

**115<sup>th</sup> MEETING OF STATE LEVEL BANKERS' COMMITTEE, KERALA  
AGENDA AND BACKGROUND NOTES**

Date : 16<sup>th</sup> March, 2015 (Monday)

Time : 10 a.m.

Venue : Hotel Residency Tower  
Govt. Press Road, Trivandrum

**1. ADOPTION OF MINUTES**

The minutes of the 114<sup>th</sup> Meeting of SLBC, Kerala held on 28<sup>th</sup> November, 2014 has already been forwarded to the members vide Convener's letter SLBC 35 346 2014 GN dated 8<sup>th</sup> December, 2014.

The House may adopt the said minutes.

**2. ISSUES RELATING TO GOVERNMENT DEPARTMENTS**

## 2.1. PENDING ISSUES IN SLBC & ACTION TAKEN REPORT

### 2.1.1. SECONDARY SECTOR

Sl. No.	Agenda Item	<i>Action Points</i>	Action to be taken by	Present Position/Progress
2.1.1.1	<b>Issues involved in the implementation of PMEGP Scheme</b>	<p><i>Few of the Panchayats are issuing licenses only after installation of machinery and banks insists for Panchayat licenses/NOC before disbursement of loans. Citing this reason many PMEGP applications are getting returned.</i></p> <p><i>A common direction is necessary for minimizing beneficiary grievances in this front.</i></p>	<p><i>Local Self Government Department</i></p>	<p>The matter came up for deliberation in the 112<sup>th</sup> Meeting of SLBC, Kerala held on 21.03.2014.</p> <p>It was decided to take up the matter with Local Self Government Department.</p> <p>During the State Level Review Meeting of SLBC, Kerala held on 25<sup>th</sup> &amp; 26<sup>th</sup> June, 2014, it is noted that Licensing for MSME ventures should be expedited by Local Bodies on preferential basis. Without licenses, Banks may not be able to consider the proposal.</p> <p>The 113<sup>th</sup> Meeting of SLBC, Kerala held on 18.09.2014 &amp; 114<sup>th</sup> Meeting of SLBC, Kerala held on 28.11.2014 decided to pursue the matter with Local Self Government Department.</p> <p>Local Self Government Department may inform the present position.</p>

## 2.1.2. TERTIARY SECTOR

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
2.1.2.1	<p><b>Land Allotment for construction of RSETI Buildings</b> - Pending since July 2012</p>	<p>(i) Land allotment for construction of RSETI buildings is pending in 3 districts viz. Kollam, Kozhikode &amp; Palakkad</p> <p>(ii) Allocation of alternate land for construction of building for RSETI, Idukki.</p> <p>(iii) There is a delay in handing over the vacant sites for the construction of the following RSETI buildings - RSETI, Wayanad, RSETI, Kottayam</p> <p>(iv) RSETI Premises at Pathanamthitta - On 09.04.2014, Block Panchayat Pandalam filed a writ petition at Ernakulam High Court for squashing the Government Order G.O [Rt] No.3031/2013/LSGD dated 09.12.201. Counter affidavit to be filed by the Government and steps to handover the premises to RSETI taken at the earliest.</p>	<p>Local Self Government Department / Commissionerate of Rural Development</p>	<p>During the 114<sup>th</sup> Meeting of SLBC, Kerala held on 28.11.2014, representative from Commissionerate of Rural Development informed that in the case of Kollam District, land has been identified at Anchalumoodu Block and the proposal in this regard was received at Local Self Government Department and given instruction to Revenue Department to issue final order. The matter would be followed up with Revenue Department and the problem will be sorted out within a month's time.</p> <p>In the case of Palakkad District, land has been identified at Parali Panchayat and a resolution passed by Parali Gram Panchayat still exists. The matter would be sorted out within a month.</p> <p>In the case of Kozhikode District land is not identified. Direction has given by Local Self Department to the Project Director and District Collector to identify a suitable place and report.</p> <p>In Idukki, the land got identified, but there was no water resources and not feasible to construct training centre there. Now the alternate land in Thodupuzha has been identified where the request for tree cutting is pending with Forest Department. This issue would be sorted out with consent of block panchayat.</p> <p>Referring Pandalam in Pathanamthitta district, he informed that Department had filed an affidavit in the court also and a meeting would be convened with Block panchayat so as to able to sort out the issue.</p>

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
		<p>(v) <i>Building Tax paid by RSETI, Kannur - Yearly RSETI, Kannur is paying an amount at Rs.32,659/- as building tax. This amount is very high and RSETI had taken up the matter with Pariyaram Panchayath during 2011 itself. As there is no response from the concerned, during October 2013 they had again taken up the matter with the Principal Secretary, LSG Department, Govt. Secretariat, Trivandrum. As a result, the Deputy Director of Panchayath, Kannur conducted an enquiry. So far we have not received any reply from the concerned. The issue may kindly be resolved at the earliest.</i></p> <p>(vi) <i>Claim of training expenses towards NRLM target group of candidates for the Half year 2014-15 is not reimbursed by SRLM till date to RSETI, Ernakulam</i></p>		<p>The forum observed that the issue is going to be very vital aspect of financial inclusions, Government may take necessary action. District Collector of respective districts has to take necessary action.</p> <p>The forum decided that the matter would be taken up with Local Self Government Department/ Commissioner for Rural Development.</p> <p>RSETI – District wise position provided by Commissionerate of Rural Development is given in <b><u>Annexure-9.38.</u></b></p> <p>In the Steering Committee Meeting of SLBC Kerala held on 03.03.2015 The representative from Commissionerate of Rural Development informed the following developments.</p> <ul style="list-style-type: none"> <li>• Kozhikode - Identified Unnikulam Panchayat in Balussery and Mavoor Panchayat.</li> <li>• Palakkad - Proposal is pending with Revenue Department. The matter would be followed up. Concerned LDM would also follow up the matter.</li> <li>• Pathanamthitta - Decision is awaited for identifying alternate premises</li> <li>• Kottayam - Decision taken for auctioning trees</li> <li>• Kannur - Regarding Building tax paid, he assured to take up the matter with with concerned.</li> </ul> <p>Local Self Government Department / Commissionerate of Rural Development may inform the present position.</p>

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
2.1.2.2	<p><b>Giving Provision to Controlling offices of banks to monitor status of RR</b></p> <p>- Pending since December 2011</p>	<p><i>RR filing in the State is now online. The view option/function should be made available to the Controlling offices of banks to enable them to monitor the progress.</i></p>	<p><i>Revenue Department</i></p>	<p>In the Sub-Committee Meeting of SLBC, Kerala held on 06.03.2014, representative from Revenue Department informed that as per reports available from NIC, Malappuram this facility can be provided only after completion of Information Security audit, which would take some time. NIC had given a proposal for conducting IS audit to the Government. SLBC Cell requested revenue department to inform the same by way of an official letter.</p> <p>In the subcommittee it was suggested that passwords can be issued by Department to the bank officials in their official capacity viz. Manager/Senior Manager- Recovery rather than in individual names as bank officials are liable to be transferred periodically.</p> <p>In the 112<sup>th</sup> Meeting of SLBC, Kerala held on 21.03.2014 Representative from Revenue Department informed the forum that necessary instructions in this regard have already been given to NIC, Malappuram. The forum decided to pursue the matter with Revenue Department.</p> <p>During the 114<sup>th</sup> Meeting of SLBC, Kerala held on 28.11.2014, representative from Revenue Department informed the forum that Malappuram NIC has been entrusted the work and they are in the final stage of implementation.</p> <p>LDM, Malappuram informed that presently NIC is not working on this project at Malappuram manly due to dearth of experts/staff. RR online is not working beyond Taluk offices. Even in Taluk offices it is partly or fully manual.</p> <p>The forum decided that the matter would be discussed in the DCC meeting and the progress would be reported to SLBC.</p> <p>Revenue department may inform the progress.</p>

