009 dated 24 December 2009 on Centrally Sponsored Schemes - Integrated Development of Small Ruminants and Rabbits. It has been decided by the GoI to launch the said scheme during the remaining period of XI Five Year Plan with effect from 2009-10. The important guidelines/ instructions of the schemes are furnished here below:

The scheme is meant for integrated development of small ruminants (sheep/goats) and rabbits in 24 states with a focus on 114 districts for small ruminants and 12 districts for rabbits (Idukki & Kannur districts for Sheep/ Goat rearing and Thiruvananthapuram & Ernakulam districts for Rabbit rearing activity in Kerala State).

SLBC may adopt the scheme and bankers may finance the scheme and encourage setting up of sheep, goat and rabbit rearing units.

2.2.5. Assistance for purchase of milking machine to progressive farmers – Note by Dairy Development Department - for information

The Department is providing assistance for the mechanisation of dairy farms. The subsidy component will be 20% of the total cost incurred by the beneficiary farmer for the purchase of milking machines, chaff cutter, milk cans, milk-o-tester, automatic water bowl, slurry pump, silage bunker, bio gas plant, etc. The subsidy amount shall not exceed Rs. 10,000 per unit. Since the beneficiary farmer should raise the remaining 80% of the total cost, banks may provide loan facility for easy implementation of the scheme. Necessary directions may be given to the banks in this regard. The details of schemes undertaken by the department, providing subsidy for mechanisation of dairy farms is given below for your perusal.

Introduction:

One of the major problems faced by the dairy farmers is the lack of efficient milkers. Milking is a skilled job, the action of the letting down hormone named oxytocin lasts for 7-8 minutes only. The production potential of an animal can be completely utilized only if milking is completed within the stipulated time. In the case of high yielding cross bred animals producing more than 15 litres of milk is quite impossible to complete the milking efficiently within the time manually. So such animals should be milked with the help of milking machines. Complete hygienic milking is very essential to prevent occurrence of diseases like mastitis. It maybe noted that may dairy farmers quitted this sector mainly due to the difficulties experienced by them for arranging milkers, who services are not adequate.

Completely automatic milking machines are available in the market which is very useful to the farmers. But such machines are mostly imported from foreign countries and are highly expensive and not affordable to the common dairy man. The production cost of milk can be reduced by introducing Milking Machines. At present a farmer has to pay Rs. 10/- per animal per day towards the cost of milking. In the loan run this cost can be reduced and hygienic practices of milking can be ensured by popularizing milking machines.

Nowadays more farmers are coming forward to start commercial dairy units. The limiting factor for such farmers is the high cost of milking machines. This scheme envisages providing financial assistance for purchase of milking machines by dairy farmers who own more than live milch animals. Cost of the machine is estimated to be Rs. 65,000 to Rs. 70,000 per unit. But if order is placed in bulk the cost can be reduced the level of Rs. 45,000 to Rs. 50,000/-. Dairy Development Department proposes to buy the machines directly from reputed companies by floating tenders and the machines will be made available to eligible farmers at subsidized rates (Subsidy @ Rs. 10000/- per unit)

The eligible farmer has to register at Dairy Extension Service Units in the concerned blocks. As soon as the beneficiary selection is over, the beneficiary contribution has to be remitted. Department will invite tenders for the supply of milking machines. After finalizing the tenders order will be placed for the purchase of machines in bulk.

Financial Outlay

Single Unit

Unit Cost (In Rs.)	Beneficiary contribution (In Rs.)	Plan Outlay (In Rs.)	Total (In Rs.)
50000	40000	10000	50000

Financial Outlay

Unit Cost (In Rs.)	No. of Units	Beneficiary contribution (In Rs.)	Plan Outlay (In Rs.)	Total (In Rs.)
50000	500	20000000	5000000	25000000

Conclusion

The scheme when implemented properly will contribute towards improving the milk production of the State. The scheme will be a great help and relief to farmers who are depending on milkers.

Monitoring

Deputy Director of Planning will monitor the implementation of the scheme.

Calendar Of Activities

Sl. No.	Activity	Month
1	Advertisement for inviting applications	April
2	Acceptance of Applications	April-May
3	Verification, processing of applications and Finalization of beneficiary list	May – June
4	Acceptance of Beneficiary part	June
5	Placing of order	June
6	Supply of Milking machine	June, July
7	Release of fund to supplier	July
8	Evaluation of scheme	September, October, November

2.2.6. Crisis in Coffee Sector – Informatory Note by Coffee Board

During the period viz. 2000-2004 due crash in global coffee prices, grower realizations reached historical lows. In some cases the growers could not even recover production costs. The price crisis period also coincided with adverse weather conditions in coffee regions which not only negatively impacted productivity but also caused flared up of White Stem Borer pest resulting in loss of millions of Arabica plants. As a result the coffee growers were unable to service their debts, and maintain the farms to sustain productivity levels.

Relief measures extended to coffee growers:

In order to help the coffee growers to deal with the accumulated debt burden the Banks and Government of India has extended various relief measures as detailed below:

- a) Special Coffee Term Loan (SCTL) in 2002, under which all types of coffee loans including interest as on 1st April 2002 were consolidated into a single term loan with a moratorium period of 3 years and repayment period of 9 years or more,
- b) Special coffee relief package to revive coffee sector announced in 2005, under which the total interest burden on SCTL during the three years moratorium period was shared equally amongst the banks, the Government of India and the grower loanees to the extent of one third each, banks were requested to lower the interest rates charged on SCTL from 11% to 9% or rate applicable to agriculture sector whichever is lower during the remaining repayment period of SCTL loans, waived off the old developmental loans (amounting to around Rs 64.59 crore) extended by the Coffee Board to the small coffee growers (below 10 Hectares only) and extended interest subsidy on working capital loans
- c) In 2006, through Package of Relief Measures for the debt stressed farmers of 25 districts in the state of Andhra Pradesh, Karnataka and Kerala further relief was extended waiving off all outstanding interest. This benefited even those who did not take advantage of the special coffee relief package 2005 amongst others.
- d) In 2008 Government of India announced an ambitious Agriculture Debt Waiver and Debt Relief scheme. However, due to the nature of the guidelines under the scheme, the coffee growers to a large extent remained outside the purview of the DWDR scheme.

Relief package for coffee growers:

Above relief measures extended to the coffee growers by the Government have not really helped them to come out of their debt burden. Hence, with a view to provide a meaningful relief to the growers from almost a decade old accumulated debt burden, Coffee Board in consultation with the Ministry of Commerce, developed and submitted a package entitled Coffee Debt Relief Package – 2008 essentially targeting the small growers, the most vulnerable amongst the coffee growers. Later, considering the persistent demands of the growers associations from Karnataka to include all loans including the crop loans and to cover all growers and in the light of discussions had with the Ministry of Commerce, Board submitted a revised proposal of Coffee Debt Relief Package – 2009 after extensive deliberations with the stake holders of the industry. The package is under active consideration of Government.

2.2.7. Note on Agribusiness Schemes implemented by SFAC – Informatory Note

Indian Agriculture is fast changing. Besides diversification, it is slowly shifting its focus from subsistence agriculture to profitable agribusiness activities adding value to the produce. In tune with this change, Kerala Agriculture is also in a paradigm shift. The transformation is due to the advancement of technology, communication and evolving consumer demands. The benefit of this change can be harvested only with an inclusive growth and empowerment of small farmers who are most important stakeholder of the value chain.

Access to the institutional finance is crucial for development of Agribusiness, with a view to provide an impetus for comprehensive growth, linking farmers through the market through adding value to the products, Small Farmers Agribusiness Consortium (SFAC) is taking an initiative by implementing certain innovative schemes for promotion of Agribusiness in the State.

The following 2 major schemes and being implemented by SFAC in close association with banks.

(1) Venture Capital Assistance

SFAC would provide financial assistance to Agribusiness projects by way of equity participation upto 10% of the total project cost or 26% of the total project equity or Rs.75 lakhs whichever is lower.

(2) Project Development Facility

To provide financial assistance to agripreneurs for the preparation of bankable Detailed Project Reports (DPR) through empanelled consultants/institutions.

The main objectives of the schemes are:

- (i) To facilitate setting up of agribusiness ventures in close association with banks.
- (ii) To catalyse private investment in setting up of agribusiness project in the State.
- (iii) To strengthen backward linkages of agribusiness projects with producers.

The projects are loan linked.

2.2.8. Agenda item suggested by the Director, Groundwater Directorate

2.2.8.1. NABARD had suggested that the participation of Groundwater Department may be ensured in DLRC meetings to obtain data on MI activities financed by banks so as to have a realistic assessment on the balance exploitable groundwater resources. SLBC had examined the matter and suggested to LDMs to extend invitation to the District officers. Except Kannur, no invitation has been extended for any DLRC meetings.

2.2.8.2. As part of the re-assessment and estimation of Groundwater resources, the draft figures of all blocks need to be revised. For this purpose NABARD had agreed to provide data, number of MI structure cleared through various Lead banks to the Groundwater Department. Even though our district officers have approached lead banks for block details of abstraction structures from 2004, they have not yet provided the same. SLBC may instruct that these data may be provided to the district level officials as it is essential to calculate groundwater draft.

Views of the Steering Committee

The representative of Ground Water Department informed that except Kannur they were not yet invited in the DLRC meetings. NABARD had agreed to provide the block wise data on minor irrigation activities for calculation of ground water estimation. He added that they require the data from 2004 onwards.

The Steering Committee decided to place the matter in the SLBC for information of the concerned.

3. REVIEW OF THE DECISIONS AND COMPLIANCE THEREOF OF THE EARLIER MEETINGS – SECONDARY SECTOR

3.1. PENDING ISSUES

3.1.1. CGTMSE Coverage for loans granted to SHGs

99th meeting of SLBC observed that financing Self Help Groups, be it direct lending or through any Government Department is gaining more and more importance. Apart from their internal lending, the groups run projects under agriculture as well as SME sector. The coverage of CGTMSE is a comfort to the lender while extending collateral free SME credit to the beneficiaries. But, the CGTMSE cover is not available for loans granted to SHGs at present.

As more coverage and thrust is given to the group financing under SGSY and SJSRY schemes, the cover of CGTMSE will go a long way in the successful implementation of the scheme.

SLBC Convenor referred the matter to the Development Commissioner (MSME), New Delhi requesting to examine the matter of extending CGFMSE coverage for SME lending to SHGs.

The matter was again discussed in the SLRM 2009 & 100th SLBC and it was reiterated that the same shall be pursued further.

SLBC, vide letter No. SLBC 35 157 2010 KM dated 25.01.2010, had written to the Development Commissioner (MSME), New Delhi in this regard. The decision is awaited.

3.1.2. PMRY 2006–07 & 2007–08 Non receipt of Subsidy

In the SLRM 2009 the issue regarding non receipt of subsidy in the case of PMRY 2006-07 and 2007-08 had been placed by LDM Thrissur. In turn SLBC had written to RBI seeking examination of the issue and arranging for early release of the pending subsidy.

Vide letter RPCD(T)No.LBS/1532/03.02.02/2009-10 dated 16.02.2010, DGM, RBI informed that the matter has already been taken up with Government of India.

The further developments, if any, may kindly be apprised to the forum.

3.1.3. Economic Stimulus Package 2008-2009 on MSME, Housing and Auto Sector – Special Monthly SLBC Meetings – for information

Government of India have decided that “Special Monthly Meetings” of State Level Bankers’ Committee (SLBC) should be held to oversee the resolution of credit related issues of Micro, Small and Medium Enterprises (MSME) by banks. Accordingly, the Ministry of Finance, Department of Financial Services, Government of India has directed SLBC Convenor to hold “Special Monitoring Meetings” of SLBC, Kerala every month focusing primarily on the implementation of the IBA packages on MSME, Housing and Auto sector. Further, SLBC should submit a detailed report on the Special Monthly meetings conducted along with reviewed data in the prescribed format on or before the fifteenth (15th) day of each month to the Ministry of Finance, Department of Financial Services, Government of India, New Delhi. It was also directed that the new items of the economic package as above should be discussed as additional agenda items during the regular (quarterly) SLBC meetings also.

A Special Meeting of SLBC on Economic Stimulus Package for MSME, Housing and Auto sectors chaired by Chief Secretary to Government of Kerala was held on 16.03.2009 in Trivandrum as per the directives from the Cabinet Secretary to Government of India.

Apart from the above, Special Monthly Meetings of SLBC, Kerala to review the progress in implementation of IBA package on MSME, Housing and Auto sectors for the months of January 2009 to February 2010 were held regularly. The reviewed data as at end of February 2010 is furnished in Annexure 10.40.

3.1.4. Review of Coverage under CGMSE scheme from Credit Guarantee Fund Trust for Micro And Small Enterprises (CGTMSE)

Kerala has got a distinction of having the maximum number of units of MSME covered under the guarantee scheme of CGTMSE. It was decided in the previous meeting of the SLBC that the performance of Banks under the scheme would be reviewed at State level on a regular basis. On a review of the performance, it is seen that as on 31.12.2009, banks in Kerala sanctioned an amount of **Rs. 202.57 crores (7376 proposals)**. District-wise analysis reveals that Ernakulam has sanctioned the highest quantum of loans (**Rs. 38.68 crores**) followed by Trivandrum District (**Rs. 24.53 crores**). District-wise details are shown as Annexure 10.41.

3.2. FRESH ISSUES

3.2.1. Agenda items suggested by Director of Industries & Commerce

3.2.1.1. Inordinate delay in processing and sanctioning of PMEGP and SSI loan applications

The Entrepreneurs are encountering inordinate delay in the processing and disposal of PMEGP and SSI applications by the concerned financial institutions. The matter had been discussed in the DLRC meetings of Districts. The District Collector have even sent letter to all the bank branches in this regard. Even then the change in attitude of branches is very minimal.

3.2.1.2. Awareness on CGTMSE Scheme

The awareness of banks regarding the CGTMSE is not adequate and this reflects upon their sanctioning of loans under this scheme. Department is trying to spread awareness of the scheme with the help of SLBC. A seminar had been organized at Trivandrum with initiative of LDM in this regard and the result has been encouraging. Such programs should be conducted in all districts. Hence an awareness program on CGTF and MSME for branch managers shall be arranged with initiative of SLBC in all districts.

3.2.1.3. Sanctioning of Projects under Women Industries Scheme (WIS)

The Department had launched a new Women Industries Scheme. Applications under the scheme had been forwarded to bank branches, and the response from many districts is very positive. Total 593 applications were forwarded to various banks. An amount of Rs. 4.27 crores has been earmarked for the year 2009-2010. for giving Margin money grant. SLBC may give directions to Banks to speed up the sanctioning and disbursement as the entire process has to be completed before March 2010.

3.2.1.4. Review of assistance to Industrial units

It would be ideal if the District Level Review Committee can review the credit flow to Industry sector, that is Micro Small and Medium Industries, based on the targets fixed in the District Credit Plan.

Views of the Steering Committee

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

3.2.2. State Level Monitoring Committee on PMEGP (Suggested by State Level Monitoring Committee on PMEGP through SLBC)

Only selected Private sector banks/Co-operative banks are permitted at present to participate under PMEGP scheme. Being a Government sponsored scheme applications are sponsored based on service area norms. In case the area is allotted to non-approved

private sector banks/co-operatives the beneficiaries would be put to difficulty as other banks will not consider applications from outside service area.

In the State Level Monitoring Committee meeting on PMEGP held on 15.03.2010, the committee suggested that the system of erstwhile PMRY scheme may be made applicable for PMEGP also and no restriction shall be imposed on banks participating in the scheme. The same has been suggested by LDM, Alappuzha also.

Views of the Steering Committee

The Steering Committee noted that the suggestion put forth by the State Level Monitoring Committee that the system of forwarding applications in the erstwhile PMRY scheme may be made applicable for PMEGP also and that no restriction shall be imposed on banks participating in the scheme. Hence SLBC may examine this for proposing suitable recommendations.

3.2.3. Performance under PMEGP – Note by KVIC

The PMEGP is being implemented in the State of Kerala through the three agencies namely District Industries Centre, State Khadi & Village Industries Board, State Office of Khadi & Village Industries Commission, Trivandrum and finance is availed from Public Sector Banks, Khadi & Village Industries Commission is the Nodal Agency for the implementation of the scheme. A task force committee at district level is constituted for scrutiny and selection of beneficiaries under the chairmanship of District Collector/Addl. District Magistrate. The Lead Bank Manager, Representatives of KVIC, KVIB, DIC, three representatives from Panchayats are the members and Representatives of NYKS/SC-ST Corporation, MSME-DI/ITI/Polytechnic are special invitees and applications are selected and forwarded to respective service banks for sanction of loan under PMEGP. The implementing agencies are placing the applications before the District Task Force Committee.

Performance of PMEGP in the State during 2009-10 upto 15.02.2010

Agency	No. of applications selected by the task force and forwarded to banks	No. applications sanctioned by banks	M.M. involvement (Rs. in lakhs)	No. of applicants undergone EDP	No. of M.M. claims settled by Nodal banks	M.M involvement (Rs. in lakhs)	No. of applications yet to reach Nodal banks for settlement	M.M. involvement (Rs. in lakhs)
KVIC	602	311	621.97	315	168	349.21	143	272.76
KVIB	954	397	793.24	284	210	434.52	187	358.72
DIC	1083	739	1557.40	395	270	525.41	469	1032.00
Total	2639	1447	2972.61	994	648	1309.14	799	1663.48

Recent modification of guidelines of PMEGP scheme.

- Circular No.PMEGP/Perf.Review/2009-10 dated 11.01.2010

In order to speed up the implementation of the scheme, it has been decided to modify the constitution of District Level Task Force Committee on PMEGP wherein instead of District Collector, Addl. District Magistrate could chair the DLTFC meetings and such meeting will be held fortnightly instead of monthly basis.

- Circular No.PMEGP/Scheme/2009-10 dated 24.12.2009

It is not mandatory to attend the EDP training prior to disbursement of first instalment of loan amount from bank. The beneficiary has to attend the EDP within 12 months time from the date of disbursement of first release of loan amount.

- Circular No.PMEGP/Perf.Review/2009-10 dated 20.11.2009

The above circular indicates target of 2008-09 can be carried over to 2009-10 for M.M. Utilization.

- Circular No.PMEGP/EDP/Cir/09-10, dated 09.12.2009

In order to curb the hardships of small entrepreneurs /artisans, it has been decided to conduct EDP training for 3 days instead of two weeks training for projects under service industry and upto Rs. 2 lakhs.

The KVIC-National Nodal agency, deposited sufficient funds with all the nodal banks for M.M. Administration.

3.2.4. Information Note by the Directorate of Coir Development

3.2.4.1. Debt Relief Scheme

The scheme is for the relief of Coir Workers in Coir Co-operative Societies, Small Scale Producers who availed loan from any Banks/Co-operative Bank or any other Government Institutions on or before 31.03.2008 for the purpose of production of Coir Fibre or Coir products and the unit shall be a sick as per RBI Guidelines. As per the scheme, Government will repay the loan subject to limits provided, the financing institution will write off the interest/penal interest.

Views of the Steering Committee

Representative of Coir Development informed that debt relief scheme is proposed to be implemented by the State Government. The committee suggested placing the details before SLBC forum for information.

3.2.4.2. Scheme for establishing Defibering Mills

All working co-operative societies which are in existence for the proceeding 3 years who wish to set up a new DF Mill and for the manufacture of bioorganic manure from coir pith or to revive/modernization – the grant assistance will be 75% of the total project cost subject to a monetary ceiling of Rs. 25 lakhs for DF mill & Rs. 15 lakhs for Bio organic manure manufacturing units.

Views of the Steering Committee

The committee suggested placing the details before SLBC forum for information.

3.2.4.3. Husk procurement scheme

A novel scheme to overcome the shortage of coir fibre by husk procurement by DF Mills/Activity groups/consortia was launched by the Department. A maximum amount of Rs. 5 lakhs will be given by Department to the consortia based on conditions.

Views of the Steering Committee

The committee suggested placing the details before SLBC forum for information.

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

4.1. PENDING ISSUES

4.1.1. Recasting LBR1, SAMIS codes and the Software

SLRM 2009 suggested that the matter regarding recasting Lead Bank Returns, SAMIS code and the Software may be brought to the notice of RBI/NABARD and appropriate action may be sought. SLBC had taken up the matter with the RBI/NABARD and decision in this regard is awaited.

The matter again came up for discussion during the 100th meeting of SLBC, Kerala held on 21.12.2009 in Trivandrum. In the meeting, Deputy General Manager, RBI informed that a committee has been constituted at RBI, Central Office to review the same and is expected to take a decision soon.

Vide letter RPCD(T)No.LBS/1602/03.02.02/2009-10 dated 24.02.2010, RBI advised to continue with the present system of reporting till further instructions.

4.1.2. Recording Bank Loans in the Ration Cards

The matter regarding endorsing details of loans availed by a beneficiary in the second page of the Ration Card Booklet as suggested by the SLRM 2009 was taken up with the Director, Food & Civil Supplies Department.

The matter again came up for discussion during the 100th meeting of SLBC, Kerala held on 21.12.2009 in Trivandrum. In the meeting, the Additional Secretary, Food & Civil Supplies, informed that the details would be collected and checked up with the Director of Civil Supplies and the information would be provided within a week.

LDM, Thrissur informed that the matter has come from Thrissur district and pointed out that earlier there was a provision to record loan details in the ration cards and after introduction of the new ration cards, the facility had been withdrawn. He added that the second page of the ration card was only an ordinary paper and requested the concerned department to issue an order permitting Banks to record loan details in the 2nd page of the Ration Card Booklet.

Additional Secretary, Food & Civil Supplies assured the forum to take up the matter with the Director of Food & Civil Supplies who would issue the direction in this regard.

SLBC Convenor, vide letter No. SLBC 35 179 2010 KM dated 30.01.2010, had taken up the matter with the Additional Secretary, Food & Civil Supplies Department and a decision in this regard is awaited. The representative of the Food & Civil Supplies Department may kindly apprise the position.

4.1.3. Non acceptance of RR requisitions

In some districts the Revenue Department officials from Government of Kerala have not been accepting and registering the Revenue Recovery requisitions for the overdue Agricultural loans from Banks. The non-acceptance of RR requisitions was creating a lot of problems at branches particularly in connection with Section 13 of Limitation Act, 1963. Since adequate relief has been extended to the farmers' community under ADWDRS-2008, the Government stay order, if any, in existence in this connection may be removed.

The issue was discussed in the 96th meeting of SLBC, 99th meeting of SLBC and also in the SLRM 2009. A proper clarification on the issue is yet to be received from the Department.

The matter came up for discussion during the 100th meeting of SLBC, Kerala held on 21.12.2009 in Trivandrum. The Deputy Secretary, Revenue Department informed in the meeting that there was no specific issue noticed by the Government in any Districts and

requested to provide specific instances if any. It was assured that the Department would take further action in this regard if any instance were brought to their notice.

The Principal Secretary to Government, Finance (Resources) suggested that banks of the respective districts have to specifically bring the details to the notice of the District Collector and committees in the districts.

SLBC had taken up the matter with the LDMs of Kollam, Pathanamthitta, Kottayam and Alappuzha districts, requesting to provide the required feedback so as to have a logical conclusion on the issue. However no issues have since been reported and hence the item may be dropped.

4.1.4. Computerization of Land Records

SLBC in its various meetings held in 2006, 2007, 2008 & 2009 requested the Revenue Department to initiate steps for computerization of land records in the State of Kerala as being done in Karnataka and Tamil Nadu States. This would enable financing banks to make notings, online, regarding their lien and would bring down the transaction cost for getting various certificates from village offices.

SLBC had taken up the matter with the Secretary (Revenue), Government of Kerala, requesting to take necessary action and inform the developments in this regard as the matter has been pending with the department for a long time.

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

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

SLBC Convenor, vide letter No. SLBC 35 184 2010 KM dated 01.02.2010, had taken up the matter with the Principal Secretary, Revenue Department. A decision in this regard is awaited. The representative of the Department of Revenue may inform the progress in this regard.

4.1.5. Waiver of Stamp duty on SHG loans

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

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

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

SLBC Convenor, vide letter No. SLBC 35 183 2010 KM dated 01.02.2010, had taken up the matter with the Principal Secretary, Taxes Department requesting examination of the aspect of waiving stamp duty on SHG loans on the lines of that extended by other State Governments. A decision in this regard is awaited. The representative of the Department of Taxes may inform the Government decision in this regard.

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

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

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

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

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

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

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

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

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

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

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

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

Further, the meeting of the Sub-Committee of the IBA on "Mortgages and Valuation of property" held recently also stressed the need for registration of "Equitable Mortgage

(EM)” across the country. The members of the IBA Sub-Committee also felt it appropriate to have an online system for registration of mortgages.

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

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

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

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

The General Manager, Canara Bank and Convenor, SLBC, Kerala pointed out that the matter of EMT registration should be got done at a nominal cost. The indication of charges by other States was given for a pragmatic comparison only. He requested the Government Department to take up the matter and get a decision for registering EMT at a nominal price. People at large in Kerala would be benefited and banks would be more insured against risks on account of the mortgaged backed lending position.

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

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

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

Mortgage created in favour of banks. A decision in this regard is awaited. Representative from the Department of Planning/Registration, Government of Kerala may inform the latest position of the issue to the forum.

4.1.7. MN One Lakh Housing Reconstruction Scheme

The Sub-Committee of Bankers for implementation of the above scheme met on 16.09.2008 in Trivandrum and suggested / recommended the following:

- a) Loans up to Rs. 50,000/- may be given to Self Help Groups for renovation / reconstruction of dilapidated dwelling houses identified under MN one Lakh Housing Scheme.
- b) Loan up to Rs. 20,000/- may be given to individuals under DRI Scheme.
- c) Rate of interest and other modalities to the loans under item (i) will be finalised after the consideration of the proposal by the sub-committee in detail.
- d) Panchayatwise, Blockwise and Districtwise list of beneficiaries to be assisted under the scheme should be made available by the Department at the earliest.

After detailed discussions and deliberations on the issues, the following decisions were taken

- A Consortium of banks shall be formed to work out a suitable lending scheme for assistance to the beneficiaries through Local Self Government bodies. Lead Bank of each district shall be the consortium leader.
- The Sub-Committee decided to go ahead with an EMI loan scheme with 9.00 % interest rate per annum and with a repayment period of 3 years which shall be considered exclusively for the MN One Lakh Renovation / Reconstruction Scheme under reference. Individual banks shall take a decision in this regard considering the viable cases to be financed. The details of the scheme after finalisation shall be taken up by each of the banks involved, to their Head Office for approval.
- Loans shall be given to Panchayats and all payments would be executed through Panchayats Offices. The relevant guidelines from the Government of Kerala permitting Panchayath authorities to borrow funds on behalf of the beneficiaries for the said purpose and to make repayment of the loan instalments along with interest to the Banks, are to be provided by the Department officials to the Sub-Committee, as informed by the Government representative during the meeting.
- Repayment of loans should be ensured by the concerned Panchayat / Local Self Government Department, Government of Kerala as per permissible norms in this regard and as practised in the case of other similar schemes.
- The names of eligible beneficiaries shall be shared through a list and defaulters of other loans to Banks would not be considered. List of beneficiaries should be given in advance to the banks.

The matter again came up for discussion during the 100th meeting of SLBC, Kerala held on 21.12.2009 in Trivandrum. The Regional Director, RBI informed the forum that as per the existing guidelines of RBI, borrower has to directly borrow from the banks and lending loans through Panchayats was not permitted.

Representative of Housing Commissionerate informed that loans upto Rs. 20,000/- may be given to the beneficiaries under DRI scheme. Details of the scheme to be informed to the District Offices, from where the Panchayat and beneficiaries who are willing to take the loans could approach the Bank. For loan upto Rs. 50,000/- to SHGs also, the details may be communicated to the District Offices. The Department would formulate the scheme as per RBI Housing scheme and submit the same to SLBC and banks. During the meeting convened on 18.11.2009 by Additional Chief Secretary, Housing, wherein Local Self Government Department issued guidelines to the Panchayats so that they could guarantee the loan and the ultimate beneficiary could avail bank loans.

The Secretary to Government, Planning & Economic Affairs Department requested the Department to re-examine the matter and sort out the issue.

Vide letter No.2684/C1/2008/Hsg. dated 18.02.2010, Secretary to Government, Housing (C) Department, Trivandrum informed that as per the minutes of the meeting held on 18.11.2009, the co-ordination committee of the Local Self Government Department has examined the above decisions and informed as follows.

“Financial assistance as Bank Loan may be made available to the beneficiaries of MN One Lakh Housing Reconstructing Scheme over and above the eligible subsidy through Ayalkootam (neighbourhood groups of Kudumbashree). But the suggestions that the money transactions are to be done through Local Self Government Institutions cannot be agreed to. The liability of loan or interest cannot be taken up by the Local Self Government Institutions”.

In the circumstances, it is requested that SLBC may offer the opinion on the above remarks of the LSGD.

Views of the Steering Committee

Based on the clarification by the Secretary, Housing Department, the Steering Committee decided to place the matter before SLBC for offering the opinion on the above remarks of the LSGD.

4.1.8. Creation of a Central Registry titled National Mortgage Repository

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

manner as vehicle registration where hypothecation is marked on the Registration Book of the owner or a search made in Registrar of Companies Office to ascertain certain details pertaining to companies.

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

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

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

4.1.9. Kerala General Sales Tax Act 1963 & Kerala Sales Tax VAT 2003 – Sale of Gold or other valuable articles pledged with banks in realization of Debt amount – filing of SLP

The SLP filed by the Federal Bank was deficient as it has not challenged the Constitutional validity of the Amendment carried out by the State of Kerala. Moreover, banks are only pledgee and not a dealer as a dealer is a person who sells the goods ordinarily as part of his business. The legislative competence of the State in introducing the said Amendment so as to include the banks is the point which ought to have been challenged before the Supreme Court.

Now, the Government of West Bengal has also quoted the above judgement and called upon all the banks to pay sales tax on the sale proceeds of goods pledged. Apprehending emulation of the wrong precedent set by the State of Kerala only, it is requested to take up the State Government for rescinding the order. Now that West Bengal Government has asked all the banks to pay sales tax as demanded by the Kerala State and it is likely to spread to other States.

The SLRM 2008 and 2009 suggested SLBC to pursue the matter further. Accordingly the matter is being followed up with Taxes Department.

While reviewing the matter in the 100th meeting of SLBC, Kerala held on 21.12.2009, the Additional Secretary, Taxes Department informed in the forum that the matter was discussed in the SLBC meeting held during last year and was clarified She then read out the Supreme Court Judgement in the case filed by Federal Bank. The Supreme Court had considered the relevant constitutional provisions in Banking Regulation Act 1949 and

sale of gold in 1930. If banks feel that the law had not been properly considered by the Supreme Court, Government was of the opinion that banks could take up the matter again legally. She added that there was no objection on the part of banks on the Central Government decision, but they are only objecting the State law.

The Chairman of the meeting suggested that the matter may be left to individual aggrieved banks for getting a legal remedy.

The General Manager, Federal Bank pointed out that wherever there is a court decision, an exclusive decision has to be taken. As legal remedy was not available from the Supreme Court they had to present the matter at Government level.

The Secretary to Government, Planning & Economic Affairs Department requested Taxes Department to send the views of the Government to the SLBC so as to close the issue because it was pending for final reply from the Department.

The Additional Secretary, Taxes Department assured the forum to send a suitable reply in this regard to SLBC.

The meeting requested the Taxes Department to send suitable reply in this regard so that individual banks could take up the matter with the concerned.

SLBC Convenor, vide letter No. SLBC 35 220 2010 KM dated 10.02.2010, had taken up the matter with the Principal Secretary, Taxes Department requesting to provide a final reply as suggested by the Secretary, Planning & Economic Affairs Department so as to close the issue.

The representative of the Department of Taxes may kindly inform the decision in this regard.

4.1.10. Guarantees issued by the State Government

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

In the meeting that followed the representative of the Finance Department assured that all the guarantees issued by the state government have been honoured by the State Government. Banks countered this claim citing specific cases. The forum decided to form a small committee to discuss the matter. The members of the committee were

representatives of SBI, SBT, Canara Bank, Indian Bank, Bank of India, Federal Bank, Vijaya Bank, Finance Department, GoK and Planning Department, GoK.

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

Details of State Government Guarantees invoked by banks but not honoured by the Government.