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
2.1.2.3	<b>Computerization of Land Records &amp; Creation of a Central Registry titled National Mortgage Repository</b> - Pending since June 2006	<p>(a) <i>To computerise land records in the State of Kerala – This will enable financing banks to make online notings, regarding their lien and help to bring down the transaction cost for getting various certificates from village office.</i></p> <p>(b) <i>To establish a National Mortgage Repository (NMR) in the State that will function in a similar manner as vehicle registration where hypothecation is marked on the Registration Book of the owner or a Search made in Registrar of Companies Office to ascertain certain details pertaining to companies.</i></p> <p><i>This is aimed at bringing in more transparency and prevention of frauds on property transactions.</i></p>	<p style="text-align: center;"><i>Revenue Department</i></p>	<p>The matter is a standing agenda in SLBC meeting since 2006 but without any progress.</p> <p>In the Sub-Committee meeting of SLBC Kerala on Tertiary Sector Issues held on 27.02.2013, the Assistant Commissioner of Land Revenue informed the following:</p> <ul style="list-style-type: none"> <li>(i) Computerization process was completed in 17 identified villages</li> <li>(ii) By 31.03.2013, the process would be completed in 573 villages in 9 districts</li> <li>(iii) Out of the total 1634 villages, the remaining would be covered by the end of 2014.</li> </ul> <p>Responding to the matter in the 109<sup>th</sup> meeting of SLBC, Kerala, Sri. Kamala Vardhana Rao, IAS, Secretary, Revenue Department informed that the process of computerization of land records, involves Revenue, Survey and Registration Departments. The Department is in the process of designing software and the recently formed land governance society would co-ordinate the activities of Revenue, Survey and Registration Departments to accomplish the task. Once computerization is completed, it would address all the problems related to the documentation aspects of loanes.</p> <p>50% of process would be completed by 2012-13 and the entire process would be completed within a year's time.</p> <p>The matter came up for discussion in the Sub-Committee Meeting of SLBC, Kerala on Pending Issues with Government of Kerala held on 04.01.2014 at Government Secretariat chaired by Sri. V. Somasundaran IAS, Additional Chief Secretary, Finance Department.</p>

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
				<p>Revenue Department informed that completion of the computerization process would require some more time.</p> <p>In the meeting it was decided that Revenue Department to arrange a meeting with Director, Survey and SLBC.</p> <p>In the Sub-Committee Meeting of SLBC, Kerala held on 06.03.2014, the representative from Revenue Department informed that Department is not provided with enough funds for completing the process.</p> <p>During the 112<sup>th</sup> Meeting of SLBC, Kerala held on 21.03.2014, representative from Revenue Department informed that funds are provided in the budget for the next financial year (2014-15) and hence the process for computerization of land records would be continued in the next financial year.</p> <p>In the State Level Review Meeting of SLBC, Kerala held on 25<sup>th</sup> &amp; 26<sup>th</sup> June, 2014, representative from Revenue Department informed that the process for computerization of land records completed in 590 identified villages out of 1634 villages and the process would be completed in the remaining villages by the year 2014 itself.</p> <p>During the 114<sup>th</sup> Meeting of SLBC, Kerala held on 28.11.2014, Sri. P. Marapandiyam, IAS, Principal Secretary, Planning &amp; Economic Affairs Department, Government of Kerala assured to take up the matter with Land Revenue Commissioner in this regard.</p> <p>The forum decided to pursue the matter with Revenue Department.</p> <p>Revenue department may inform the developments.</p>

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
2.1.2.4	<b>Automation of Interface of State Government Treasuries with Banks</b> - Pending since December 2011	<i>The Department of Financial Services, Ministry of Finance, Government of India desires that full automation and interface of State Government Treasuries with the banks should be given top priority as it would help the concerned state government and the Banks to implement EBT, funds transfer to beneficiaries and credit of Govt. grants/subsidy/funds, quick credits etc.</i>	Finance Department	<p>In the 108<sup>th</sup> Meeting of SLBC, Kerala held on 03.01.2013, the Additional Secretary, Finance Department informed that work in this regard is in progress. This being a long pending item the forum requested to provide a status paper.</p> <p>Vide letter No.247/PLG A2/2012/Fin dated 05.01.2013, the Principal Secretary Finance (Planning A) Department, Government of Kerala informed that :</p> <p>“The full automation of interface of State Government Treasuries can be done only after the implementation of networking of treasuries. The procedure for the implementation of networking is in progress. At the same time, Government have asked the Director of Treasuries to inform the progress made and the difficulties faced by the State Government in the process of full automation of State Government treasuries and automated interface with the concerned banks to furnish a report to Government of India. The report of the Director of Treasures is awaited.”</p> <p>In the State Level Review Meeting of SLBC, Kerala held on 25<sup>th</sup> &amp; 26<sup>th</sup> June 2013, it was informed that the interface between treasury and banks, facilitating EBT is being developed. Govt. intends to bring down the volume of cash handling by Treasuries and Government offices through EBT system. It starts with disbursement of welfare pensions &amp; Scholarships and the digitization of data is in progress.</p> <p>In the 110<sup>th</sup> Meeting of SLBC, Kerala held on 13<sup>th</sup> September, 2013, Sri. A. R. Ajayakumar, Additional Secretary, Finance Department, Government of Kerala informed that the main bottleneck in treasury automation is connectivity. Department had now issued supply order for purchase of a server for EBT and for establishing the connectivity.</p>



Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
				<p>Once the connectivity problem is resolved, department would be in a position to provide interface with banks. He assured that within 3 months Govt. would be able to implement the project in a fruitful way.</p> <p>The forum decided to pursue the matter with Finance Department.</p> <p>In the 111<sup>th</sup> Meeting of SLBC, Kerala held on 23.12.2013, Sri. V. Somasundaran IAS, Additional Chief Secretary, Finance Department informed that there is significant progress in Treasury computerisation. Now salary disbursement process is computerised and submission of bills is through online. He expressed hope that by the end of March 2014 present computerisation process would be over.</p> <p>The matter came up for discussion in the Sub-Committee Meeting of SLBC, Kerala on Pending Issues with Government of Kerala held on 04.01.2014 at Government Secretariat chaired by Sri. V. Somasundaran IAS, Additional Chief Secretary, Finance Dept.</p> <p>In the deliberations it was informed that treasury automation involves networking of treasuries and envisages funds transfer directly from treasuries to banks without the concept of agency banks through NEFT/RTGS gate way. It was opined by some banks funds transfer through agency banks takes place through delay. In this regard treasury should have access to NEFT/RTGS payment gateways. The meeting enquired whether RBI would be in favour of this and whether access would be given for treasuries to payment gateways like NEFT/RTGS for direct funds transfer from treasury. The RBI representative who attended the meeting informed that the clarification on the matter will be given by RBI.</p>

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
				<p>The matter came up for discussion in the 112<sup>th</sup> Meeting of SLBC, Kerala held on 21.03.2014.</p> <p>Responding to the query, whether RBI would give State Government Treasury access to NEFT/RTGS payment systems, Deputy General Manager, Reserve Bank of India informed that RBI had received a reference in this regard from the concerned Government Department and a policy decision in this regard has to be taken by RBI, Central Office. As of now NEFT access is not allowed to any non bank entities. In view of the request emanating from various State Governments where automation had made some headway, the matter is being revisited by RBI and a decision in this regard would be communicated to SLBC/State Government shortly.</p> <p>The forum decided to pursue the matter with Finance Department/RBI.</p> <p>Vide letter RPCD (T) No.LBS/160/03.02.002/2013-14 dated 21.05.2014, Reserve Bank of India informed that “as per extant instructions, entities can avail RTGS and NEFT services through a <b>bank only</b>. Therefore, direct access to payment gateways like RTGS/NEFT is not possible to State Govt treasury under the present scenario”.</p> <p>Finance Department may inform the present position of Treasury automation. In the wake of RBI declining the possibilities of direct access of treasury to payment gateways, ways and means to improve the payment efficiency shall also be informed.</p> <p>During the 113<sup>th</sup> Meeting of SLBC, Kerala held on 18.09.2014, Sri. R. K. Agarwal, IAS, Secretary, Finance (Resources) Department informed that there is some progress in this regard. With effect from 1<sup>st</sup> August, 2014, Government have introduced e-treasury and</p>