Sl. No.	Name of the Company	Bankers	Guarantee Invoked on
1	M/s Keltron	SBI, Canara Bank, SBT, IOB	23/03/2005
2	M/s Autocast	SBT, SBI	16.12.2004
3	M/s Sitaram Mills, Thrissur	SBI	22.02.2006
4	M/s Steel Complex	SBI	20.11.2005
5	M/s Steel Industries Kerala Ltd.	Federal Bank	31.12.2003
6	M/s Travancore Rayons Ltd.	IDBI Bank	26.07.2002
7	M/s Steel Industries Kerala Ltd.	Vijaya Bank	29.12.2003
8	M/s Travancore Rayons Ltd.	Indian Bank, Canara Bank, SBT and Bank of India	02.02.2005
9	M/s KSDP Ltd	SBT	18.12.2003
10	M/s Scooters Kerala Ltd	SBT	11.12.2003
11	M/s Kerala Ceramics Ltd	SBT	26.12.2005
12	M/s All Kerala Cottage Match Industries Federations	Indian Bank	26.05.2004
13	M/s Kerala State Rural Women's Electronics Industrial Co-operative Federation Ltd. (RUTRONIX)	Indian Bank	20.12.2005

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

The meeting welcomed the setting up of a state level committee for restructuring of viable PSUs. However, the forum noted that Dept. of Finance had not responded regarding the details of the invoked government guarantees pertaining to various banks collected and forwarded by the Convener, SLBC. SLBC Convener vide letters (1) TLB 35 442 2007 RP dated 12.02.2007 (2) TLB 35 1666 2007 RP dated 31.08.2007 had followed up the matter with the Department of Finance, Government of Kerala.

As proposed by Federal Bank the matter was again included as an agenda in the 95th meeting of SLBC, Kerala. While reviewing the developments on the issue during the 95th meeting of SLBC Kerala held at Trivandrum on 29.05.2008, the meeting noted that the

matter had been a pending issue with the Finance Department for a favourable decision. SLBC Convenor had followed up the matter with the Principal Secretary, Department of Finance, Government of Kerala with the details of all the State Government Guarantees invoked by banks but not honoured by the Government. The forum noted that all the banks had an excellent relationship with the State Government. The Finance Department was requested to sort out the issue expeditiously. The Secretary (Planning) assured the forum to take up the matter with the finance department.

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

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

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

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

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

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

Sub-Committee have been formed and the issues would be handled by the Sub-Committees and decision would be brought to SLBC shortly.

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

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

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

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

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

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

Meanwhile responding to the letter from SLBC dated 04.11.2009, the Principal Secretary, Taxes (E) Department, Government of Kerala vide letter No.27532/E2/09/TD

dated 18.01.2010 clarified that the modification in the EC format cannot be effected as suggested by SLBC. The copy of the letter is provided in the Annexure 10.44. In view of the clarification, the item may be dropped.

4.1.12. Customer details sought by Commercial Taxes Department - Banker's obligation to observe secrecy of customers' accounts

Many of the banks having their administrative/controlling offices in Kerala state were issued with a notice, under Section 82 of the Kerala Value Added Tax Act – 2003, by the Intelligence Officer (Spl. Squad), from the Commercial Investigation Section of Commercial Taxes Department (Intelligence Wing), Government of Kerala seeking data /details pertaining to the customers of the bank.

The notice demands that the Head of Administrative / Controlling Office of banks in Kerala should furnish the details of credit / loans sanctioned by his/her bank for construction of building (Commercial and others) with a floor space of 5000 sq. ft. or above or with a cost Rs. 40 lacs or above for a period of two financial years (current and the last); The demand notice stipulates furnishing of the above data by the bank with individual customer details such as complete address, particulars of loan such as name and address of the branch, purpose of loan , sanctioned loan amount , stage of disbursement, amount disbursed, address of the property , construction site etc. to the Commercial Taxes Department . The notice further explains, quoting Section 82 of the “Kerala Value Added Tax Act, 2003”, that “any officer not below the rank of an ‘assessing authority’ may by notice in writing require any person whether or not liable to pay tax under the Act, to furnish any information that may be required by the notice Concerning the tax affairs of that person or any other person”

The matter was discussed in the 95th meeting of SLBC Kerala held at Trivandrum on 29th May 2008. The meeting noted that banks were not prima facie concerned with the tax affairs of their customers. It was observed that if banks furnish the details of credit / loans availed by their valued customers to the Commercial Taxes Department, banks would eventually face with problems as there was a likelihood that the affected customers would turn against the bank either legally or otherwise alleging that the bank had violated its obligation to observe secrecy of the customer's account.

Banker's obligation for maintaining secrecy of the customer's account explains that the disclosure of matters relating to the customer's financial position may do considerable harm to his credit and business and hence the banker should take scrupulous care ***not*** to disclose the state of his customer's account. As per the Banking Law and Practice in India, the contract between a banker and his customer requires that the banker must not disclose the condition of his customer's account except on reasonable and proper occasions and the obligations to observe secrecy does not end even with the closing of the customer's account.

The Banking Law and Practice in India binds a banker on his obligation to disclose particulars of his customer's account when he is compelled by court to do so or on demand as per provisions under the various statutes which provide for similar powers as are vested in a civil court. For example, the provisions contained in sections 131 & 133(6) of the Income Tax Act - 1961, section 37 of the Wealth Tax act – 1957, section 36 of the Gift Tax act – 1958, section 94 of the Criminal Procedure Code and the provisions of the Customs Act empower the officers / authorities respectively to call for any information from any person including a banker.

The Commercial Tax authorities have not been included under any of the above said provisions to demand and collect information / data from a bank regarding credit /loan account of its customers.

The SLBC forum resolved to take up the matter with the concerned Government authorities so that a suitable guideline / direction would be issued to the Commercial Taxes Department (Intelligence Wing) to refrain from sending notices to banks seeking information on customer accounts (loan account or otherwise) as this would amount to violation of the Banker's obligation for observing secrecy of the customer's account except under occasions of justified disclosures to notified authorities.

The meeting noted the views of the Steering Committee that most of the banks had received notices from the Commercial Investigation Section of Commercial Taxes Department (Intelligence Wing), Government of Kerala seeking data/details pertaining to the customers of the bank. It was difficult for the bank branches to furnish the details, which might be violating the banker's obligation for maintaining secrecy of the customer's account. The Secretary (Planning), Government of Kerala assured the forum that the matter would be taken up with the concerned department.

The issue was again taken up in the SLRM 2008 & 2009. However the Planning/Taxes Department is yet to provide a clear cut instruction in this regard.

While reviewing the matter in the 100th meeting of SLBC, Kerala held on 21.12.2009, Additional Secretary, Taxes Department informed that there was no provision in the Act, so Government had not taken any decision in this regard so far. As regards Commercial Taxes Department, it was to be provided by them to the bank account holders as Commercial Taxes Department were to collect tax from them. As regards the stringent provision, Government had not taken any decision in this regard.

The Secretary, Planning & Economic Affairs Department pointed out that Kerala VAT 2003, Section 82 had incorporated the specific provision to collect the dealer details from banks. He also stated that sharing of information would not be a problem especially when the RTI Act is in force. He however instructed the Taxes Department to check up and provide details to banks.

The Principal Secretary, Taxes (C) Department, Government of Kerala, vide letter No.14496/C3/2008/TD dated 14.01.2010, informed that many tax evasion cases were finalized or proved from Bank transaction details of the individuals. This forms the crucial evidence in tax evasion cases. He reminded that the first and foremost public duty is helping to safeguard the revenue of the State and by providing the details the concerned are co-operating with the Central Govt. on Central taxes. It was also pointed out that no such objections are raised with regard to the Central Acts.

In view of the clarification, the item may be dropped.

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

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

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

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

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

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

Quoting the prevailing congenial conditions in the Tamilnadu State, the Hon’ble Union Minister of State for Finance Sri. Pawan Kumar Bansal, who chaired the meeting, opined

that the above proposal would bring more comfort for both the bank and the customers. He suggested further that the “Registration charges” for registered memorandum for bank loans could be classified as a separate category and the charges for registration and stamp duty could be reduced for this category.

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

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

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

SLBC Convenor, vide letter No. SLBC 35 207 2010 KM dated 13.02.2010, had submitted the proposal to the Principal Secretary Revenue Department once again as decided in the meeting. he representative of the Revenue Department may inform the latest developments decision in this regard.

4.1.14.Exemption of surcharge for certificate of sale under SARFAESI Act/Rules 2002

As per Art.16 of the Kerala Stamp Act, the stamp duty payable for Certificate of Sale granted to the purchaser of any property sold by public auction by a Civil or Revenue Court or by the Government, Collector or other Revenue Officer is the same as that on a conveyance i.e. 10% (including surcharge of 4%), 12.5 % (including surcharge of 4 %) & 13.5% (including surcharge of 5 %) in Panchayat, Municipality & Corporation areas respectively. But the surcharge duty for the said Certificate of Sale had been exempted by the Government of Kerala vide G.O.(MS) 495/62/2D dated 12.06.1961 & GO(MS) 552/63/DD dated 15.07.1963. But quite unfortunately this exemption is not available for the Certificate of Sale issued under Rule 8 & 9 of the Security Interest (Enforcement) Rules, framed subsequent to the enactment of the SARFAESI Act 2002. The result is, banks are finding it difficult to mobilize/locate some prospective bidders/purchasers for the property brought for sale under SARFAESI Act. If Art. 16 of Kerala Stamp Act is suitably amended by including the sale under SARFAESI Act, definitely it would be a boon for the bankers as the sale of assets would be easy and also better competition with better net receipts would be possible.

The came up for discussion during the 94th meeting of SLBC, Kerala held on 24.12.2007 in Trivandrum as suggested by Reserve Bank of India. The meeting decided to take up this issue with the State Government for suitably amending the article 16 of Kerala Stamp Act, by including the sale under SARFAESI Act also under the Act's purview. The forum noted that this would help banks to sell their assets more easily.

SLBC Convenor had taken up the matter with the Principal Secretary (Revenue) and Secretary (Taxes), Government of Kerala requesting to place the matter before the State Government to consider the above suggestion favourably amending the relevant article in the Kerala Stamp Act.

While reviewing the matter during the Review Meeting of SLBC, Kerala held on 6th & 7th October 2008, the forum suggested that the benefit of exemption of surcharge for the certificate of sale issued under Rule 8 & 9 of Security Interest (Enforcement) Rules should be made available to banks. The matter was again reviewed in SLRM 2009 and was decided to pursue further. Accordingly SLBC has again reminded the Revenue Department for a favourable decision in this matter.

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

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

In view of the clarification, the item may be dropped.

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

“Whenever any properties of immovable nature are attached by the civil or revenue courts, the same should be entered in Book I kept with concerned SROs and the same would reflect in the subsequent ECs. Possession of immovable properties under SARFAESI Act 2002 is also part of quasi-judicial proceedings by the Authorised Officers of the secured creditor/banks. If the said fact of taking possession is also entered in Book I, it would be helpful to the public in general and the banks/secured creditors in particular. When this matter has been taken up with the I.G. of Registration, it has been

clarified vide his letter No.RR.3/24675/2004 dated 07.03.2005 that unless the existing Rules in Kerala is amended the above action would not be possible. Hence suitable amendment in the Registration Rules, empowering the SROs to make an entry of possession of immovable properties under SARFAESI Act 2002 [on specific requisition of the Authorised Officers under the Security Interest (Enforcement) Rules 2002] may be made, which would help banks in the process as above.”

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

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

The matter was reviewed in the SLRM 2008 & 2009 and was decided to pursue the matter with Government. A decision is yet to be conveyed in this matter.

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

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

In view of the clarification, the item may be dropped.

4.1.16. Notifying More Centres for Equitable Mortgage

SLBC Kerala had been requesting the Government to declare all places in the State where Sub-Registrar’s Offices (SROs) are located, as notified centres for creating Equitable Mortgage (EM) under Section 58-G of Transfer of Property Act. The meeting of the Secretaries chaired by the Chief Secretary on 23.05.2005 had noted that there would be no revenue loss due to this. The meeting had decided that the Secretary (Taxes) would prepare a proposal to be placed before the Council of Ministers to implement the suggestion.

The issue has been pending since 2005 and is being carried over through all the SLBC meetings till SLRM 2009. A final decision in this regard may be arrived at for providing a logical conclusion for the issue.

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

Sub-Committee have been formed and the issues would be handled by the Sub-Committees and decision would be brought to SLBC shortly.

4.1.17.First Charge claimed by Sales Tax Department

The subject issue was presented in the SLRM 2009. Accordingly it was decided to represent to the Sales Tax Department that wherever Banks charge under Equitable Mortgage is taken as first charge, the first charge holder should be given due priority as is prevalent in other States. When there are subsequent dues to the Government, this gets overlooked which jeopardizes the interest of the banks. As per the decision of the SLRM 2009, SLBC has written to the Sales Tax Department to have a re-look into the issue.

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

The Principal Secretary, Taxes (C) Department, Government of Kerala, vide letter No.14496/C3/2008/TD dated 14.01.2010, informed that the constitutional validity of section 38 of the KGST Act has been upheld by the Hon. Supreme Court of India in the case – Central Bank of India Vs. State of Kerala and others (C.A 95/05). Hence the request could not be considered in the interests of revenue.

In view of the clarification, the item may be dropped.

4.1.18.Mutation of Land Records

In districts like Kollam, Pathanamthitta and Idukki mutation of title is not effected by the Registration Department for want of completion of resurveying process. This causes delay in getting Encumbrance Certificates to the parties and banks. The SLRM 2009 recommended that the matter may be examined by the Registration Department for an early settlement. SLBC has also written to the Registration Department in this regard.

While reviewing the matter during the 100th meeting of SLBC, Kerala held on 21.12.2009 in Trivandrum, the representative from State IT Cell (Revenue Dept) informed that in Kollam and Pathanamthitta Districts no such incidents have been brought to their notice, but some problems have been reported from Idukki District.

Representative of Central Bank of India informed that Aryanad Village in Kollam District was not getting the certificates. The LDM, Pathanamthitta informed that things have improved, but still the problem has not been completely sorted out.

Representative from State IT Cell, Revenue requested to list out the specific issues and place before Revenue Department so as to sort out the same.

The meeting requested banks functioning in Kollam and Pathanamthitta districts to take up individual cases to the Revenue Department.

SLBC, vide letter No. SLBC 35 216 2010 KM dated 10.02.2010, had referred the matter to the Principal Secretary, Revenue Department to initiate necessary steps to facilitate obtention of Encumbrance Certificate in the listed districts without delay.

SLBC had also requested the Controlling Offices of banks operating in Kollam and Pathanamthitta districts, to take up individual cases with the Revenue Department so as to enable obtention of Encumbrance Certificate without delay in their respective Districts.

In view this, the item may be dropped.

4.1.19. District-wise Credit Deposit Ratio in the State

As per the recommendations of the Expert Group, headed by Sri. Y.S.P. Thorat, which studied the nature and magnitude of the problem of low CD Ratio across States/Regions and suggested steps to overcome the problem, the Government of India examined and accepted their recommendations with certain modifications. Accordingly it has been decided that districts having CD Ratio less than **40 %** should be monitored by a special sub-committee of District Level Co-ordination Committee (DLCC).

District-wise C D Ratio in the State as on 31.12.2009

Sl. No.	District	CD Ratio (%)	Sl. No.	District	CD Ratio (%)
1	Trivandrum	62.80	8	Thrissur	57.00
2	Kollam	68.00	9	Palakkad	65.20
3	Pathanamthitta	40.21	10	Malappuram	61.00
4	Alappuzha	58.34	11	Kozhikkode	77.00
5	Kottayam	61.00	12	Wayanad	127.00
6	Idukki	114.48	13	Kannur	60.00
7	Ernakulam	102.00	14	Kasaragod	86.00

In Kerala, Pathanamthitta was the only district having poor CD Ratio which has been constantly under follow up. As a result, the CD ratio of the district was improved and it touched a level (**40.21 %**) just above the benchmark of 40% as at December 2009. It has been reported by the LDM, Pathanamthitta that the Special Sub-Committee (SSC) of DCC was formed and that the committee has been monitoring the level of CD Ratio in the District. It was assured that the position would be improved further by March 2010.

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

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

On a review of the performance, it was seen that as at December 2009, banks in Kerala sanctioned an amount of **Rs. 43 crores** (512 accounts) and the balance outstanding was **Rs. 54 crores** (666 accounts). The review of performance under this crucial “Housing sector” has become a regular agenda item of SLBC, Kerala at the behest of National Housing Bank (NHB). Details are shown in Annexure 10.30.

4.1.21. IT enabled Financial Inclusion

The meeting on IT-Enabled Financial Inclusion held at RBI Regional Office on 23.07.2008 had decided to constitute a special committee of SLBC for taking necessary action regarding the process of implementing IT-Enabled Financial Inclusion. As per the directions given by RBI, SLBC Convenor had set up a Special Committee of SLBC with Senior Government officials and major banks.

The first Meeting of the Special Committee of SLBC, Kerala on IT-Enabled Financial Inclusion held on 22.08.2008 at 3 p.m. at Canara Bank, Circle Office, Trivandrum and deliberated various tools and services to implement the project in two districts of the State on a pilot basis. The project would be implemented in the State in a befitting way by utilizing the products and services provided by the service providers/vendor firms. During the meeting four service providers/vendor firms have made detailed power point presentations on their products for implementing the project in the State in a befitting manner.

As per the decision of the first meeting of the Special Committee of SLBC, Kerala on IT-Enabled Financial Inclusion, the second meeting was convened on 02.09.2008 and took a decision that on a pilot basis, the project will be implemented in Kollam, Wayanad and Idukki districts. As decided by the Special Committee, the SLBC Convenor prepared a Pilot project for implementation in the three select districts and the salient details were placed before the 98th meeting of SLBC for approval of the same by the forum. The project details were initially presented before the "Special Committee of SLBC, Kerala for IT-Enabled Financial Inclusion" for approval. (The details of the Pilot Project presented before the Special Committee of SLBC on the 9th of April 2009 were appended as Annexure to the Agenda and Background Notes provided to the 98th meeting of SLBC).

The Special Committee of SLBC on IT-Enabled Financial Inclusion as well as the 98th meeting of SLBC, Kerala had discussed the project proposals and approved the same for

implementation in the State after getting clearance from the Government regarding Cost sharing proposals made in the project.

It was also decided to insist for district-wise pilot projects in detail which should be prepared by the Lead District Managers of each of the three districts viz., Kollam (Lead Bank: Indian Bank), Idukki (Lead Bank: Union Bank of India) and Wayanad (Lead Bank: Canara Bank) identified for implementing the pilot project on similar lines of the project proposals prepared and presented by SLBC, Kerala for the State as a whole. The District-wise pilot projects, with a road map for implementation in the district, should be prepared by the Lead Bank concerned within a timeframe of six (6) weeks and the same should be submitted to SLBC, Kerala after due approval of the District Level Consultative Committee (DLCC).

While reviewing the matter during the 100th meeting of SLBC, Kerala held on 21.12.2009, LDM, Idukki informed that they had signed an MOU with Government of Kerala. Government informed that some software would be developed by the first/second week of January 2010. He added that Union Bank of India had already issued 10000 bio-metric cards and another 10000 was ready for issue. The bank was following up the matter with Commissioner for Rural Development and was waiting for a decision so as to issue the balance cards.

Assistant General Manager, State Bank of Travancore informed that in Idukki District, SBT was the first bank to implement the project in Nedumkandam under financial inclusion. SBT was targeting 2000 cards initially but they could issue only 600 cards due to lack of prospective NREGP beneficiaries in the area. He was apprehensive that when we bring them under Bio-metric card for NREGP payment there should be a stipulation that all NREGP payments should take place only through that mechanism. Unless the concerned Department implements this, the beneficiaries would open account in other banks where the bio-metric system would not be available resulting in the system not taking off at all. Till this gets resolved, the increase in the coverage would be a issue for banks for future implementation.

LDM, Kollam informed that the matter was discussed in the DLRC held on 17.12.2009, but there was not much progress in this regard. He added that he requested banks to identify the Banking Correspondents and report the same. The outcome is awaited.

Representative of Corporation Bank informed that they have covered it in 35 villages which were functioning well at present.

LDM, Wayanad informed that they had conducted many meetings in this regard. During the last DLRC a road map for the implementation was put up. The progress would be placed in the next SLBC.

The LDMs of Kollam, Idukki and Wayanad may apprise the forum about the progress in preparation of the project report pertaining to their districts.

4.1.22. Incentive Scheme for quicker adoption of electronic benefit transfer for government payments

In the information note to SLBC, it was informed by RBI that the stipulation of condition of reimbursement of Rs.50 per account by RBI in the subject scheme was dependent on the State Government agreeing to pay the transacting banks the transaction fee of 2% of the value of government payments. It has now been informed that the above reimbursement would be made only subject to the State Government and bank concerned mutually agree to the extent of transaction fee payable as against pre-determined level of 2%.

The 100th SLBC meeting held on 21.12.2009, noted that Union Bank of India and State Bank of Travancore have gone ahead with the Electronic Transfer and requested other banks to follow suit. However, it was pointed out by RBI that the aspect regarding sharing of cost by the State Government is yet to be decided upon by the Government. The forum hence decided to pursue the matter with State Government.

SLBC vide letter No. SLBC 35 372 2010 RP dated 09.03.2010, had take up the matter with the Secretary, Planning & Economic Affairs Department enclosing the scheme details for an early decision in the matter. The decision is awaited.

The Planning Department may apprise the present position.

4.1.23. Rural Self Employment Training Institute (RSETI) – Informatory Note

RBI, Central Office vide letters dated September 15, 2008 and February 12, 2009 insisted on setting up of RSETIs and advised to follow up the matter in the SLBC meetings and expedite the setting up of RUDSETI type of Training Institutions in all the districts and report the progress.

District-wise position of setting up of RSETIs is shown as Annexure 10.42.

4.1.24. Earmarking of targets for 2009-10 under schemes of various Ministries/Departments included in the Prime Minister's New 15 Point Programme for the Welfare of Minorities

The subject matter came up for discussion during the 100th Meeting of SLBC, Kerala held on 21.12.2009 at Trivandrum.

Vide letter F.No.7(60)/2008-CM (Part) dated 24.08.2009, Government of India, Ministry of Finance, Department of Financial Services, New Delhi addressed the Chairman/CMDs of all SLBC, Convenor Banks and advised to step up lending to Minority Communities.

In this regard all PSBs have been given a road map. As per the road map the PSBs were required to step up their lending to Minority Communities to 15% of their Priority Sector Lending by 31st March 2010.

In order to achieve this, State wise targets have been fixed by each PSBs for 2009-10. Aggregate target for Kerala State based on the targets reported by individual PSBs is given below.

State	Total Priority Sector Lending (PSL) targets for March 2010 (Rs. in crores)	Total Minority Community Lending (MCL) targets for March 2010 (Rs. in crores)	% of MCL targets to PSL targets
Kerala	31828.52	11298.34	35.50

Keeping in view the overall performance of PSBs during 2008-09, it was requested that the progress in lending to minorities may be reviewed in coordination with concerned Departments of State Government, in the regular meetings of DCC/SLBC. It was also advised to place the matter as a regular agenda item for review in all the quarterly SLBC meetings and to be reported to the Ministry of Finance, Department of Financial Services on a quarterly basis.

The 100th SLBC meeting noted the Government of India scheme and adopted the same for review in all SLBCs.

SLBC had taken up the matter with the Controlling Offices of all Banks requesting advise their branches under their jurisdiction to take necessary action for achieving the target.

4.1.25.Expansion of banking network in the country – Opening of bank branches in under banked/un banked district/blocks – Follow up

The matter came up for discussion during the 100th meeting of SLBC, Kerala held on 21.12.2009. The Hon’ble Finance Minister, in the Budget Speech 2009-10, has announced the need for expansion of banking network in the country by stating “Despite the expansion of banking network in the country, there are still some areas that remain under-banked or unbanked. A sub-committee of DCC will identify such areas and formulate an action plan for providing banking facilities to all these areas in the next 3 years”

In this context, SLBC is advised to ensure that the coverage of unbanked /under banked areas of the State is taken up as a regular agenda item of the SLBC. A progress report with list of unbanked/under banked blocks may be furnished at quarterly intervals.

RBI informed that as per the revised Lead Bank Scheme banking services to be extended to the villages having population of more than 2000 and provide banking facilities by March 2011. It was decided to place the matter before SLBC, so that the coverage of banking facilities would be made faster.

District wise/bank wise no. of unbanked villages having population more than 2000 in Kerala (tentative as per data received) will be tabled.

4.1.26.Introduction of Computerisation in Revenue Recovery

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

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

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

It is requested to place the matter in the SLBC meeting for sponsorship of the activity by the banks in all the districts as done in Palakkad and Malappuram. The project proposal with scheme details expenses were included in the 100th SLBC.

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

Sub-Committee have been formed and the issues would be handled by the Sub-Committees and decision would be brought to SLBC shortly.

4.1.27.Indira Awas Yojana – Top up loan from Banks under DRI Scheme

The matter came up for discussion during the 100th meeting of SLBC, Kerala held on 21.12.2009 as suggested by LDM, Thrissur.

During the SGSY Committee meeting held on 25.11.2009, the BDOs have raised the following with reference to Indira Awas Yojana.

- (b) Majority of the Banks are not aware of the provision of extending DRI loans for IAY beneficiaries as top up loans.
- (c) Banks which are prepared to sanction loans are insisting Equitable Mortgage of Landed property where the house is proposed to be built. Considering the preparation of Land Documents for Legal Scrutiny and the meagre sum of loan of Rs. 20000/- the beneficiaries are not coming forward. Therefore the loan under DRI may be sanctioned as security free as in the case of other DRI loans.

The SLBC observed that Housing Loans under DRI Scheme to beneficiaries under Indira Awas Yojana (IAY) was tabled in the 99th Meeting held on 25.06.2009 in Trivandrum and requested Controlling Offices of banks to implement the scheme.

RBI had clarified that even for DRI loans Equitable Mortgage is to be created with title deeds in case of IAY also.

RBI, vide Letter RPCD(T)No.LBS/1532/03.02.02/2009-10 dated 16.02.2010, had informed that the matter of creation of EMTs would be examined and informed in due course. The development may be informed.

4.1.28.Evaluation Studies report on Financial Inclusion

Evaluation studies of select districts that had reported 100 percent financial inclusion were got conducted through external agencies. The findings of the studies revealed that although the SLBC has declared several districts as 100% financially included, actual financial inclusion has not been to that extent in all the districts. Most of the accounts opened as part of the financial inclusion drive have remained inoperative due to various reasons. In order to further strengthen the efforts towards 100% financial inclusion, the SLBC forum may be used to impress upon the banks the need for increasing their outreach to the rural sector with the help of State Government.

Though, in the State of Kerala, 100% financial inclusion was achieved, it is emphasized that the gaps if any may be identified and filled. The data regarding no frills accounts may be collected and reviewed so as to activate the accounts.

The matter was discussed in the 100th SLBC held on 21.12.2009 and it was informed that RBI had devised a format for collecting the details.

The data compiled by SLBC as at January 2010 is furnished in Annexure 10.46.

4.2. FRESH ISSUES

4.2.1. Agenda items suggested by Reserve Bank of India

4.2.1.1. Financial Inclusion

Deputy Governor of Reserve Bank of India, Dr. K.C.Chakrabarty, has written to all State Chief Secretaries and Administrators of UTs on January 1, 2010 stating that, to commemorate the Platinum Jubilee year, the Reserve Bank is undertaking a series of activities and events including outreach programme focusing on spreading awareness about the economy and the role and importance of the Reserve Bank of India. He has sought the support and involvement of the State Government in these programmes, particularly with respect to financial inclusion and financial education endeavors of Reserve Bank of India. He has pointed out that absence of appropriate physical as well as telecom connectivity, inadequate power supply in the villages, etc, among others, is some of the reasons for the slow progress of the Electronic Benefit Transfer (EBT) scheme. The State Chief Secretaries have been urged to bestow their personal attention so that the Reserve Bank and the State Government could work together to facilitate routing the Government payments through bank accounts and promote financial inclusion thought the country. Further, to promote financial education, he has also suggested to the State Governments that the typical school curriculum be broadened to include certain core elements that allow balance of social and financial topics and that financial education can be embedded within the extant school curriculum itself. SLBC may discuss on the above subject and ascertain the comments of the State Government.

Views of the Steering Committee

Steering Committee after a detailed discussion decided to place the matter before SLBC for its consideration. The committee suggested that the Government may examine the scope of including curriculum to promote financial education at the High School level. Education Department may initiate the process.

The Executive Director, Kudumbashree informed that Balasabha and Bala Panchayat under Kudumbashree could be utilized for improving the Financial Literacy levels.

Regarding the Electronic Benefit Transfer proposal, the Under Secretary, Planning & Economic Affairs informed that the file was under consideration.

The Planning/Education Departments may consider the suggestions and respond.

4.2.1.2. High Level Committee to Review Lead Bank Scheme - Providing banking services in every village having population of over 2000 by March 2011

Central Office has on the recommendation of The High Level Committee with DG Smt. Usha Thorat as chairperson advised to “constitute a Sub-Committee of DCCs to draw a roadmap by March 2010 to provide banking services through a banking outlet in every village having a population over 2,000, by March 2011. Such banking services can be provided through any of the various forms of ICT-based models, including through BCs.” The sub-committee which would meet on a monthly basis would arrange to furnish a monthly progress report in the specified format by 10th of the following month to the SLBC Convener bank who will consolidate the position of progress and forward to RPCD by 15th of the following month. Importance of timely reporting in this regard may also be impressed upon”.

(CO circular RPCD.CO.LBS.HLC.BC.No.43/02.19.10/2009-10 dated November 27, 2009 and paragraph 147 of the Governor’s statement on Second Quarter Review of the Monetary Policy 2009-10)

Views of the Steering Committee

The Steering Committee recommended to place the item before SLBC.

SLBC Convenor informed that as per the data consolidated from LDMs 116 villages were identified from the 14 districts in the State. It was also informed that the data available is only provisional. SLBC Convenor assured to refine the data and update the statistics. The available data will be tabled on the date of the meeting.

In the discussions, the committee recommended that the list provided shall be examined closely and further refinement to be made. The district level committees identifying the area may cross check the centres identified with the District Collector before finalisation. It was also suggested that tribal areas may be examined for providing banking facilities.

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

The DRI advances as at September 2009 (as per the latest 100th SLBC) recorded a low level growth of 0.02% to last year’s gross credit which was much below the mandatory level of 1% of previous year’s total advances.

SLBC may include this as an agenda item for discussion in the forthcoming 101st meeting to identify ways of improving lending under DRI so that the target of 1% is achieved.

Views of the Steering Committee

The Steering committee noted that the DRI scheme was a regular agenda reviewed in all the SLBC meetings. In the deliberations the following suggestion were made for consideration of SLBC:

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

4.2.2. Extending loan facilities for Rehabilitation of Gulf returnees (Suggested by Secretary, NORKA Department, Government of Kerala)

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

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

Views of the Steering Committee

The Steering Committee decided to place the matter before SLBC. The committee suggested:

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

The Convenor, SLBC suggested to form a sub-committee of SLBC wherein the scheme details, terms and conditions etc. could be evolved.

4.2.3. Education Loan - Sub-Committee Report of SLBC

In order to find a solution to the difficulties faced by the banks and the students community many discussions have taken place, on a couple of agenda items pertaining to Education Loan Scheme implementation by banks in the State, from the 96th meeting of SLBC Kerala.

As the issues were complex and sensitive, having a strong bearing on the performance and image of banking sector in the State, the SLBC forum had decided to form a separate Sub-Committee comprising of Planning, Higher Education and Finance Departments of State Government, Reserve Bank of India, and some of the major Banks with larger share of exposure under "Education Loan Scheme" in Kerala.

The Meeting of the Sub-Committee of SLBC on Education Loan was held on 06.02.2010 at Canara Bank, Circle Office, Trivandrum and the following issues have been discussed for making suitable recommendation to the SLBC for consideration.