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
				<p>RBI has given a platform where collections of electronic receipts would be possible. At present RBI and Government Treasury integration is going on and at the same time Government is integrating the website of the service delivery departments also. He added that since there was no proper networking of treasury, Government have started the projects through BSNL line.</p> <p>During the 114<sup>th</sup> Meeting of SLBC, Kerala held on 28.11.2014, Sri. R. K. Agarwal, IAS, Secretary, OSD, Finance (Resources) Department informed that there is substantial progress in this regard. At present the networking work is given to Keltron and the integration of service delivery departments with e-grass system is going on. At present the process is done in 3 banks only ie. SBT, SBI and Canara Bank and Department is in the process of bringing in more banks for which already permission has been given. Department is reviewing the level of networking, integration etc. on a weekly basis.</p> <p>Finance Department may inform the developments.</p>
2.1.2.5	<p><b>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</b></p> <p>- Pending since December 2007</p>	<p><i>To make suitable amendment in the Registration Rules and to empower the SROs to make an entry of possession of immovable properties under SARFAESI Act 2002 also in their Book I, as done in the case of property attachment made by Civil or Revenue courts.</i></p>	<p><i>Registration Department</i></p>	<p>The issue is pending since December 2007. SLBC Kerala has been regularly pursuing the matter with Registration Department since the induction of the agenda.</p> <p>The State Level Review Meeting of SLBC, Kerala held on 25<sup>th</sup> &amp; 26<sup>th</sup> June, 2013 noted that proposal was submitted to Government for amendment of registration Act vide letter No.IT3/20954/2010 dated 15.12.2011 and decision is pending.</p> <p>In the 111<sup>th</sup> Meeting of SLBC, Kerala held on 23.12.2013, Sri. A. Ajithkumar IAS, Secretary, Taxes Department informed that amendment of registration act 1908 shall be done by the Government of India for doing this. The recent amendment introduced in the parliament is expected to take care of this aspect. Taxes Department has submitted a proposal to Government of India in this regard.</p>

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
				<p>The forum decided to follow up the matter with Registration Department.</p> <p>The matter came up for discussion in the Sub-Committee Meeting of SLBC, Kerala on Pending Issues with Government of Kerala held on 04.01.2014 at Government Secretariat chaired by Sri. V. Somasundaran IAS, Additional Chief Secretary, Finance Department.</p> <p>Taxes Department informed that since Central Act has to be amended, the matter is already taken up with Government of India.</p> <p>In the Sub-Committee Meeting of SLBC, Kerala held on 06.03.2014, representative from Registration Department informed that Central Act Section 89 has to be amended and Proposal in this regard was submitted to Government on 15.12.2011.</p> <p>The Secretary to Government, Taxes Department, Government of Kerala vide D.O. Letter No.5262/E2/2012/TD dated 28.06.2014 informed that “As per the section 13(a) of the Securitization and Reconstruction of Financial Assets and Enforcement of security interest Act, 2002, the authorized officer of a Bank take possession of the property in case of defaulting borrower. However this act has not conferred power the authorized officer to attach the immovable property of the defaulting borrower which is being followed by Debt Recovery Tribunal Act, 1993.</p> <p>As per section 89 of the Indian Registration Act, a Sub Register cannot file the Possession Notice issued by the authorized officer of the Bank as per Appendix-IV of The Security Interest Enforcement Rules, 2002 without amendment in the said Act.</p>

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
				<p>The Central Government have recently introduced an amendment bill in the parliament to give effect to the above. Hence this amendment will be operational once the Bill is passed in the Indian Parliament.”</p> <p>During the 114<sup>th</sup> Meeting of SLBC, Kerala held on 28.11.2014, representative from Registration Department informed that the amendment is made in the Registration Act itself. Overall amendment is under the consideration of the Parliament and as per their requirement Registration Department has given some proposals/remarks for several sections of the act.</p> <p>Registration Department may inform the present position.</p>
2.1.2.6	<p><b>Non availability of Central Government &amp; State Government Interest Subsidy to Education Loans availed from District Co-operative Banks &amp; PACS</b></p>	<p><i>In the District Development Council (DDC) Meeting of Kasaragod District held on 30.09.2013, Sri. N. A. Nellikunnu M.L.A. Kasaragod raised the issue of non availability of Central Govt / State Govt Interest Subsidy to Education Loans granted by Co-op. Banks in the District.</i></p> <p><i>It was informed in the DDC that, this issue of Cooperative Banks not coming under the purview of the Interest Subsidy Scheme on Education Loans of the Central Government &amp;</i></p>	<p><i>1) Ministry of Finance, Government of India</i></p> <p><i>2) Finance &amp; Planning Departments of Govt of Kerala</i></p>	<p>The Sub-Committee of SLBC, Kerala that met on 25.11.2013 decided to place the matter in SLBC for discussion.</p> <p>The matter came up for discussion in the 111<sup>th</sup> Meeting of SLBC, Kerala held on 23.12.2013.</p> <p>In the meeting, LDM, Kasaragod informed that the matter was discussed in the last DDC meeting attended by MLAs and MP of the district. This has been a long pending issue, not only in Kasaragod but also in other districts where education loans are granted by Cooperative banks. DCBs and PACS are excluded from the interest subsidy schemes of both Government of India and Government of Kerala</p> <p>The forum decided to take up the matter with Government of India/Kerala.</p>

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
		<p><i>State Government has been deliberated time and again in the Block Level Banker's Committee and the District Level Consultative Committee. This matter, as per the decision in the DLRC/BLBC, was also referred to the SLBC, for taking up with Central Government &amp; State Government. It was also informed that SLBC had already taken up the matter with the Government, but there is no favourable response so far.</i></p> <p><i>In the above circumstances, it is requested to take up the matter again with Central/State Government for including District Cooperative Banks &amp; PACS also under the purview of interest subsidy in addition to State Co-operative bank and other scheduled Commercial banks. This will support DCBs and PACS which are extending credit to this sector in a big way and also prevent discrimination of Education Loan borrowers in the matter of interest subsidy.</i></p>		<p>In the 112<sup>th</sup> Meeting of SLBC, Kerala held on 21.03.2014, Sri. V. Prabhakaran Nair, General Manager, Kerala State Co-operative Bank opined that the denial of Education loan interest subsidy to DCBs and PACS is unfair. He suggested that at least Government of Kerala may include DCBs and PACs in their interest subsidy scheme.</p> <p>The 112<sup>th</sup> Meeting of SLBC, Kerala held on 21.03.2014 decided to take up the matter with Government of India/Kerala.</p> <p>Vide letter No.13331/F(RO)/2013/Plg dated 24.05.2014, Additional Chief Secretary, Planning &amp; Economic Affairs (F) Department, Government of Kerala had taken up the matter with the Secretary, Ministry of Finance, Department of Financial Services, Government of India requesting to take action to include Kerala State Co-operative Agricultural and Rural Development Bank, District Co-operative Bank and Primary Agricultural Co-operative Societies also in the interest subsidy scheme of Government of India.</p> <p>The State Level Review Meeting of SLBC, Kerala held on 25<sup>th</sup> &amp; 26<sup>th</sup> June, 2014, 113<sup>th</sup> Meeting of SLBC, Kerala held on 18.09.2014 &amp; 114<sup>th</sup> Meeting of SLBC, Kerala held on 28.11.2014 decided to pursue the matter with Ministry of Finance, Government of India /Finance &amp; Planning Departments of Government of Kerala.</p> <p>Planning/ Finance Department may inform the decision of State Government on this issue.</p>

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
2.1.2.7	<p><b>Denial of E-Tender access facilities to customers of all banks except SBT</b></p>	<p><i>Few bank branches have complained that E-Tender access is deprived to their customers as the access is restricted for SBT only. Presently SBT alone is permitted to handle E-Tender business of Government of Kerala. Because of this other bank customers are forced to open accounts with SBT and is causing lot of inconveniences to them.</i></p>	<p><i>Finance &amp; Information Technology Department</i></p>	<p>The matter came up for discussion in the 112<sup>th</sup> Meeting of SLBC, Kerala held on 21.03.2014. The forum decided to pursue the matter with Finance &amp; IT Department of Government of Kerala.</p> <p>During the 113<sup>th</sup> Meeting of SLBC, Kerala held on 18.09.2014, Sri. K. Mohammed Y Safirulla IAS, Director, Kerala State IT Mission informed that they were breaking the dead log of integration E-tender with the support of NTML because of technical issues. In a phased manner the IT Mission is looking into bank to bank integration of all banks which would have the standards required for the software.</p> <p>The 114<sup>th</sup> Meeting of SLBC, Kerala held on 28.11.2014 decided to pursue the matter with Finance &amp; Information Technology Department.</p> <p>Finance &amp; Information Technology Department may inform their views/ decisions on the matter.</p>
2.1.2.8	<p><b>Noting of Equitable Mortgage created in favour of the banks in Revenue Records</b></p>	<p><i>At present there is no practice of noting/recording the Equitable Mortgage (EM) transactions (ie. Mortgage by deposit of title deeds) in the revenue records of the State Government. Also there are no provisions for the same in the revenue regulations of the State of Kerala.</i></p>	<p><i>Revenue Department</i></p>	<p>The Sub-Committee of SLBC, Kerala that met on 06.03.2014 decided to place the matter in SLBC for deliberations.</p> <p>The matter came up for discussion in the 112<sup>th</sup> Meeting of SLBC, Kerala held on 21.03.2014 and the forum decided to take up the matter with Revenue Department.</p> <p>The State Level Review Meeting of SLBC, Kerala held on 25<sup>th</sup> &amp; 26<sup>th</sup> June, 2014 &amp; 113<sup>th</sup> Meeting of SLBC, Kerala held on 18.09.2014 decided to follow up the matter with Revenue Department.</p>

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
		<p><i>In a recent judgment of the Hon'ble Supreme Court of India in <b>State of Haryana v. Narvir Singh &amp; another, reported in (2014) 1 Supreme Court Cases 105</b>, wherein it has been held that banks and financial institutions who accept a mortgage by deposit of title deeds can request the Revenue Authorities to enter the factum of such mortgage in the revenue records. In the facts of the aforesaid case, the Revenue Authorities had taken the stand that only a registered mortgage can be noticed in the revenue records. The view taken by the Revenue Authorities has been held to be unsustainable.</i></p> <p><i>Now that the law has been settled by the Hon'ble Supreme Court, it is requested that when the bank accepts mortgage by deposit of title deeds (Equitable Mortgage), provision shall be enabled for the bank to request the Revenue Authorities to note the same in the revenue records.</i></p>		<p>During the 114<sup>th</sup> Meeting of SLBC, Kerala held on 28.11.2014, Sri. P. Marapandiyan, IAS, Principal Secretary, Planning &amp; Economic Affairs Department, Government of Kerala assured the forum that he would contact the Revenue Department after the meeting itself and then take up the matter with Land Revenue Commissioner.</p> <p>The forum decided to pursue the matter with Revenue Department.</p> <p>Revenue Department may inform the progress.</p>



### 3. GENERAL ISSUES

#### 3.1. FRESH ISSUES

##### 3.1.1. TERTIARY SECTOR

###### 3.1.1.1. Registration of Equitable Mortgage (Suggested by State Bank of Travancore)

Stamp duty for registered mortgage & registered equitable mortgage for securing loans granted by Banks in Kerala was reduced by the Government. However, registration of equitable mortgage is optional only. Registration of equitable mortgage should be made mandatory as has been done by States like, Gujarat, Maharashtra & Tamil Nadu. This will prevent fraudulent transactions & prevent litigation to a larger extent and facilitate enforcement of security by the Bank.

*The Steering Committee Meeting of SLBC Kerala held on 03.03.2015 discussed the matter in light of the following changes in the Reistration act & stamp act.*

###### **A. The Registration Act, 1908 (Central Act 16/1908)**

*Vide GO (P) No.64/2014/TD dt. 2014 May 3<sup>rd</sup>, published as S.R.O No.268/2014 in the Kerala Gazette (Extraordinary) no III/1164 dt. 2014 May 3<sup>rd</sup>, the Govt. Of Kerala have amended the Table of Fees prescribed in Sec 78 of the Registration Act, 1908, to the effect that,*

*“ The registration fee in respect of instruments for securing agricultural and educational loans from the commercial banks, the mortgage deeds for securing other loans from the commercial banks and the re-conveyance deeds thereof, shall be one percent of the value subject to a maximum of Rs.500/- “ This amendment has come into force on 2014 May 3<sup>rd</sup>*

###### **B. The Kerala Stamp Act, 1959 (State Act 17/1959)**

*Vide Kerala Finance Act, 2014 (State Act 20/2014) published as Notification No. 2500/Leg.A2/2014 /Law dt 2014 July 23<sup>rd</sup> in the Kerala Gazette (Extraordinary) no III/1899 dt 2014 July 23<sup>rd</sup>, the Govt. of Kerala have amended the following provisions of the Kerala Stamp Act, 1959,*

*1. In Schedule Sl. No. 37, a new clause (d) is inserted, to the effect that,*

*“ For mortgage deeds executed in favour of commercial banks for securing loans , the stamp duty payable shall be 0.5 % for the amount secured subject to a maximum of Rs.20,000/-*

*2. In Schedule Sl. No. 37, Exemptions, a new exemption (2) is inserted to the effect that,*

*“Instruments executed for securing agricultural and educational loans granted by commercial banks shall be exempted from stamp duty “*

*The Steering Committee Meeting decided to place the matter in SLBC for discussion.*

### **3.1.1.2. Noting of lien of the Bank in Thandaper Register of Village Office for the loans granted by the Banks (Suggested by State Bank of Travancore)**

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

*The Steering Committee Meeting of SLBC Kerala held on 03.03.2015 decided to place the matter in SLBC for discussion.*

### **3.1.1.3. Noting of Sarfaesi Demand Notice by Registrar Offices (Suggested by State Bank of Travancore)**

In terms of Section 13 (13) of the SARFAESI Act, no borrower shall, after receipt of notice referred to in sub-section (2), transfer by way of sale, lease or otherwise (other than in the ordinary course of his business) any of his secured assets referred to in the notice, without prior written consent of the secured creditor. Further, section 29 of the said Act also provides that, if any person contravenes or attempts to contravene or abets the contravention of the provisions of the Act or of any rules made there under, he shall be punishable with imprisonment for a term which may extend to one year or with fine or with both. In spite of informing SROs about the above provisions, SROs are refusing to note in their records about the demand notice. Noting of demand notices by the SROs should be made mandatory.