4.2.3.1. Implementation of Service Area Concept for Sanctioning Education Loan:

The members of the committee discussed at length the various options and resolved to adopt:

- that the bank branch nearest to the place of residence of the parents or the branch wherein the parent of the student is having an **operative account** shall extend the education loan.
- that the Service Area Concept methodology for considering the loan applications under Education Loan. Accordingly each bank would be allotted with specific areas in urban centres /wards of the Panchayat for considering the Education loans. The area allocation would be in line with the Service Area Concept and the work of allocation would be entrusted to the respective Lead District Managers.
- that all LDMs to rework the allocation of the wards in their respective districts both in the Panchayat and Corporation / Municipalities.
- that in centres with more than one bank, the Lead District Manager would in discussion with the respective bank branches be authorised to take a decision about the area to be allotted for considering the Education Loan.

4.2.3.2. Uniformity in Interest Rates charged for Education Loans by Banks

The committee observed that since it was the policy decision of the respective banks taking into account various other factors, it would not be appropriate to make a recommendation to the SLBC in this regard. Hence it was decided not to consider this aspect.

4.2.3.3. Fixing of Quantum of loan for various courses considered by Banks under Education Loan

The members of the sub-committee unanimously agreed on the aspect that there shall be a ceiling on the quantum of loan to be considered for various courses. More over there shall also be uniformity amongst banks in the matter of the quantum of loans sanctioned to the various courses.

The Sub-Committee then examined the following for arriving at the eligible quantum of loan:

- Fees as prevailing for the course applicable in the State of Kerala as notified by the Government from time to time or the college of study where admission has been obtained outside the State, whichever is lower.
- Tuition fee and hostel fee (including boarding) only would be considered under Education Loan and no other fees/charges would be considered.
- Hostel and Boarding fees (including other fees & charges) up to a maximum of Rs.3000 per month only need be considered.

4.2.3.4. Reconstitution of the Education Loan Committee at District Level

The committee suggested reconstituting the Education Loan Committee at District Level for better monitoring and redressal of complaints. It was suggested that the following shall be the members of the Committee:

- The District Collector or his Nominated Representative - Chairman
- LDM of respective Districts - Convenor
- Representative from Higher Education Department duly nominated by the Department.

The Sub-committee requested both the members from Planning and Higher Education Department to take necessary action in this regard.

Other Matters of relevance

The Sub Committee suggested:

- (i) recommending to the Government to consider providing the interest subsidy for Education Loans to all implementing / participating banks.
- (ii) that the Educational Institutions may be advised to publish in their website the name and address of their banker and their fee collection account number, to which alone fees would be remitted by the loan disbursing bank branch.
- (iii) that a guarantee scheme similar to CGTMSE, covering the Education loans shall be evolved by the Government that would be much beneficial to the banking system, if introduced.

Views of the Steering Committee

The Steering Committee decided to place the recommendations of the Sub-Committee before SLBC for consideration and taking up with the appropriate authorities.

4.2.4. Financing MFIs for on lending (Suggested by LDM, Thrissur/Alappuzha)

As per the feedback in one of the BLBC meetings that the MFIs are canvassing Women Groups in Villages for spending their limits permitted for on lending. Groups, lured by hassle free terms and conditions or MFIs, are availing loans from them and becoming prey for higher rate of interest. Certain Groups under Kudumbashree without awaiting for satisfying the pre-sanction formalities of loans by banks are grabbed away by the MFI as reported by none other than a chairperson of a standing committee in Block Panchayat.

In the process, during discussion in DLRC, the fact came up that the MFI utilising the easier repayment terms of funds for on lending are diverting the surplus after repayment, for credit disbursal, besides the approved Credit Interest to those SHGs affiliated to the MFI/NGO as well as to SHGs which are not affiliated, deviating from the credit discipline.

A suggestion in the BLBC came up that fixing a cap on the interest to be charged by MFIs/NGO while doing on lending to SHGs, will significantly reduce the SHGs exposure to loans of exorbitant rate of interest.

Views of the Steering Committee

The Steering Committee noted that specific instances for financing MFIs were reported from Thrissur District and BLBC meeting suggested for fixing interest cap to MFIs. The Committee decided to place the matter before SLBC.

4.2.5. Extending relief measures to Tsunami displaced persons (Suggested by LDM, Alappuzha)

After the Tsunami of 2006, as per Government directive, most banks lend Rs. 5000/- per person as an immediate relief measure to the displaced persons who were in relief camps. It is suggested that these loan amounts may be written off from the funds allocated under Tsunami rehabilitation funds and not tax the victims of this natural calamity.

Rationale : The loans were given to the displaced persons and most of them had lost all their assets and there was no way of earning any livelihood. Now banks are forced to recover these sums, which were meant as immediate relief and for purchasing utensils, cloths etc... and not for any income generation activity. There is resentment among the Tsunami victims and some banks are deducting the dues from the relief measures now

being given to them as part of the rehabilitation packages. The amounts thus lent will come to only less than Rs. 2 crores.

Views of the Steering Committee

The Steering Committee decided to place the matter before SLBC and bank-wise details may be called for and examined at the respective districts.

4.2.6. Stay being granted by Kerala Government by Revenue Department with regard to RR filed cases for recovery of dues involved in NPA loan accounts (Suggested by Syndicate Bank)

As per the guidelines, all the priority sector loans are eligible for coverage under RR Act to recover the dues under NPL accounts. Accordingly all the branches in our Region are filing requisition applications with the RR authorities for recovering the dues involved in identified eligible accounts and the RR officials are co-operating in most of the cases to intensify recovery action.

In this connection we also would like to place before you that :

1. Of late we come across many instances wherein the Government Revenue Department is meddling, when the recovery notices are issued by Revenue Recovery authorities on the defaulting borrowers, by staying the RR proceedings and allowing very long period to repay the amount involved. When the Revenue Department is allowing easy instalments, the process of recovery is getting delayed considerably and the funds are being blocked up under NPL head for a long period of time at various branches.
2. In few cases the Revenue Department has issued such orders which affects the process of revenue recovery for such loan accounts outstanding eg. Kundara branch.
3. As you are aware the loan accounts are being classified under NPA category after a period of time when default occurs in the respective accounts and RR requisitions are being issued after considerable lapse of time when the provisions under the Act is invoked by the branch.

It is requested to take up the matter suitable with the concerned and apprise them about the necessity of ensuring NPA recovery of loan accounts outstanding at Public Sector Banks and the negative impact it would cause otherwise if remedial steps are not initiated at the earliest.

Views of the Steering Committee

The Steering Committee observed that other banks are also having these type of problems and took a decision to place the matter before SLBC. Revenue Department may clarify the position in respect of granting of stay and its guidelines.

4.2.7. Stay against Revenue Recovery proceedings against Akshaya centres by Information Technology Department (Suggested by LDM, Kollam)

The Government of Kerala has given a stay order against invoking revenue recovery action until further orders against Akshaya Centres, who has defaulted in loan repayment. This has resulted in classifying such advances as non performing assets. It is requested to include the above issue relating to revenue recovery as an agenda for discussion. A copy of the Government Order in this regard is shown as Annexure 10.43.

Views of the Steering Committee

The Steering Committee decided to place the matter before SLBC for a report from Information Technology Department.

4.2.8. High percentage of NPAs in cases financed under Bhavanashree loans of Kudumbashree (Suggested by State Bank of India)

Kudumbashree and financing banks may take stock of the increasing NPAs under Bhavanashree loans of Kudumbashree scheme and make joint plans for recovery of overdues.

Views of the Steering Committee

The Steering Committee decided to place the matter before SLBC. However, Executive Director, Kudumbashree assured to take necessary action in this regard. She added that there was a budgetary provision made by the State Government for the payment of defaulted cases. The details would be provided in the SLBC meeting.

4.2.9. Rural Self Employment Training Institute (RSETI) – MoU with Government Department

During the State Level Review Meeting for RSETIs held on 03.03.2010 in Trivandrum, the Principal Secretary, Local Self Government Department, Government of Kerala placed a draft MoU (tripartite agreement) to be entered into between Local Self Government Department (LSGD), Government of Kerala, Bank or Banks' Trust/Society and District Panchayat/Block Panchayat/Grama Panchayat. He requested all banks to inform, if any, changes/modifications are required to be incorporated, to them immediately to enable to take up the matter with the Government/Department. Draft MoU is shown as Annexure 10.45

Views of the Steering Committee

The Steering Committee suggested placing the matter before SLBC for information of banks.

4.2.10. Activity Group loans issues (Suggested by Kudumbashree)

State Poverty Eradication Mission, Kudumbashree, is actively engaged in various income generating activities among the poor. Micro enterprises development is an area where Kudumbashree is specially focused on.

Unlike the SHG approach in SGSY scheme, Kudumbashree is promoting the Activity Group approach in developing micro enterprises. In SGSY, the SHG comprising of 10-20 members formed and nurtured as thrift and credit society, as a whole takes part in micro enterprise activity by availing loan and subsidy. Contrary to this, in Kudumbashree, the NHGs comprising 10-20 members are nurtured solely as thrift and credit societies and do not take on micro enterprise as a group in general. Members from different NHGs having interest in any particular activity are brought together to form activity groups comprising 5-10 members. The process of selection of activity group is as follows.

- a) General Orientation training on scope of MEs to interested NHG members in an LSG.
- b) Entrepreneurship development training for those who are still interested in taking up micro enterprises.
- c) Group formation and support

Some of these activity groups have reported issues in accessing bank credit. Some of the main issues are noted below:

- (2) Activity groups not recognized as entities and loan therefore is not sanctioned to them by several banks.
- (3) Some of the banks demand NHG inter-se agreement, which has to be signed by all the NHG members of all parent NHGs (Canara Bank, IOB and Syndicate Bank)
- (4) Some banks demand that all members of an activity group must be from the same NHG and that all members of the NHG should sign in the loan application. (Syndicate Bank, Kannur District)

The activity group approach of Kudumbashree is more or less similar to the JLG approach promoted by NABARD. JLGs are small groups of 4-10 individuals coming together for the purposes for availing bank loan against mutual guarantee. The JLG members would offer a joint undertaking to the bank that enables them to avail loans. The JLG members are expected to engage in similar type of economic activities like crop production. The management of the JLG is kept simple with little or no financial administration within the group. As the JLGs are intended primarily to be a credit group, savings by the JLG members is not mandatory. The Committee on Financial Inclusion (Rangarajan Committee) has recommended adoption of the concept of JLGs for providing credit to small and marginal segment clients such as small, marginal and tenant farmers, hand-loom weavers and others engaged in specified activities in rural areas.

As per the revised guidelines of the SJSRY scheme also Government of India has approved the activity group approach for the promotion of micro enterprises. Under the UWSP component of the SJSRY scheme an activity group of at least 5 urban poor women is eligible for availing bank credit and subsidy.

Government of Kerala as per GO(P)No.165/09/LSGD dated 25.08.2009 has also issued necessary orders amending the Bye-law of Kudumbashree, with provisions for forming activity groups for the promotion of micro enterprises.

In these circumstances, SLBC is requested to consider the scope for considering the activity groups of Kudumbashree on par with JLGs so that the hindrances faced by them in availing bank credit can be avoided.

Views of the Steering Committee

The Steering Committee suggested that the item placed is similar to the SMERA scheme which was approved by SLBC earlier and hence suggested placing the matter before the forum for information of banks. Kudumbashree to provide the details as hand out to be placed in SLBC for reiteration of guidelines.

4.2.11. Information Note by Reserve Bank of India

4.2.11.1. Report of the High Level Committee to Review Lead Bank Scheme- Implementation of the recommendations – Information Note by RBI

Over a period of four decades, since the inception of the Lead Bank Scheme (LBS), several changes have taken place necessitating a relook at the scheme to make it more effective in the changed economic scenario with sharper focus on financial inclusion and recent developments in the banking sector. A High level Committee to review the Lead Bank Scheme was, therefore, constituted by Reserve Bank of India. The Committee recommended that the Lead Bank Scheme is useful and needs to continue. The overarching objective of the Scheme is to enable banks and State Governments to work together for inclusive growth. All the action points emanating from the recommendations of the Committee requiring action to be taken by the Lead Banks/commercial banks are appended there to as an Annex. Banks are advised to initiate actions for speedy implementation of the recommendations and the progress made by commercial banks in this regard is also closely monitored. With a view to improving the efficacy of the LBS, It is advised that the various fora under the LBS need to be strengthened. More time of the SLBC/DCC machinery may be utilized to discuss specific issues inhibiting and enabling financial inclusion. At the District Consultative Committee (DCC) level, sub committees as appropriate may be set up to work intensively on specific issues and submit reports to the DCC for its consideration. The detailed Illustrative guidelines on the conduct of District Consultative Committee (DCC) meetings are given there in. The

Chairmen/CMDs of the Lead Banks/All Scheduled Commercial banks were advised to keep their respective Regional Office of RBI informed.

(The above item is placed for the information of SLBC in terms of RBI CO letter to all the Chairmen/CMDs of the Lead Banks/All Scheduled Commercial banks vide RPCD.CO.LBS.HLC.BC.NO.57/02.19.10/2009-10 dated March 02, 2010 & RPCD.CO.LBS.HLC.BC.No.56/02.19.10/2009-10 dated February 26, 2010 addressed to CMDs of all SLBC Convener Banks)

4.2.11.2. Priority Sector Lending- Loans to Housing Finance Companies (HFCs) – Information Note by RBI

Housing Loans granted by banks to HFCs upto Rs.20 lakh for on-lending to individuals will qualify as priority sector lending only when the tenor of the loans is linked with the average portfolio maturity on housing loans granted by HFCs to the individual borrowers. As such short term loans of tenure ranging from six months to one year to HFCs will not be eligible to be classified as priority sector advance. .

4.2.12.Japan Fund For Poverty Reduction Project – Note by Principal Secretary & Project Director, JFPR, Disaster Management, (TRP-Cell) Dept, Govt. of Kerala

Introduction

Japan Fund for Poverty Reduction is a project aided by ADB under Tsunami Rehabilitation Programme. This project intends to support restoration and diversification of livelihood for Tsunami affected poor and marginalized people in the State of Kerala. JFPR project has mainly two components.

- b) Alternative Livelihood Activities and
- c) Environmental Friendly Fish Breeding Activities

The project is proposed to implement through selected Government and Non Governmental Organization.

Objectives of the Project

Overall goal of JFPR project is poverty reduction in the Tsunami affected districts in Kerala which are prone to Tsunami disasters. Specific objectives are-

- a. To create value addition to the seafood/products and establish market links for long term sustainable income generation programme for the Tsunami affected poor in the vicinity.
- b. To pilot new approaches through infusion of technologies in sustainable income generation activities and develop opportunities for alternative livelihoods.
- c. To introduce livelihood activities which reduce to vulnerability to disasters.

- d. To use results from this project as pilot for ADB's growing poverty agenda in India.