*The Steering Committee Meeting of SLBC Kerala held on 03.03.2015 decided to place the matter in SLBC for discussion.*

### **3.1.1.4. Registration of UDS [Un Divided Share] (Suggested by State Bank of Travancore)**

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

*The Steering Committee Meeting of SLBC Kerala held on 03.03.2015 decided to place the matter in SLBC for discussion.*

### **3.1.1.5. Registration Act, 1908 – State amendment of Section 17 (1) (f)**

(Suggested by State Bank of Travancore)

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

*The Steering Committee Meeting of SLBC Kerala held on 03.03.2015 decided to place the matter in SLBC for discussion.*

### **3.1.1.6. Issues relating to Stamp duty on Branch & ATM lease deeds**

(Suggested by Canara Bank)

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

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

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

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

*The Steering Committee Meeting of SLBC Kerala held on 03.03.2015 decided to place the matter in SLBC for discussion.*

*Eg.Canara Bank Pulikalkavala Branch installed offsite ATM at Kanam (Kottayam District) with a stamp duty Rs. 25000 per annum plus additional amount of Rs. 3300 of average annual rent.*

## 3.2. PENDING ISSUES IN SLBC & ACTION TAKEN REPORT

### 3.2.1. PRIMARY SECTOR

Sl. No.	Agenda Item	<i>Action Points</i>	Action to be taken by	Present Position/Progress
3.2.1.1	<b>Introduction of a Credit Guarantee Scheme for Agriculture Term Loans similar to CGTMSE</b> - Pending since July 2012	<i>In the SLRM 2012, it was suggested that in view of the mounting NPA under Agriculture Term Loans after implementation of ADWDRS, banks were facing serious issues. It was recommended to suggest introduction of a Guarantee Scheme similar to CGTMSE, particularly for Term Loans under Agriculture.</i>	SLBC / Government of India	<p>In response to the recommendation, SLBC Cell had through various letters taken up the matter with the Government of India and their reply is awaited.</p> <p>The 109<sup>th</sup> meeting of SLBC, Kerala and the State Level Review Meeting (SLRM) 2013 of SLBC, Kerala decided to pursue the matter with Govt of India.</p> <p>Subsequently the matter came up for discussion in the 110<sup>th</sup>, 111<sup>th</sup> &amp; 112<sup>th</sup> Meetings of SLBC, Kerala and it was decided to pursue the matter with Ministry of Finance, Department of Financial Services, and Government of India.</p> <p>During the State Level Review Meeting of SLBC, Kerala held on 25<sup>th</sup> &amp; 26<sup>th</sup> June, 2014, it is observed that there is mounting NPAs under Agriculture term loans after implementation of ADWDRS.</p> <p>It is recommended that Credit Guarantee Scheme similar to CGTMSE for agricultural term loans may be formulated. SLBC may take up the matter with Government of India.</p> <p>The 113<sup>th</sup> Meeting of SLBC, Kerala held on 18.09.2014 &amp; 114<sup>th</sup> Meeting of SLBC, Kerala held on 28.11.2014 decided to pursue the matter with Ministry of Finance, Government of India.</p> <p>SLBC Cell has again taken up the matter with the Ministry of Finance, Department of Financial Services, Government of India. Reply is awaited.</p>

### 3.2.2. SECONDARY SECTOR

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
3.2.2.1	<p><b>PMRY 2006-07 &amp; 2007-08</b>  <b>- Non receipt of Subsidy</b>            - Pending since August 2009</p>	<p><i>Subsidy on PMRY loans granted during 2006-07 and 2007-08 are yet to be released to various banks in few accounts. Such borrowers are forced to pay interest on the subsidy portion also till it is received by Banks. Also subsidy portion remaining unpaid are becoming NPA. Due to this customers are penalized as their names would be appearing in the CIBIL defaulters list.</i></p>	<p><i>RBI / Controlling Offices of Banks</i></p>	<p>RBI had vide letter RPCD (T) No.LBS/391/03.02.002/2012-13 dated 07.11.2012 informed that the claims submitted by the 24 implementing banks have been forwarded by RBI, Central Office to KVIC for reimbursement.</p> <p>Further, it is clarified that banks are permitted not to classify PMRY accounts, where the borrowers have repaid their portion of loan in full (only Government subsidy is outstanding), as NPA unless the Government repudiates the claims of banks for release of subsidy. However, PMRY accounts where the borrowers have not paid their portion of loan, classification should be governed by extant classification norms prescribed in the Master Circular - Prudential Norms on Income Recognition, Asset Classification and Provisioning Norms pertaining to Advances.</p> <p>The 109<sup>th</sup> meeting &amp; annual SLRM 2013 meeting of SLBC, Kerala decided to pursue the matter with Reserve Bank of India till logical conclusion.</p> <p>RBI Central Office vide letter dated May, 22, 2013 had requested all implementing banks to furnish, certificate issued by Statutory Auditors in the format enclosed with their letter to enable RBI to forward the same to KVIC for early release of the captioned subsidy.</p> <p>The forum noted this and requested Banks to furnish certificate as directed above by RBI.</p>

Sl. No.	Agenda Item	<i>Action Points</i>	Action to be taken by	Present Position/Progress
				<p>SLBC Cell, vide letter SLBC 38 194 2013 KRA dated 24.07.2013, had advised the Controlling Offices of all Banks in these lines.</p> <p>In the 111<sup>th</sup> Meeting of SLBC, Kerala held on 23.12.2013, Deputy General Manager, RBI informed that RBI Central Office is handling the issue and is coordinating with KVIC and trying to get subsidy for onward transmission to the banks concerned.</p> <p>The forum decided to pursue the matter with RBI.</p> <p>During the State Level Review Meeting of SLBC, Kerala held on 25<sup>th</sup> &amp; 26<sup>th</sup> June, 2014 and 113<sup>th</sup> Meeting of SLBC, Kerala held on 18.09.2014, Sri. K. Santhakumar, Deputy General Manager, Reserve Bank of India informed that the matter was followed up with Government of India and reply is awaiting.</p> <p>During the 114<sup>th</sup> Meeting of SLBC, Kerala held on 28.11.2014, Sri. K. Santhakumar, Deputy General Manager, RBI informed that the matter was still pending with Government of India and RBI is closely monitoring this.</p> <p>The forum decided to pursue the matter with Reserve Bank of India.</p> <p>RBI may inform the present position.</p>

### 3.2.3. TERTIARY SECTOR

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
3.2.3.1	<p><b>Non availability of Government of India Interest Subsidy on Education loans granted by KSCARD Bank</b> - Pending since July 2012</p>	<p><i>Education Loans granted by KSCARD Bank also to be provided with interest subsidy extended by Government of India.</i></p>	<p><i>Ministry of Finance Government of India</i></p>	<p>The matter came up for discussion in the 109<sup>th</sup>, 110<sup>th</sup>, 111<sup>th</sup>, 112<sup>th</sup>, 113<sup>th</sup> SLBC Meetings &amp; State Level Review Meeting 2013 &amp; 2014 of SLBC, Kerala decided to pursue the matter with Ministry of Finance, Department of Financial Services, Government of India. The forum suggested that State Government may also recommend the matter to Government of India.</p> <p>During the 114<sup>th</sup> Meeting of SLBC, Kerala held on 28.11.2014, Sri. N. Remesh, General Manager, NABARD informed that major exposure of NABARD, RO Trivandrum is with KSCARDB and more than Rs. 3400 crores fund is utilising for various purposes of the bank. NABARD would be able to continue the support to KSCARDB according to consider their profitability also. He then made a request to the State Government to consider this matter favourably.</p> <p>Sri. V. Prabhakaran Nair, General Manager, Kerala State Cooperative Bank clarified one point that actually the Kerala State Cooperative Bank was denied the Education Loan subsidy for 2-3 years even if the bank applied to Canara Bank, the nodal bank, they were not permitted to draw the subsidy. Then the bank had taken up the matter with Government of India and finally Government have decided that State Cooperative Banks are also coming under scheduled banks as such subsidy arrears for 3 years have been cleared. Since Government of India is able to give subsidy to scheduled cooperative banks only, District Cooperative Banks are not getting the subsidy. He made a suggestion that all licensed banks should be given subsidy in the case of Education loans, otherwise KSCARDB would not encourage more Education loans.</p> <p>The forum decided to pursue the matter with Ministry of Finance, Government of India.</p>