The project will focus on effective delivery mechanism through physical infrastructure and community ownership of the project for sustainability of the envisaged interventions. It also focuses to encourage innovative livelihood activities which can be showcased and demonstrated as best practice

Grant details

Sl. No.	Component	Total fund allocation		Total JFPR share of the approved projects	
		INR	USD	INR	USD
1	Alternative livelihood activities – Component B	34562031	735675	34562031	735675.42
2	Environmental Friendly Fish Breeding Activities-Component C	13777570	293265	13777570	293264.58
3	Grant Management-Component D	5323069	113305	5323069	113305.00
4	Contingencies	1609863	34267		
	Total	55272533	1176512	53662670	1142245.00

Details of the projects under implementation

Component	Sl. No	Name of Implementing Partner	Livelihood Activity	No. of benefited households	No. of villages covered
B. Alternative Livelihood Activities	1	Bodhana, Thiruvalla	Mushroom cultivation	100	2
	2	Kottappuram Integrated Development Society (KIDS)	Value added products from Natural Fibres	600	6
	3	Kerala Rural Development Agency (KRDA)	Value added products from Natural Fibres	1150	8
	4	Kottayam Social Service Society	Backyard Rabbit Rearing Units	150	2
	5	Quilon social Service Society	Paper and Velvet Vanity bag production cum marketing centre	60	2
	6	Kottappuram Integrated Development Society (KIDS)	linking tourism development at Kodungallur with existing project	300	5
	7	Women Empowerment and Human Resource development Centre of India, (WHI) Trivandrum	Production and Marketing of Sanitary Napkin	75	3
	8	Jeevana, Kozhikode	Homestead Quail rearing	275	3
	9	Malankara Social service Society, Trivandrum	Group Dairy Venture units	75	3
	10	Welfare Services Ernakulam (WSE)	Rabbit rearing, Jewelry making	225	3
	11	Rural Development Foundation, Trivandrum	Modernized Garment making units and Beauty Culture Centers	184	6

Component	Sl. No	Name of Implementing Partner	Livelihood Activity	No. of benefited households	No. of villages covered
C. Environmental Friendly Fish Breeding Activities	1	Kottappuram Integrated Development Society (KIDS)	Cage fish culture and value added fishery products	400	5
	2	Brackish water Fish Farmers Development Agency (BFFDA), Kollam	Cage fish culture and hatchery	75	6
	3	Brackish water Fish Farmers Development Agency (BFFDA), Ernakulam	Brackish water fish farming and live fish marketing	63	7
	4	GSGSK, Alappuzha	Industrial fish processing and Marketing Centre	102	4
	5	BFFDA, Alappuzha	Brackish Water Fish Farming and Crab Fattening	60	9
Total of B+C				3894	74

Financial outlay of approved Sub Projects (In INR)

Sl. No.	Name of Agency	JFPR Share	Community Contribution	Financial Institution	Implementing Partners	Total
	Component B					
1	Bodhana, Thiruvalla	2194300	267500	0	350400	2812200
2	KIDS, Kottappuram	6769190	602500	2310000	674300	10355990
3	KRDA, Karunagappally	5471800	1600000	3500000	71850	10643650
4	Kottayam Social Service Society	2324600	1657500	0	36000	4018100
5	Quilon Social Service Society	2472998	120000	1322779	961000	4876777
6	KIDS, Kottappuram	510000	508500	600000	1387500	3006000
7	WHI Trivandrum	2556100	181100	574000	43400	3354600
8	Jeevana Kozhikode	3864900	739175	699050	18000	5321125
9	MSS, Trivandrum	3298750	617250	1687300	429200	6032500
10	Welfare Services Ernakulam	1667000	79750	412500	25250	2184500
11	RDF Trivandrum	3432393	386040	839000	204000	4861433
	Sub Total	34562031	6759315	11944629	4200900	57466875

Sl. No.	Name of Agency	JFPR Share	Community Contribution	Financial Institution	Implementing Partners	Total
	Component C					
1	KIDS, Kottappuram	3503750	485000	1250000	140000	5378750
2	BFFDA, Kollam	1880550	250000	586000	0	2716550
3	BFFDA, Ernakulam	1710000	223000	556000	0	2489000
4	BFFDA, Alappuzha	1687150	223000	557000	0	2467150
5	GSGSK, Alappuzha	4996120	417340	2364040	22500	7800000
	<i>Sub Total</i>	<i>13777570</i>	<i>1598340</i>	<i>5313040</i>	<i>162500</i>	<i>20851450</i>
	Grand Total	48339601	8357655	17257669	4363400	78318325

The projects are implemented in the selected villages in 6 Tsunami affected districts of the state viz; Thiruvananthapuram, Kollam, Alappuzha, Ernakulam, Thrissur, and Kozhikode.

5. Review of Performance under Priority Sector Advances

5.1. Disbursements to Priority Sector – Review of ACP 2009-10 achievement up to December 2009 (Refer Annexures 10.11 & 10.12)

The performance of banks with reference to the Annual Credit Plan-2009-2010 as at December 2009 with Bank-wise and District-wise break up is furnished in the annexure. The abstract of the performance as at December 2009 under ACP 2009-2010 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	2734	2136	78.13	771	521	67.57	4053	3484	85.96	7558	6141	81.25
Nationalised Banks	4956	3450	69.61	990	427	43.13	4171	2645	63.41	10117	6522	64.47
RRBs	1993	2229	112	105	41	39.05	945	781	82.65	3043	3051	100
Private Sector Banks	2606	3658	140	795	313	39.37	3418	1919	56.14	6819	5890	86.38
Cooperatives	5500	4284	77.89	508	212	50.79	8041	6216	77.30	14049	10712	76.25
KFC	0	9		142	164	115	49	61	124	191	234	123
Total	17789	15766	88.63	3311	1678	50.69	20677	15106	73.06	41777	32550	77.91
% to Total Disbursement		48.44			5.16			46.40			100	

5.1.1. Overall Performance Under Annual Credit Plan

The banking sector of the state has disbursed **Rs. 32550 crores** to the priority sector during the fiscal 2009-10 as at December 2009. This is **77.91 %** of the annual target of **Rs. 41777 crores**. There is an increase of **Rs. 8305 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. 10712 crores**) followed by Nationalised Banks (**Rs. 6522 crores**). A comparison based on percentage achievement of target reveals that achievements of State Bank Group, RRBs and Private Sector Banks were much above that of the state's overall performance whereas the performance of the Nationalised Banks and Co-operative sector banks were less than the

benchmark share by the State as a whole. Disbursement to secondary sector constituted only **5.16 %** 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.10277 crores**) followed by State Bank of Travancore (**Rs. 4288 crores**). Three Banks viz., Bank of Rajasthan, State Bank of Indore and Yes Bank have reported “nil” disbursement to priority sector in the state during the period from 01.04.2009 to 31.12.2009 which needs immediate attention.

Ernakulam district stood first in the quantum of priority sector loan disbursement (**Rs. 4272 crores**) closely followed by Thrissur with a disbursement of **Rs. 4174 crores** to Priority Sector. Thrissur district was first in percentage achievement of target (**98.21%**) followed by Trivandrum (**93.21%**), Palakkad (**88.75%**), Ernakulam (**88.14%**), and Malappuram (**87.06%**) districts which had achieved targeted levels above the State’s average position. However, Wayanad (**68.52%**), Idukki (**65.92%**) Pathnamthitta (**65.17%**), Alappuzha (**63.69%**), Kollam (**46.24%**) districts have registered poor performance under ACP achievement.

5.1.2. Performance under Primary Sector

The primary sector, which comprises the agriculture sector, accounted for **48.44%** of the total disbursements in priority sector. The sector achieved **88.63 %** of the annual target as at December 2009 which is highly appreciable. An amount of **Rs.15766 crores** was disbursed to the sector as at December 2009 against the year-end target of **Rs. 17789 crores**. When compared to the disbursements during the corresponding period of the previous fiscal, there was an increase of **Rs. 6302 crores**. Last fiscal during April 2008 to December 2008, the disbursement to primary sector was only **Rs. 11487 crores**.

Cooperative Sector, by disbursing **Rs. 4284 crores**, accounted for (**27.17 %**) of the total disbursement to the sector. Private Sector Banks accounted for **23.20 %** of the total disbursement to the primary sector of the state by disbursing **Rs. 3658 crores** followed by Nationalised Banks (**21.88%**) by disbursing **Rs. 3450 Crores**

Among Commercial Banks, SBT, SMGB, ICICI Bank, Canara Bank, The Federal Bank Ltd, Indian Bank and South Indian Bank Ltd are the top performers with regard to quantum of loans disbursed to the sector. The following banks have not reported any disbursement to primary sector in Kerala – State Bank of Bikaner & Jaipur, State Bank of Indore, Punjab & Sind Bank, Bank Rajasthan, Yes Bank and Kotak Mahindra Bank.

Highest disbursement to primary sector was reported in Thrissur district (**Rs.1854 crores**) followed by Trivandrum district (**Rs. 1779 crores**), Ernakulam (**Rs. 1775 crores**) Palakkad (**Rs. 1708 crores**). Among the less performing districts, Kollam with **50.78 %**

and Idukki with **58.78 %** achievement of the target should improve the performance during the remaining period of the fiscal for achieving the annual target.

5.1.3. Performance under Secondary Sector

Under secondary sector, which includes the SME Sector, the banking sector of the state could achieve only **50.69 %** of the annual target as at December 2009. Banks in the state have disbursed loans to the tune of **Rs.1678 crores** upto December 2009. Another disturbing fact is that the sector accounted for only **5.16 %** of the disbursement to priority sector in the state.

However, when compared to the disbursements during the corresponding period of the previous fiscal, there was an increase (**Rs. 346 crores**) in disbursements to the sector during the first three quarters of 2009-2010. Last fiscal during April 2008 to December 2008, the disbursement to the secondary sector was **Rs.1332 crores** whereas during the same period this year banking sector in the state could disburse **Rs.1678 crores**.

State Bank Group lead in disbursements to the sector (**Rs. 521 crores**) followed by Nationalised Banks (**Rs. 427 crore**) and Private Sector group (**Rs. 313 crores**). State Bank of Travancore leads in quantum disbursement to secondary sector in the state by disbursing **Rs. 335 crores** followed by State Bank of India (**Rs. 177 crores**), Canara Bank (**Rs.162 crore**). The following Banks have not reported any disbursement to the sector - State Bank of Indore, Punjab & Sind Bank, IDBI Bank, Karur Vysya Bank Ltd, Indus Ind Bank, Bank Of Rajasthan, J&K Bank, ICICI Bank, Kotak Mahindra Bank and Yes Bank.

Among the districts, highest disbursement to secondary sector was reported in Ernakulam district (**Rs.409 crores**) followed by Kollam district (**Rs. 250 crores**) and Thrissur (**Rs. 177 crores**).

5.1.4. Performance under Tertiary Sector

Tertiary sector accounted for **46.34 %** of the total disbursement to the priority sector in the state thereby slightly increasing its share as compared to the disbursement during the same period in the previous fiscal. The total disbursement to the sector during the current fiscal upto December 2009 was **Rs.15106 crores** thereby achieving **73.06 %** of the annual target. When compared to the disbursements during the corresponding period of the previous fiscal, there is an increase of **32.21 %** in the sector. Last fiscal during April 2008 to December 2008, the disbursement to tertiary sector was only **Rs.11426 crores**.

Under quantum of loans disbursed during the current fiscal, Cooperatives lead other banking groups by disbursing **Rs. 6216 crores** followed by State Bank Group with **Rs. 3484 crores** of disbursement Nationalised Banks (**Rs. 2645 crores**), Private sector

Banks (**Rs.1919 crores**) Under the parameter of percentage achievement of target, KFC (**124%**) topped the list of achievers. State Bank Group, RRBs, Banks in the Co-operative sector, Nationalised Banks and Private Sector Banks follow suit with **85.96 %**, **82.65%**, **77.30%**, **63.41%** and **56.14 %** respectively.

Among Commercial Banks, SBT leads in disbursement to the sector (**Rs.2412 crores**) followed by the State Bank of India (**Rs.1040 crores**), Federal Bank (**Rs. 937 crores**) Canara Bank (**Rs. 487 crores**) and Syndicate Bank (**Rs.476 crores**). Poor performers under Annual Credit Plan such as Bank of Rajasthan, State Bank of Indore and Yes Bank have reported 'NIL' disbursement to the Tertiary sector in the State.

District wise analysis reveals that Wayanad (**97.73%**), Kasargode (**93.23%**), Thrissur (**86.01%**), Kannur (**82.61%**), Trivandrum (**82.02%**), Palakkad (**79.51%**), Malappuram (**76.78%**) and Kottayam (**75.77%**) have achieved the year-end target. The performance of Kollam (**41.60%**), Pathanamthitta (**62.23 %**) Alappuzha (**62.50%**) Kozhikode (**65.38 %**) districts need 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 would be achieved comfortably.

5.2. Outstanding Under Priority Sector Advances As at December 2009

(Refer Annexure 10.4)

5.2.1. Performance versus National goals

(Figures in percentage)

Sl. No.	PARAMETER	GOAL %	Mar. 2006	Mar. 2007	Mar 2008	Mar 2009	Dec. 2008	Dec. 2009	Variation	
									Mar.'09 To Dec.'09	Dec.'08 To Dec.'09
1	P. S. Advances to Total Credit	40	53.47	55.52	58.53	58.42	56.55	58.13	0.29	0.47
2	Agri. Advances to Total Credit	18	15.91	17.70	21.23	19.27	19.32	21.13	1.86	1.81
3	Weaker Section Adv. to Total Credit	10	12.40	13.01	12.91	14.78	12.03	15.99	1.21	3.96
4	DRI Advances to Total Credit	1	0.01	0.01	0.02	0.26	0.24	0.03	-0.23	-0.21
5	C: D Ratio	60	66.84	70.09	71.39	63.54	66.35	66.98	3.44	0.63

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

The growth in outstanding advances under sub sectors of priority sector as at December 2009 is summarized as follows.

(Rs in. Crores)

Parameter	Outstanding						Variation			
	Mar. 2007	Mar. 2008	Dec. 2008	Mar. 2009	Sept. 2009	Dec. 2009	Mar. 07-Mar. 08	Mar. 08-Dec. 08	Mar. 08-Mar. 09	Mar. 09-Dce. 09
Priority Sector Adv.	35683	44078	46006	48387	51876	53938	8395	1928	4309	5551
Agriculture Adv.	11337	15991	15714	15959	17945	19608	4654	-277	-32	3649
SSI Adv./ SME	4391	6674	7265	8095	9265	10354	2283	591	1421	2259
Weaker Section Adv.	8361	9724	9787	12240	13485	14836	1363	63	2516	2596
SC Advances	942	1700	3216	2204	2163	1903	758	1516	204	-301
ST Advances	NA	NA	NA	NA	206	418	NA	NA	NA	NA
DRI Advances	9.11	10.78	194.23	211.82	21.08	23.71	1.67	183.45	201.04	-188.11

Performance of the Banking sector inclusive of KSCARDB as at December 2009

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

Performance of KSCARDB under Priority Sector Advances

(Amount Outstanding)

(Rs in. Crores)

Parameter	December 2008		KSCARDB % to total advances	December 2009		KSCARDB % to total advances
	KSCARDB	COMM. BANKS + KSCARDB		KSCARDB	COMM. BANKS + KSCARDB	
Total advances	1774.56		----	1903.86		
Priority Sector Adv.	1774.56	47780.46	100.00	1903.86	55841.79	100.00
Agriculture Adv.	602.30	16316.02	33.94	611.05	20218.82	32.09
SSI Adv./ SME	292.74	7557.69	16.50	285.85	10640.16	15.01
Weaker Section Adv.	1561.50	11348.22	87.99	1657.50	16493.53	87.06
SC Advances	53.25	3268.43	3.00	76.15	1978.74	4.00
ST Advances	NA			NA	418.46	NA
DRI Advances	0.00	194.23	0.00	0.00	23.71	0

5.2.2. Priority Sector Advances (Refer Annexure 10.4)

(Rs in. Crores)

Parameter	Outstanding					Variation			
	Mar. 2007	Mar. 2008	Dec. 2008	Mar. 2009	Dec. 2009	Mar. 07- Mar. 08	Mar. 08- Dec 08	Dec. 08- Dec. 09	Mar. 09- Dec. 09
Priority Sector Adv.	35683	44078	46006	48387	53938	8395	1928	7932	5551

During the financial year, from April 2009 to December 2009, a growth of **Rs. 5551 crores** was recorded by the commercial banks in the state under priority sector outstanding.

During the first three quarters of the year of 2009-10, Priority Sector Advances increased by **Rs. 5551 crores** as against **Rs. 1928 crores** added during the corresponding period of last fiscal. A year-on-year analysis reveals that there was a growth of **Rs. 7932 crores** in priority sector advances over December 2008 position.

Against the mandatory norm of 40% under priority sector advances, as at December 2009, **58.13%** of the total advances of the banks in the state was to priority sector.

Banking Group Wise Performance Under Priority Sector Advances as at December 2009

(Rs in. Crores)

BANK	Total Advances			Priority Sector Advances			% PSA to Total Adv. (Dec.09)
	Mar.2009	Dec. 2009	Growth Mar. 09- Dec. 09	Mar.2009	Dec. 2009	Growth Mar. 09- Dec. 09	
State Bank Group	27864	31706	3842	15310	16832	1522	53.09
Nationalised Banks	24932	28405	3473	17738	20433	2695	71.93
RRBs	3800	4446	646	3418	3949	531	88.82
Private Sector Banks	25641	27641	2000	11824	12654	830	45.78
Foreign Banks	582	590	8	97	70	-27	11.86
GRAND TOTAL	82819	92788	9969	48387	53938	5551	58.13

Quantum wise, highest contribution to the Priority Sector advances of the state is by Nationalised Bank (**Rs.20433 crores**) followed by the State Bank Group (**Rs. 16832 crores**). During the first three quarters of the year, highest growth in priority sector advances was contributed by Nationalised Banks (**Rs. 2695 crores**) followed by State Bank group (**Rs. 1522 crores**). RRBs have **88.82 %** of their advances under priority sector and Nationalised Bank Group (**71.93%**) and the State Bank Group with

53.09 % were also below the level achieved by the state (58.13%) in terms of percentage of priority sector advances to total advances.