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
3.2.3.2	<p><b>Request to consider interest relief for loanees affected by Chronic Diseases/ Ailments</b></p>	<p>“ബാങ്കുകളിൽ നിന്നും വായ്പ എടുത്തിട്ടുള്ള കിഡ്നി, കാൻസർ, ന്യൂറോ, കരൾ സംബന്ധമായ രോഗങ്ങൾ ബാധിച്ചവർ, തളർന്ന് കിടക്കുന്നവർ, ബുദ്ധിമാന്ദ്യമുള്ളവർ, അംഗഭംഗം വന്നവർ എന്നീ വിഭാഗത്തിൽപ്പെട്ടവരെ പലിശയിൽ നിന്ന് ഒഴിവാക്കുന്നതിന് അല്ലെങ്കിൽ പലിശ ഇളവ് അനുവദിക്കുന്നതിന് വേണ്ട നടപടികൾ കൈക്കൊള്ളണം.”</p>	<p><i>SLBC Cell</i></p>	<p>The matter came up for discussion in the 112<sup>th</sup> SLBC meeting held on 21.03.2014 and decided that individual banks can take a decision in this regard on a case to case basis. Government find that the SLBC has not taken into account the social responsibility of the banks to help persons in severe distress. Hon’ble Chief Minister has noted that this is a very deserving request and banks may take sympathetic view on the matter.</p> <p>In the circumstances, it is requested to reconsider the case in the next SLBC meeting so as to formulate specific norms for this scheme.</p> <p>The Steering Committee Meeting of SLBC held on 05.09.2014 noted the above and decided that individual banks can take a decision in this regard. It is also suggested that Planning &amp; Economic Affairs Department to take up the matter with Government of India for getting suitable decision from IBA. The Committee decided to place the matter in SLBC for deliberation.</p> <p>In the 113<sup>th</sup> Meeting of SLBC, Kerala held on 18.09.2014, the Chairman &amp; Managing Director, Canara Bank assured the forum that Canara Bank would formulate a scheme as per RBI norms and circulate the same among all banks.</p> <p>Canara Bank, Head Office is working on a scheme for implementation in the bank. Once it is approved, it shall be circulated to the other banks also.</p> <p>The 114<sup>th</sup> Meeting of SLBC, Kerala held on 28.11.2014 noted that Canara Bank, Head Office is working on a scheme for implementation in the bank and once it is approved, it shall be circulated to the other banks also.</p>



Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
3.2.3.3	<b>Formulation of a Reverse Mortgage Scheme for the mentally challenged</b>	<i>In O.P. No. 16667 of 1996-S, the Hon'ble High Court of Kerala vide its directive (I.A.No.4798 of 2014) dated 26<sup>th</sup> August, 2014 directed the SLBC Kerala to give its views on the feasibility on providing the facility of Reverse Mortgage Scheme through nationalized banks for the benefit of mentally challenged persons and if found feasible, we suggest a scheme to that effect. The High Court Orders was provided in the 113<sup>th</sup> SLBC meeting.</i>	IBA / SLBC	<p>The matter came up for discussion in the 113<sup>th</sup> Meeting of SLBC, Kerala held on 18.09.2014.</p> <p>In the meeting, Sri. C. G. Nair, Deputy General Manager, Canara Bank explained that this was a follow up of public interest litigation filed by certain people on behalf of mentally challenged people. The High Court felt that there is a case for providing bank loans to mentally challenged people. As of now no bank is giving any loan to mentally challenged persons. High Court desires that a scheme something similar to Reverse Mortgage Scheme for senior citizen is formulated. There are many mentally challenged people who are having substantial assets in their name without being aware of this and use these assets as security to provide a annuity kind of assistance to the mentally challenged people. High court was assured that necessary legal provisions would be incorporated in the final order protecting the interest of the financing institutions. High Court wanted that SLBC may look in to the matter and come out with a scheme if possible.</p> <p>The forum decided that since this is a pan India issue, SLBC may take up the matter with IBA for formulating a suitable scheme in consultation with amicus curiae. SLBC Cell has taken up the matter with IBA through Canara Bank Head Office and a decision is awaited</p> <p>The 114<sup>th</sup> Meeting of SLBC, Kerala held on 28.11.2014 suggested that a group consisting of Canara Bank, SBI, SBT would be able to formulate a scheme and referred to RBI and the same would be presented in the next SLBC for approval.</p>

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
				<p>The Sub-Committee met on 30.12.2014, 20.02.2015 &amp; 25.02.2015 at Canara Bank, Circle Office, Trivandrum and formulate a scheme which is given below.</p> <p>Special Reverse Mortgage Scheme for the mentally ill persons covered under the Mental Health Act of 1987 is provided in <b><u>Annexure-9.39.</u></b></p> <p>The Steering Committee Meeting of SLBC Kerala held on 03.03.2015 noted the “special Reverse Mortgage Scheme for the mentally ill persons covered under the Mental Health Act of 1987” formulated by the Sub-committee and decided to place the scheme in SLBC for adoption.</p>
3.2.3.4	<b>Higher rate of interest charged on Education loan in the State</b>	The interest rate charged on Education loan in the State are on higher rate. The present interest rate charged is different for every bank. Interest rate can be charged at any rate above the base rate fixed by RBI. In Kerala, Education loans are availed by the weaker section of the society. In order to ameliorate the hardship faced by such students in repayment of their Education loan.	Reserve Bank of India	<p><i>The matter came up for discussion in the 114<sup>th</sup> Meeting of SLBC, Kerala held on 28.11.2014 as suggested by Planning &amp; Economic Affairs (F) Department.</i></p> <p><i>The Steering Committee Meeting of SLBC Kerala held on 18.11.2014 decided to place the matter in SLBC for deliberation.</i></p> <p><i>The forum decided that the matter would be taken up with RBI.</i></p>

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
		It is requested to take steps for unification of rate of interest for Education loans and to reduce the rate of interest to the extent possible.		
3.2.3.5	<b>Establishment of Financial Literacy Centres (FLCs) in all blocks of the State</b>	<p><i>RBI vide circular RPCD.CO.MFFI.BC.N0 .86/ 12.01.018/2008-09 dated 04.02.2009 had brought out a model scheme with regard to establishment of FLC wherein it was envisaged to set up FLCs at all levels viz. Block, District, Town and City level. Accordingly, banks were expected to initiate setting up of FLCs in all the Blocks.</i></p>	<p><i>RBI, NABARD, SLBC, LDMs, DDMs, Banks</i></p>	<p>The 113<sup>th</sup> Meeting of SLBC, Kerala held on 18.09.2014, observed that 100% FLCs are established in the all the 152 blocks in the State and at the same time FLCs established need to be stabilized, supported with proper man power and control of the function.</p> <p>Referring strengthening of FLCs, Sri. K. Santhakumar, Deputy General Manager, RBI informed that RBI is ready to form a Task Force committee which would go into assessing the quality of FLC functioning especially in connection with the implementation of PMJDY.</p> <p>The forum adopted that the Task Force Committee comprising of AGM RBI, DM SLBC and AGM, NABARD and at District level the Task Force should comprise of LDM and DDM.</p> <p>The task forces have been formed and the study is in progress .The report is expected to be finalized by 2014 November 15<sup>th</sup>.</p> <p>In the 114<sup>th</sup> Meeting of SLBC, Kerala held on 28.11.2014, referring the matter of strengthening the stability of FLC, Sri. P. S. Rawat, Executive Director, Canara Bank informed that FLCs should have to play a vital role in disseminating the facilities with regard to account opening, activation of debit cards etc. The duty of FLCs to educate people that once in 45 days</p>