Private Sector Banks have achieved 45.78% under Priority sector advances as at December 2009 which is slightly above the mandatory level fixed by RBI at 40%.

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

5.2.3. Agriculture Advances (Refer Annexure 10.5)

(Rs in. Crores)

Parameter	Outstanding				Variation			
	Mar. 2008	Dec. 2008	Mar. 2009	Dec. 2009	Mar.08- Dec.08	Dec.08- Dec.09	Mar.08- Mar.09	Mar.09- Dec.09
Agriculture Adv.	15991	15714	15959	19608	-277	3894	-32	3649

The outstanding advances to agriculture sector in the state have increased by **Rs. 3649 crores** during the first three quarters of the current fiscal. This growth is higher than the negative growth recorded (**Rs. 277 crores**) during the corresponding period of the previous fiscal. The outstanding agriculture advances stood at **Rs.19608 crores** as at December 2009, which is **21.13%** of the total advances outstanding in the state. This has been gradually increasing (as at December 2008 it was **19.32%**), and has already crossed the mandatory norm of 18% fixed by RBI.

Year-on-year there was an increase of **Rs. 3894 crores** in agriculture advances outstanding.

Banking Group Wise Performance Under Agriculture Advances as at December 2009

(Rs in. Crores)

BANK	Total Advances			Agriculture Advances			% Agri. Adv to Total Adv. (Dec.09)
	Mar. 2009	Dec. 2009	Growth Mar. 09 Dec. 09	Mar. 2009	Dec. 2009	Growth Mar. 09 Dec. 09	
State Bank Group	27864	31706	3842	3354	3841	487	12.11
Nationalised Banks	24932	28405	3473	6100	8064	1964	28.39
RRBs	3800	4446	646	1957	2317	360	52.11
Private Sector Banks	25641	27641	2000	4548	5386	838	19.49
Foreign Banks	582	590	8	0	0	0	0
GRAND TOTAL	82819	92788	9969	15959	19608	3649	21.13

Nationalised Bank group has contributed the highest quantum growth in agriculture advances outstanding (**Rs.1964 crores**) followed by Private Sector Banks (**Rs. 838 crores**), State Bank group and RRBs have shown a growth of **Rs. 487** and **Rs.360 crores** respectively.

52.11% of the advances outstanding with RRBs in the state is to agriculture sector State Bank group has the least outstanding under agriculture in terms of percentage agriculture advances to total advances (only 12.11%)

The following Public Sector banks apart from both the RRBs had crossed the mandatory norm of 18% under agriculture advances. – Bank of Baroda, Canara Bank, Indian Overseas Bank, Punjab National Bank, Union Bank of India, Indian Bank, IDBI Bank, Corporation Bank, UCO Bank, Central Bank Of India, Syndicate Bank and Vijaya Bank. Federal Bank Ltd., The Catholic Syrian Bank Ltd., ICICI Bank Ltd., Dhanalakshmi Bank Ltd., HDFC Bank Ltd., Indus Ind Bank Ltd., ING Vysya Bank Ltd., Karur Vysya Bank Ltd. and Axis Bank Ltd. are the private sector banks having agriculture advances more than 18% of their total credit.

The performance of the Private Sector Banks has to be improved further.

As far as KSCARDB is concerned, **32.09 %** of their advances is under agriculture sector.

5.2.4. SME Advances (Priority) (Refer Annexures 10.6 & 10.37)

It includes Micro and Small Enterprises portion of the SME sector advances to form the priority credit part of SME.

(Rs in. Crores)

Parameter	Outstanding				Variation			
	Mar. 2008	Dec. 2008	Mar. 2009	Dec. 2009	Mar. 08- Mar. 09	Mar. 08- Dec. 08	Dec.08 - Dec.09	Mar. 09- Dec. 09
SME Advances	6674	7265	8095	10354	1421	591	3089	2259

The outstanding advance of commercial banks in the state to SME (Priority) sector has grown up by **Rs. 2259 crores** during the first three quarters of the current fiscal. The growth is encouraging as compared to that recorded (**Rs. 591 crores**) during the corresponding period of the previous fiscal.

The good performance under SME sector (Priority) may probably be due to the correct classification by almost all banks as the new system as per MSMED Act 2006 has been put in place and the reporting to SLBC also got streamlined with effect from the last quarter. Despite all the above, we come across a few Banks which are still reporting data

on SME advances incorrectly to SLBC. A focussed attention in this area is very much required so that the reporting under SME Sector becomes accurate and error free.

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

(Rs. in Crores)

Banking Group	SME (Priority)							
	March 2009				December 2009			
	Micro Enterprises		Small Enterprises		Micro Enterprises		Small Enterprise	
	No.	Amt	No.	Amt	No.	Amt	No.	Amt
State Bank Group	50531	506	5315	1253	16575	860	8819	1922
Nationalised Banks	147438	199	27407	1352	15364	2114	39707	1824
RRBs	87067	387	1201	55	87189	428	1177	56
Private Sector Banks	29636	114	14442	1392	23721	1330	44252	1814
Foreign Bank	293	7	0	0	89	2	204	5
Grand total	314965	404	48365	4052	43039	4734	94159	5621

5.2.5. Advances to Weaker Section (Refer Annexure 10.9)

(Rs in. Crores)

Parameter	Outstanding				Variation			
	Mar. 2008	Dec. 2008	Mar. 2009	Dec. 2009	Mar. 08-Mar. 09	Mar. 08-Dec. 08	Dec. 08 - Dec. 09	Mar. 09-Dec. 09
Weaker Section Adv.	9724	9787	12240	14836	2516	63	5049	2596

Weaker Section advances grew by **Rs. 2596 crores** during the first three quarters of the current fiscal as against **Rs. 63 crores** added during the corresponding period of last fiscal. Year-on Year increase as at December 2009 was **Rs. 2533 crores**.

5.2.6. Advances to SC/STs (Refer Annexure 10.9)

(Rs in. Crores)

Parameter	Outstanding				Variation			
	Mar. 2008	Dec. 2008	Mar. 2009	Dec. 2009	Mar. 08-Mar. 09	Mar. 08-Dec. 08	Dec. 08 - Dec. 09	Mar. 09-Dec. 09
SC Advances	1700	3215	2204	1903	504	1515	-1312	-301
ST Advances	-	-	-	418	-	-	-	418

As evident from the table below, **96.69 %** of the SC advances of the state is contributed by Public Sector Banks (including RRBs), while the share of Private Sector Banks is just **3.31%**. In the case of ST advances **99.28 %** advances is contributed by Public Sector Banks (including RRBs) while the share of Private Sector Banks is just **0.72%**.

**Banking Group Wise Performance Under SC/ST advances
As at December 2009**

(Rs. in crores)

BANK	SC Advances			ST Advances		
	Outstanding		% O/S to total	Outstanding		% O/S to total
	No.	Amount		No.	Amount	
State Bank Group	75015	1031	54.18	13115	210	50.24
Nationalised Banks	125045	746	39.20	29209	199	47.61
RRBs	53048	63	3.31	2632	6	1.43
Private Sector Banks	14601	63	3.31	174	3	0.72
GRAND TOTAL	267709	1903	100	45130	418	100

KSCARDB has an outstanding advance of Rs.76 crores to SC/STs. All banks, especially Private Sector Banks, should give more attention for rendering assistance to these most vulnerable sections of the society. The National Commission for SC has suggested that all banks should provide separate data on SC/ST advances especially under the Government sponsored schemes, to review the position and to improve lending to SC/ST sections. All banks were requested to provide the data on SC and ST separately to have a fruitful discussion in future.

5.2.7. DRI Advances (Refer Annexure 10.10)

(Rs in. Crores)

Parameter	Outstanding				Variation			
	Mar. 2008	Dec. 2008	Mar. 2009	Dec. 2009	Mar. 08- Mar. 09	Mar. 08- Dec. 08	Dec 08 - Dec. 09	Mar. 09- Dec. 09
DRI Advances	10.78	194.22	211.82	23.71	201.04	183.44	-170.51	-188.11

Against the national goal of 1% of the previous year's Gross Bank Credit, only 0.03 % of the total credit could be given under the DRI scheme in the state by Commercial banks as at December 2009.

As could be seen from the following table, Public Sector Banks (**95.45 %**) account for bulk of the DRI advances in the state whereas **4.55%** of the DRI advances of the state is

contributed by private sector banks. There was a reduction in DRI advances due to the variation in the DRI Advances reported by SBT.

Vide letter MSME/246 dated 27.01.2010, SBT has informed that priority sector lending data for the period 31.12.2008, 31.03.2009 and 30.06.2009 wherein they have by an oversight reported DIR figure as Rs. 182.20 crore, Rs. 195.68 crore and Rs. 194.83 crore respectively. Actual DIR achievement for the above periods was Rs. 182.20 lakh, Rs. 195.68 lakh and Rs. 194.83 lakhs respectively)

**Banking Group Wise Performance Under DRI advances
As at December 2009 (Rs. in lakhs)**

BANK	DRI Advances	
	O/S	% to total
State Bank Group	297.83	12.56
Nationalised Banks	1906.57	80.40
Private Sector Banks	107.97	4.55
RRBs	59	2.49
GRAND TOTAL	2371.37	100

6. Review of Performance under Special Focus Programmes

6.1. Swarozgar Credit Card Scheme (Refer Annexure 10.22)

The data submitted by the controlling offices reveal that commercial banks in the state have sanctioned **3886** Swarozgar Credit Cards (SCCs) during the third quarter of the year 2009-10 sanctioning credit limits to the tune of **Rs. 6.38 crore**. Since inception of the scheme the banks have sanctioned **60198** cards in the state sanctioning **Rs. 169.39 crores**. The amount outstanding as at December 2009 is **Rs. 83.24 crore** with **29955** cards. The Bank wise data is furnished in the annexure. SMGB leads in the performance by sanctioning maximum number of cards followed by the NMGB and Federal Bank Ltd.

6.2. Artisans Credit Card Scheme (Refer Annexure 10.22)

Commercial banks in the state have sanctioned only **73** Artisans Credit Cards (ACCs) during the quarter ending December 2009 sanctioning credit limits to the tune of **Rs. 0.15 crore**. Since inception of the scheme, the banks have sanctioned only 5109 cards with credit limits amounting to **Rs. 14.81 crore**. The amount outstanding as at December 2009 is **Rs. 4.09 crore** with **1447** cards. Canara Bank leads among the commercial banks in the state by issuing the highest number of cards during the quarter (**44 cards**). Private sector banks are yet to sanction any loans under the scheme during the quarter. Their outstanding position under the ACC scheme is also "Nil". The Bank wise data is furnished in the annexure.

6.3. Laghu Udhyami Credit Cards (Refer Annexure 10.22)

Commercial banks in the state have sanctioned only **365** Laghu Udhyami Credit Cards (LUCC) during the third quarter of 2009-10 making available credit limits to the tune of **Rs.5.57 crores** to small entrepreneurs of the state. Since inception of the scheme, the banks have sanctioned **18401** LUCCs in the state with credit limits amounting to **Rs. 364.93 crores**. The amount outstanding as at December 2009 is **Rs. 78.55 crores**. SBT leads in the state by issuing highest number of LUC Cards followed by Syndicate Bank, Canara Bank and Central Bank of India. Private sector banks are yet to sanction any loans under the scheme. The Bank wise data is furnished in the annexure.

6.4. Performance under General Credit Card Scheme (Refer Annexure 10.27)

As per the data submitted by the controlling offices of banks to the Convener SLBC, banks in the state have been actively issuing General Credit Cards (GCC). During the quarter under review (October-December 2009), banks have sanctioned **7283** GCCs and disbursed loans amounting to **Rs. 16.29 crore** in the state. Canara Bank leads with **4387** GCCs issued during the quarter and with **52835** cards outstanding. This is followed by NMGB with **12561** cards SMGB with **11414** cards Punjab National Bank with **3150** and Indian Overseas Bank with **3120** and Corporation bank with **2063** cards outstanding. The bank-wise data is given in the annexure.

6.5. Performance under Kisan Credit Card Scheme (Refer Annexure 10.20)

As per the reports available with the Convenor SLBC, **76103** Kisan Credit Cards with an amount of **Rs. 521.14 crores** have been issued during the third quarter of the current fiscal. In the State, **2997348** KCCs were issued since inception involving a credit outlay of **Rs. 10821 crores**. The outstanding number of loan accounts under KCC is **1463736** with **Rs. 4513 crores** as at December 2009. **925596** farmers were under the cover of personal accident insurance scheme linked to KCC. Bank-wise data is given in the annexure.

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

The outstanding accounts under Agri clinics in the State by Commercial Banks are 12 with a credit outlay of Rs. 41.21 lakhs.

There were 38 Agri-Business Centres opened in the State from the date of inception of the scheme with a credit outlay of Rs.252.55 lakhs. As at December 2009, 23 Agri-Business centres exist with an outstanding amount of Rs. 104.43 lakhs.

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

6.7.1. Progress achieved in claiming interest waiver under Relief Package

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

6.7.2. Progress in Rescheduling of loans under Relief Package

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

6.7.3. Fresh loans provided against rescheduled accounts under Relief Package

Under the PM's Relief Package **Rs. 34.74 crores** in **9386** accounts was provided as fresh finance against the rescheduled accounts. Though the fresh finance against the rescheduled accounts show a low picture, banks in the 3 identified districts surpassed its target under Annual Credit Plan during 2007-08 by disbursing **Rs. 2324.30 crores** of agriculture advance against the target of **Rs. 1957.83 crores**. In the first three quarters of the current fiscal 2009-10, banks in these 3 districts disbursed **Rs. 2787 crores** of agriculture loans taking a share of 85.33 % of annual target under ACP.

6.8. Credit Flow to Minority Communities (Refer Annexures 10.35 & 10.36)

As per RBI directions, credit flow to minorities in specified districts should be reviewed in all SLBC meetings. At present all the districts in the State of Kerala are notified for reporting under this head. In Kerala state without giving due share to minorities, credit expansion is not at all possible. The comparative position with regard to the previous year is given in the annexure. The data reveal that there is significant increase in amount of loans availed by minorities in all these districts. However, all the banks in the state are yet to comply with the instructions of the controlling bank (RBI) in respect of reporting the data under Advances to Minority Communities in the format stipulated for the purpose. The controlling offices of all the banks are requested to report their bank's share under Advances to minority communities covering all the 14 districts of the State hereafter in the format specified for the purpose. It can be seen from the table given below that 69.54% of the total priority advances has gone to the minority communities as at December 2009.

Data on Minority Sector Advances in the State of Kerala

(Rs. In crores)

Year	Total Priority Sector Advances	Minority Sector Advances	Percentage
31.03.2008	45900	22240	48.45
30.06.2008	46257	23698	51.23
30.09.2008	48107	25395	52.79
31.12.2008	47780	26040	54.50
31.03.2009	50217	26070	51.91
30.06.2009	51830	26120	50.40
30.09.2009	53743	26432	49.18
31.12.2009	55842	38831	69.54

6.9. Performance under Micro-credit (Annexures 10.23 to 10.26)

SLBC had compiled the data obtained from all banks regarding the cumulative performance of banks in the state as at December 2009. The bank-wise performance is given as annexure.

On a review of the performance, it is seen that about **4.66 lakh** SHGs maintain savings account with commercial banks as at December 2009 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.	Amount	Govt. Sponsored	Excl. Women
State Bank Group	136379	182.13	35807	125667
Nationalised Banks	86645	194.38	22628	73543
RRBs	207295	7.63	12031	28125
Private Sector Banks	35687	32.15	6369	31500
Total - Kerala State	466006	416.29	76835	258835

As evident from the above **55.54%** of the SHGs are exclusive women SHGs and **16.49%** are formed under various Government sponsored schemes.

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

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

3. Financing SHGs through the medium of NGOs

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

Mode of Linkage	No. of SHGs Financed		
	Total	of which	
		Under Govt. Sponsored	Women SHGs
Financing SHGs directly by banks	192884	55455	176377
Financing SHGs directly with the facilitation of NGOs	83566	9814	65257
Financing SHGs through the medium of NGOs	105377	36927	68450
Total No. of SHGs linked	381827	102196	310084

As could be seen from the above table, about **3.82 lakh** SHGs have been linked in the state so far under the SHG-Bank linkage programme. About **50.52%** of the linkage has been done by banks by financing SHGs directly.