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
		<p><i>Kerala has a unique status of having established FLC in all the 14 districts by September 2011 itself. The task of establishing FLC at Block level was aimed to be completed by September 2013 and subsequently this deadline was extended to January 2014. Accordingly, LDMs have allotted the blocks to the banks operating in the area for establishing FLCs.</i></p>		<p>either for financial transaction or for non financial transaction Rupey debit card to be used so as to become eligible for 1 lakh accident insurance.</p> <p>Sri. K. Santhakumar, Deputy General Manager, Reserve Bank of India observed that as per the statistics, 26 FLCs are not done any camps till now during the last 6 months of the financial year and 93 FLCs have conducted only one camp each. Out of the 164 FLCs, 70% FLCs has not been found to be functioning up to the expected level. Especially in the context of Financial Inclusion so many new accounts are opened, banks to ensure that the FLC mechanism is to be upscaled. In the context of implementation of PMJDY, newly entered account holders in the banking stream are to be encouraged or given in the strength to ankle more transactions so as to become economically empowered.</p> <p>Dr. Rajan Khobragade, IAS, Secretary, Agriculture Department requested that LDMs of all districts would be evaluated the performance of FLCs and discuss it in DCC meetings chaired by District Collector so as to prepare specific plan and activity chart within the next 6 months then only SLBC to collect the report/output of FLCs.</p> <p>Sri. V. Reveendran, Assistant General Manager, RBI pointed out that in Kerala we have been taking credit in establishing FLCs in all the 152 blocks. But the hard reality is that half of FLCs are not functioning properly and many of the FLCs owned by major banks in Kerala are not having separate Financial Counselors and having just boards only. RBI has clearly given instruction that all the rural branches have to conduct one financial literacy campaign in a month and collecting the report. Many times it is found that the activities are nil. He suggested that unless these banks to take clear decision that whether they wanted to continue the FLC or otherwise other banks would come forward for opening FLCs.</p>

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
				<p>The forum decided that the matter would be discussed in the DCC meetings of respective districts and the interim report of FLCs should be submitted by SLBC Cell by LDMs on or before 15.12.2014.</p> <p>Status &amp; Progress Report as at September 2014 pertaining FLCs established is given in <b><u>Annexure-9.35.</u></b></p>
3.2.3.6	<p><b>Education Loan - Management Quota (Admissions)</b></p>	<p>The Special Meeting of SLBC, Kerala held on 30.01.2015 at Trivandrum decided to constitute a sub-committee consisting of the following members to examine the issues related to Education Loan (Management Quota Admissions) in detail and the committee shall place its report in the SLBC, in its next meeting</p>	<p><i>SLBC</i></p>	<p>The first meeting of the sub-committee met on 04.02.2015 at Canara Bank, Circle Office, Trivandrum. Subsequent to that the 2<sup>nd</sup> and Final sitting on 02.03.2015 arrived at a conclusion in all the issues and recommendations were made thereof. The Minutes of the Sub-Committee of SLBC on Education Loan held on 02.03.2015 is provided in <b><u>Annexure-9.44.</u></b></p>

### **3.3. INFORMATION NOTES**

#### **3.3.1. Death Claim settlement for PMJDY account holder** (Suggested by LIC of India)

It is informed that the guidelines for claim settlement of PMJDY account holders were received by LIC of India. The procedure for the claim settlement is to be discussed with member banks and the specimen copies of claim forms to be supplied.

*The scheme implemented by Canara Bank – “PMJDY – Life Insurance Cover & Claim Settlement” is provided in Annexure-9.40.*

*The Steering Committee Meeting of SLBC Kerala held on 03.03.2015 decided to place the matter in SLBC for information of banks.*

#### **3.3.2. Lack of security in ATMS – Need for effective measures** (Suggested by Home (M) Department, Government of Kerala)

Home (M) Department, Government of Kerala has forwarded a copy each of the memorandum detailing the untoward incidents happening with women and children in public places especially in the surroundings of ATMs, the suggestions to improve the security concern in this regard put forwarded by the State Police Chief and it is requested to place before the next SLBC meeting for consideration. *A copy each of the memorandum and the measures suggested by the State Police Chief is provided in Annexure - 9.41 & 9.42.*

*The Steering Committee Meeting of SLBC Kerala held on 03.03.2015 noted the measures suggested by the State Police Chief, Kerala for enhancing security of ATMS installed across the State. The committee observed that as per the guidelines from Ministry of Finance all bank branches have to provide ATM facility, but the same is not possible in remote areas. Only individual banks can take a decision for appointing security guards in their ATM counters. As per RBI guidelines, it is not possible to set up automatic locking from inside the ATM. Clearance certificate from Police would cause delay in opening ATM counters. The Committee then decided to place the matter in SLBC for information of banks.*

#### **3.3.3. Progress Report on Filing of EM records** (Suggested by CERSAI)

The Central Registry of Securitization Asset Reconstruction and Security Interest of India (CERSAI) is a company licenses under Section 25 of the Companies Act, 1956, CERSAI was promoted by Central Government and 11 major Banks to prevent frauds involving multiple lending by different banks on the same immovable property. It became operational on March 31, 2011. The Company is a Government Company with a shareholding of 51% by the Central Government and 49% by select Public Sector Banks and National Housing Bank.

The object of the company is to maintain and operate a Registration System for the purpose of registration of transactions of securitization, asset reconstruction of financial assets and creation of security interest over property, as contemplated under Chapter IV of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act). The Registration is applicable to transactions of security interest over property created to secure loans and advances from the banks and financial institutions as defined under the SARFAESI Act.

The Company is providing an electronic platform 24 x 7 for filing registration of transactions of securitization, asset reconstruction and security interest by the banks and financial institutions. Any member of public can also search and inspect the records maintained by the Registry on payment of fees prescribed under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (Central Registry).

All SLBC Member banks are requested to ensure that all transactions related to immovable properties done by them are registered on the portal of CERSAI within the prescribed period. A confirmation certificate to this effect be submitted along with the other data on quarterly basis to the SLBC on the format given below.

**Progress of filing of Equitable Mortgage Records on CERSAI  
as on (Quarter ended.....)**

Sl. No.	Name of the Bank/FI	Whether Registered with CERSAI Y/N)	Total number of equitable mortgages taken by them from their borrowers in this financial year	No. of records uploaded on CERSAI portal	No. of records yet to be uploaded	Whether filing of subsisting mortgages completed Y/N	If not subsisting mortgages left to be registered
1	2	3	4	5	6	7	8

*The Steering Committee Meeting of SLBC Kerala held on 03.03.2015 observed that data extraction from the CERSAI site has to be made user friendly and decided to place the matter in SLBC for information of banks.*

**3.3.4. Scheme for financing Society for Assistant to Fisherwomen (SAF)**  
(Suggested by Directorate of Fisheries)

Society for Assistant to Fisherwomen (SAF) is an agency under Department of Fisheries, Government of Kerala registered on 1<sup>st</sup> June 2005 (Travancore Cochin Literary Scientific Charitable Societies Act 1955) to initiate and implement project for the alternate livelihood for fisherwomen in the State. Since 2005 SAF has formed more than 2500 fisherwomen based activity group in the 9 maritime coasts under following project.

- (i) *Economic Empowerment*
- (ii) *Tsunami Emergency Assistance Programme (TEAP)*
- (iii) *Tsunami Rehabilitation Programme (TRP)*
- (iv) *Prime Minister's National Relief Fund (PMNRF)*
- (v) *Value Added Fish Production units (VAFPU)*
- (vi) *Development of Micro – Enterprises (DME-2011)*
- (vii) *Development of Micro – Enterprises (DME-2012)*
- (viii) *Theeramythri Project – Development of Micro – Enterprises (DME)*
- (ix) *Theeramythri – Marine districts and Vembanad area*

The DME unit will be by SAF activity group with women from fishermen families comprising 4 members from different families.

The fund for the micro- enterprise will be generated by following head. Total cost of the project will be around 2 lakhs.

SAF share (subsidy)	80%
Beneficiary contribution	5%
Bank loan	15%.

So far SAF has implemented projects worth Rs. 3476 lakh by mobilizing Rs. 2782 lakh as subsidy from State plan fund. Rs. 173 lakh as beneficiary contribution and Rs. 521 lakh as bank loan. It also worth significant that the repayment rate is also very high (almost 100%).