NABARD has informed that, they have already opened a separate line of credit for financing farm production and investment activities through SHGs, in addition to the existing refinance facility for SHGs.

6.10. Small and Medium Enterprises (SME) Advances (Refer Annexures 10.6 & 10.37)

Consequent upon the promulgation of MSMED Act, 2006 the advances classified under SME comes under priority (Micro & Small Enterprises) as well as Non-Priority (Medium Enterprises). The total advances under SME priority as on December 2009 comes to **Rs. 18624 crores** for the commercial banks in the state. Out of this, Micro and Small Enterprises constitute **Rs. 10354 crores** for Commercial banks, which forms part of Priority Credit. The non-priority part of SME credit component includes Medium Enterprises which show an outstanding amount of **Rs. 8270 crores** with **60757** loan accounts with commercial banks. The bank wise details are given in the annexure.

7. Review of Performance under Government Sponsored Schemes

7.1. Swarna Jayanthi Shahari Rozgar Yojana (SJSRY) as at December 2009 (Refer Annexures 10.15 to 10.18)

The performance of the State under SJSRY upto December 2009 is summarized hereunder:

(Rs. in lakhs)

Sub component	No. of Applications							Subsidy Released Amount	Amount of Loan	
	Forwarded	Rejected	Sanctioned	Pending to Sanction	Disbursed	Pending to Disburse	Total Pending		Sanctioned	Disbursed
USEP	55712	24394	24637	6489	23505	1132	7621	796.08	5801.00	5377.57
DWCUA	2211	211	1664	336	1579	85	421	1363.50	2338.77	2193.24
Total	57923	24605	26301	6825	25084	1217	8042	2159.58	8139.77	7570.81

The banks have sanctioned **24637** loans to individual beneficiaries (for micro enterprises under USEP scheme) as at December 2009 involving an amount of **Rs.5801 lakhs**. Under DWCUA (Development of Women and Children in Urban Areas), **1664** groups were sanctioned with loans to the tune of **Rs.2338.77 lakhs**.

Banking Group wise performance under SJSRY as at December 2009

(Rs. in lakhs)

Sl. No.	Bank	USEP		DWCUA		Total SJSRY	
		Sanctions		Sanctions		Sanctions	
		No	Amount	No	Amount	No	Amount
1	Public Sector Bank	20025	4948.27	1247	1857.06	21272	6805.33
2	Private Sector Banks	2455	533.14	148	191.29	2603	724.43
3	Others	2157	319.59	269	290.42	2426	610.01
	Total	24637	5801.00	1664	2338.77	26301	8139.77

Analysis of the Bank wise performance reveals that Public Sector Banks (including RRBs) accounted for **80.87 %** of the loans (Number) sanctioned and **83.61%** of loan amount sanctioned. There is a need for greater participation by Private Sector Banks in the implementation of the scheme. There is no involvement by some of the private sector banks in the implementation of the scheme which may be corrected by their Controlling offices. The details are available in the Annexures.

7.2. Swarnajayanthi Gram Swarozgar Yojana (SGSY) - Performance as at December 2009 (Refer Annexures 10.13 & 10.14)

The credit mobilisation target for 2009-10 is **Rs. 8131.20 lakhs**. As at December 2009, the state has reached **86.94 %** of the target. Banking group wise analysis reveals that State Bank group had achieved **87.42 %** of the target while Nationalised Banks had

achieved **76.91 %** of the target and Cooperative banks with **104.86%** which are above the State's performance level. The performance of Private Sector Banks (**48.83%**) and RRBs (**58.18 %**), which is below the State's performance position, needs improvement.

SGSY – Performance as at December 2009

(Rs. in lakhs)

Sl. No	Name of Bank	Target	Total SGSY						% Achvmt.
			Forwarded		Sanctioned		Disbursed		
			No.	Amount	No.	Amount	No.	Amount	Sanc.Amt
1	State Bank Group	2083.87	2920	2622.15	1883	1821.76	1440	1260.57	87.42
2	Nationalised Banks	2813.82	3411	3264.86	2248	2163.92	1663	1630.48	76.91
3	Private Sector Banks	1295.86	1344	1148.58	728	632.71	538	454.70	48.83
4	RRBs	1059.61	1315	929.58	917	616.50	753	476.13	58.18
5	Co-operative Banks	1743.21	2568	2604.08	1684	1828.00	1266	1456.23	104.86
6	Others	0	43	22.00	13	6.38	8	2.27	
	State Total	8131.20	11601	10591.25	7473	7069.27	5668	5280.38	86.94

All the banks have improved their performance and during the fourth quarter of the year of 2009-2010, the performance could be further improved

8. Review of Performance of the Banking Sector

8.1. Banking Statistics as at December 2009 (Refer Annexure 10.1 to 10.3)

The detailed banking statistics for the State as at December 2009 is furnished in the Annexure. A comparative analysis of the data over the previous fiscals is presented below.

(Rs. in crores)

Parameter	Outstanding					Variation				
	Mar. 2008	Dec. 2008	Mar. 2009	Sept. 2009	Dec. 2009	Mar. 08- Mar. 09	Mar. 08- Dec. 08	Dec.08 – Dec. 09	Mar. 09- Dec. 09	Sep.09- Dec .09
No. of Branches	3941	4033	4084	4187	4223	143	92	190	139	36
Total Deposits	105488	122613	130350	138005	138531	24862	17125	15918	8181	526
Domestic Deposits	75599	87964	93331	100551	101119	17732	12365	13155	7788	568
NR Deposits	29889	34649	37019	37454	37412	7130	4760	2763	393	-42
Total Advances	75305	81352	82818	88686	92788	7513	6047	11436	9970	4102
Investments	1832	2202	3712	4163	3779	1880	370	1577	67	-384
Adv. + Investment	77137	83553	86530	92849	96567	9393	6416	13014	10037	3718
C: D Ratio	71.39	66.35	63.54	64.26	66.98	(-7.85)	(-5.04)	0.63	3.44	2.72
C+I: D Ratio	73.12	68.14	66.38	67.28	69.71	(-6.74)	(-4.98)	1.57	3.33	2.43

8.2. Branch Network

As at the end of December 2009, the total number of branches of Commercial Banks in the State was 4223.

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

Banking Group	Number of Branches				Percentage distribution			
	Rural	S.Urban	Urban	Total	Rural	S.Urban	Urban	Total
Public Sector Banks	204	1973	655	2832	4.83	46.72	15.51	67.06
Private Sector Banks	257	844	285	1386	6.08	19.99	6.75	32.82
Foreign Banks	0	0	5	5	0	0	0.12	0.12
Total	461	2817	945	4223	10.91	66.71	22.38	100.00

Of the total Commercial banks in the state, Public sector Banks account for **67.06 %** of the branch network in the state. Private sector banks are having the highest number of rural branches (257 branches). Of the total branch network of Commercial banks in the State, only **10.91 %** are in rural areas whereas Semi-urban areas have **66.71 %** of the bank branches in the state.

On a comparison with March 2009 position, it is found that Public sector banks have increased their tally of branches by **100** branches whereas that of Private Sector Banks increased by **39** branches by December 2009.

8.3. Deposit growth

During the first three quarters of the fiscal 2009-10, there was an increase of only **Rs. 8181 crores** in the total deposits with the commercial banking sector of the state. During the corresponding period of the previous fiscal, the growth was **Rs. 17125 crores**. Quantum wise, the total deposits have grown from **Rs. 122613 crores** in December 2008 to **Rs. 138531 crores** in December 2009, a year-on-year growth of **12.98 %**.

Another significant feature under deposits is that the share of domestic deposits in total deposits is gradually increasing. As at March 2004, the share of domestic deposits in the total deposits was **54.37 %**, which has now steadily increased to **72.99%** as at December 2009.

Sectoral Growth of Deposit over the Years

(Rs. in Crores)

Type of deposit	Mar. 2005	Mar. 2006	Mar. 2007	Mar. 2008	Dec. 2008	March 2009	Dec. 2009	Variation	
								Mar.'09 Dec.'09	Dec.'08 Dec.'09
Total Deposit	69396	77677	91697	105488	122613	130350	138531	8181	15918
Domestic Deposit	40276	47006	58394	75599	87964	93331	101119	7788	13155
N R Deposit	29120	30671	33303	29889	34649	37019	37412	393	2763

A. Banking Group wise Growth in Deposits

As evident from the following table, State Bank Group (39.56 %) followed by Private Sector Banks group (29.50 %), has the highest share in growth of deposits among the Commercial Banks in the State.

Banking Group wise Growth in Deposits

(Rs. in crores)

Sl. No.	Banking group	Total Deposits			% Share in Total Deposits (Dec.09)	Variation		% Share in Growth	
		Dec. 2008	Mar. 2009	Dec. 2009		Mar.'09 to Dec.'09	Dec.'08 to Dec.'09	Mar.'09 to Dec.'09	Dec.'08 to Dec.'09
1	State Bank Group	43416	46065	49712	35.88	3647	6296	44.52	39.56
2	Nationalised Banks	36484	39174	40812	29.46	1638	4328	20.00	27.19
3	RRBs	3604	3825	4122	2.98	297	518	3.63	3.25
4	Private Sector Banks	38442	40529	43138	31.14	2609	4696	31.85	29.50
5	Foreign Banks	667	757	747	0.54	-10	80	-	0.50
	Total	122613	130350	138531	100.00	8181	15918	100.00	100.00

Banking Group wise comparison reveals that **35.88 %** of the deposits in the state is with State Bank group, which has got a **22.69 %** share in branch network. The corresponding figures for Private Sector Banks group are **32.82 %** share in branch network and **31.14 %** share in deposits. Nationalised Banks, which have **34.76 %** of the branch network in the state, have a share of **29.46 %** in total deposits. RRBs, in spite of having a share of **9.61 %** of the branch network has only **2.98 %** share in total deposits of the state.

B. Population GroupWise/Banking Group Wise Distribution of Deposits

Population Group wise Distribution of deposits

(Rs. in Crores)

Banking Group	Total deposits				Percentage Distribution				Share of Banking Group in Total Deposits
	Rural	Semi-Urban	Urban	Total	Rural	Semi-Urban	Urban	Total	
State Bank Group	1609	29877	18226	49712	3.24	60.10	36.66	100.00	35.89
Nationalised Banks	1556	23247	16009	40812	3.81	56.96	39.23	100.00	29.46
RRB s	416	3041	665	4122	10.09	73.78	16.13	100.00	2.98
Private Sector Banks	5281	23419	14438	43138	12.24	54.29	33.47	100.00	31.14
Foreign Banks	0.00	0.00	747	747	0.00	0.00	100.00	100.00	0.53
Total	8862	79584	50085	138531	6.40	57.45	36.15	100.00	100.00

As evident from the above table, **57.45 %** of the total deposits of the state is from semi-urban areas where **66.71 %** of the branch network exists. Urban areas accounted for **36.15 %** of the deposits and rural areas, **6.40 %**. On a comparison with December 2008 position, it is found that the share of semi-urban and urban areas in total deposits is showing a gradual increasing trends.

8.4. NR Deposits (Refer Annexure 10.2)

The NR deposits of the state stood at **Rs. 34649 crores** as at December 2008 which touched level of **37412** as at December 2009. There was an increase of **Rs. 2763 crores**.

Population GroupWise /Banking Group Wise Distribution of NR Deposits

(Rs. in crores)

Banking Group	N R Deposits				Percentage Distribution				Share of Banking Group in Total NR Deposits
	Rural	Semi-Urban	Urban	Total	Rural	Semi-Urban	Urban	Total	
State Bank Group	417	11158	4473	16048	2.60	69.53	27.87	100.00	42.90
Nationalised Banks	361	7380	2396	10137	3.56	72.80	23.64	100.00	27.10
RRB s	36	160	27	223	16.14	71.75	12.11	100.00	0.60
Private Sector Banks	1417	6485	2684	10586	13.39	61.26	25.35	100.00	28.29
Foreign Banks	0	0	418	418	0.00	0.00	100.00	100.00	1.11
Total	2231	25183	9998	37412	5.96	67.31	26.73	100.00	100.00

State Bank group has the highest share (**42.90 %**) in the NR deposits from the State followed by Private Sector Banks (**28.29%**) and Nationalised Banks (**27.10%**) and of the total Non-Resident deposits, **67.31 %** deposits were from Semi Urban areas while

Urban areas accounted for **26.73 %** and rural areas, **5.96%**. During the present quarter under review, the share of N R Deposits in both rural and semi-urban areas showed an increasing trend and urban areas showed a declining trend.

8.5. Domestic Deposits

The domestic deposits accounted for **72.99%** of the total deposits and this ratio is gradually increasing. During the fiscal so far there was a growth of **Rs. 8181 crores** in domestic deposits whereas the growth during the corresponding period of the previous fiscal was **Rs. 12365 crores**.

8.6. Credit Expansion (Refer Annexure 10.2)

Growth in Advances of the Banking sector in the State

(Rs. in crores)

Parameter	Total Advances Outstanding over the Years								Variation	
	Mar. 2005	Mar. 2006	Mar. 2007	Mar. 2008	Mar. 2009	Dec. 2008	Sep. 2009	Dec. 2009	Mar.'09 Dec.'09	Dec. 08 Dec.'09
Total Advances	40948	51919	64273	75305	82819	81352	88686	92788	9969	11436
Percentage Growth	28.50	26.79	13.56	17.16	9.07	14.47	11.09	11.41	12.03	14.06

During the third quarter of the current fiscal, the total advances grew by **Rs. 9969 crores** to reach **Rs. 92788 crores** as at December 2009.

Share Of Banking Groups In Total Advances Of The State

State Bank Group has the highest share (**34.17 %**) in the total advances outstanding in the state followed by the Nationalised Banks (**30.61%**) and Private Sector Banks (**29.90%**).

(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	1531	15867	14308	31706	4.83	50.04	45.13	100.00	34.17
Nationalised Banks	1163	12837	14405	28405	4.09	45.19	50.72	100.00	30.61
RRBs	473	3691	282	4446	10.64	83.02	6.34	100.00	4.79
Private Sector Banks	2739	11778	13124	27641	9.91	42.61	47.48	100.00	29.80
Foreign Banks	0	0	590	590	0	0	100.00	100.00	0.63
Total	5906	44173	42709	92788	6.36	47.61	46.03	100.00	100.00

Further, **47.61%** of the total advances in the state is to semi urban areas where **66.71 %** of the branch network exists. Urban areas had **46.03 %** share in total advances against a share of **22.38 %** in branch network. Rural areas had a share of **6.36 %** only in the total advances deployed in the state where as they hold a share of **10.91 %** in total commercial branch network.

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

The Credit-Deposit ratio of the Commercial Banking sector of the State has increased by **2.72** percentage points during the quarter to reach **66.98 %** as at December 2009.

Banking Group wise C D ratio as at December 2009

Banking Group	C D Ratio - Percentage Distribution as at December 2009			
	Rural	Semi-Urban	Urban	Total
State Bank Group	95.15	53.11	78.50	63.78
Nationalised Banks	74.71	55.22	89.98	69.60
RRB s	113.67	121.40	42.43	107.88
Private Sector Banks	51.85	50.29	90.90	64.08
Foreign Banks	-	-	78.92	78.92
Total	66.63	55.51	85.27	66.98

The C D Ratio of rural areas of the state at **66.63 %** is more than the mandatory norm of **60%**. Further, the urban areas have a high CD ratio of **85.27 %** whereas that in Semi urban area is at **55.51 %**.

The C D ratio of RRBs is the highest at **107.88 %**. Further, the CD ratios of State Bank Group, Nationalised Banks, RRBs and Private sector Banks are above the desired level of 60% in the State. In rural areas, all the public sector banks have shown a better C D Ratio level well above the RBI stipulated 60 % Private sector banks have a figure of **51.85%**. In the Semi-Urban areas, the Nationalised, State bank group and Private Bank Groups could attain a CD Ratio level of **55.22%, 53.11%, 50.29 %** respectively which is just below the national benchmark of 60%.

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

The C+I D ratio of the Commercial Banking Sector of the State as at December 2009 stood at **69.71 %**. There is an increase of 3.33% from the level of 66.38 % as at March 2009 to the present level of 69.71 % as at December 2009.

9. Any other matter with the permission of the chair

10. Annexures