At present in Theeramythri projects, the account of the SAF activity group is maintained jointly by the Leader and Treasurer of the group. With a view to expand the SAF activities to more area, operation is extended to coastal area of Vembanad Lake to support marginalized fisher women. Recently, SAF and its new units facing severe problems due to the lack sanction of bank loan in time, especially from the nationalized banks in Kottayam, Ernakulam and Thrissur districts. In this context, it is high time to inform that SAF is extending support only to fisherwomen based activity group which submit viable projects. SAF has a well established system of support and handholding of such unit. The bank loan from nationalized bank is an integral part is the SAF project. SAF will extend support only to those groups which seek bank loan.

It is also point out that SLBC was kind enough to give direction to all member bankers of SLBC to sanction loan to the selected beneficiaries of micro enterprise projects which was implemented by SAF under Tsunami Package Scheme. In similar lime it is requested the same kind of cooperation from SLBC to give priority to the applicants of fisherwomen activity group selected by SAF. It is also requested to give necessary direction to all member bankers, so that Directorate can easily extend their support to fisherwomen.



*In the Steering Committee Meeting of SLBC Kerala held on 03.03.2015, the representative from Fisheries Directorate informed that the Society for Assistant to Fisherwomen (SAF) is implementing projects in coastal districts of the State and required support from banks especially in Kottayam, Ernakulam and Thrissur Districts.*

*The committee requested the Directorate of Fisheries to provide the district wise details of fisherwomen based activity groups linked so that SLBC Cell to take up the matter with the Controlling Offices of concerned Banks and LDMs.*

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

### **3.3.5. Implementation of Coir Udyami Yojana [formerly known as Rejuvenation, Modernization and Technology Upgradation (REMOT) of Coir Industry] (Suggested Coir Board)**

Ministry of Micro, Small and Medium Enterprises (MSME), Government of India has conveyed approval for continuation of the on-going Plan Scheme **Rejuvenation, Modernization and Technology Upgradation** during the XII<sup>th</sup> Five Year Plan with a modified operational guideline at an outlay of Rs. 80.00 crores. As part of simplification of names of Central Sector Schemes run through the Coir Board during XII Plan, Ministry has now renamed the REMOT Scheme as '**Coir Udyami Yojana (CUY)** to make it better understood by the Stakeholders.

The major modifications approved in the operational guidelines of the Coir Udyami Yojana are as follows:

- (1) The Scheme would cover projects for production of coir fibre/yarn/products etc. coming under coir sector. The maximum admissible cost of the project is Rs.10 lakhs plus working capital, which shall not exceed 25% of the project cost. The bank shall consider composite loan instead of term loan to cater to the working capital requirements. The working capital shall not be considered for subsidy. The quantum and nature of financial assistance under the scheme will be 40% of the project cost as Government of India subsidy, 55% as Bank credit and 5% as beneficiary contribution. The loan for working capital shall be sanctioned and released only after setting up of the unit.*
- (2) The assistance will be made available through all the Scheduled Commercial Banks listed in the 2nd Schedule of the RBI Act, Regional Rural Banks, Co-operative Banks, SC/ST/OBC Finance and Development Corporations.*
- (3) Assistance under the scheme will be made available to individuals, Companies, Self Help Groups, Non Governmental Organizations, Institutions registered under Societies' Registration Act 1860, Production Co-operative Societies, Joint Liability Groups and Charitable Trusts.*
- (4) The identification of beneficiaries at different regions will be done by a committee as per the parameters set out in the operational guidelines of the scheme. Entrepreneurship Development Programme will be mandatory for all beneficiaries of the Scheme. The Regional Level Selection Committee will scrutinize the applications received for its consideration. The Regional Level Selection Committee will also review the status of the applications*

already forwarded to the Banks. Evaluation and Steering Committee headed by Chairman, Coir Board will review the implementation of the scheme on all India basis.

- (5) With a view to provide handholding support towards the marketing efforts of the REMOT beneficiaries, an allocation of Rs.10 Crores has been earmarked as Marketing Support Assistance under the Scheme. The assistance will be disbursed for establishing Marketing Consortiums, participation in fairs/exhibitions, hiring of showroom/godown etc.
- (6) The Coir Board, Coir House, M.G. Road, Kochi is the Nodal Agency at national level for implementation of the scheme. At the state level the scheme will be implemented through the Field Offices of the Board viz. Regional Offices/Sub Regional Offices/Coir Mark Scheme Office/Showroom & Sales Depots and all other sub offices of the Coir Board situated in different parts of the country. The Field Offices of the Board will coordinate with DICs, Coir Project Offices, Panchayati Raj Institutions and other NGOs of repute and such others for the identification of the beneficiaries under the Scheme.

### **Review of implementation of Coir Udyami Yojana during 2014-15**

During the year 2014-15, an amount of Rs.327 lakhs has been earmarked for setting up of 150 units under Coir Udyami Yojana in the State of Kerala. Out of which after a lapse of 10 months Board could able to utilize only Rs.29.66 lakhs for establishing 72 units as detailed below:

<b>Sl. No.</b>	<b>Bank</b>	<b>No. of Units</b>	<b>Subsidy released (Rs. in lakhs)</b>
1	SBT, Varanad	9	3.60
2	SBT, Vaikom	13	5.20
3	SBT, Pathirapally	1	0.40
4	SBT, Kulasekharamangalam	17	6.80
5	SBT, Thiruvankulam	1	0.74
6	SBT, Punnapra	1	0.92
7	UBI, Karthikapally	25	10.00
8	UBI, Haripad	5	2.00
	<b>Total</b>	<b>72</b>	<b>29.66</b>

Since Coir Udyami Yojana is the only poverty alleviation Scheme implemented in the Coir Sector, the Hon'ble Union Minister for MSME is scrupulously reviewing the Scheme. Hence Board has taken steps to achieve the target fixed for 2014-15 on a war-footing basis. The Coir Udyami Yojana implementing Offices of the Board in Kerala have already been instructed to collect applications and convene Regional Level Selection Committee meetings on 2<sup>nd</sup> and 9<sup>th</sup> February 2015 and recommend applications to Banks for considering release of loans under the Scheme so that Board could able to achieve the target fixed for the year 2014-15.

The Committee may give necessary directions to the Banks to extend their support and cooperation to consider and process the Coir Udyami Yojana applications, so that fund released by the Ministry can be utilized and achieve the target fixed for 2014-15.

*In the Steering Committee Meeting of SLBC Kerala held on 03.03.2015, the representative from Coir Board informed that during 2014-15, out of 150 units under Coir Udyami Yojana in the State of Kerala, 72 units established and 78 units remaining pending. She requested that SLBC may give necessary directions to the banks to extend their support towards the remaining applications pending under the scheme.*

*The committee requested the Coir Board to provide the bank wise details in this regard. The committee decided that the matter may be placed as special agenda in DLRC meeting of Alappuzha District.*

*The committee also observed that percentagewise NPA is very high. The committee then decided to place the matter in SLBC for information of banks.*

### **3.3.6. Weavers Credit Card – Progress Report – Note by Directorate of Handloom & Textiles**

The progress of implementation of Weavers Credit Card for the month of November 2014 is very poor. Sanction is only 214 against the annual target of 10000 Nos. Number of applications pending in Bank is 1719. It is requested that to direct the banks to take action to sanction the maximum number of cases and achieve the target. The progress report of weavers credit card as at November 2014 is given in **Annexure-9.45**.

*The Steering Committee Meeting of SLBC Kerala held on 03.03.2015 noted the progress under weavers Credit Card and decided that the matter would be taken up with Controlling Offices of concerned Banks. The Committee then decided to place the matter in SLBC for information.*

### **3.3.7. Kerala State Adarsh Gram Yojana**

#### **Detailed Report of Gram Panchayats identified for Sansad Adarsh Gram Yojana (SAANJHI)**

<b>LOK SABHA MEMBERS</b>						
<b>Sl. No.</b>	<b>State</b>	<b>Constituency Name</b>	<b>Name of the MP</b>	<b>District</b>	<b>Block/ Sub-District</b>	<b>Gram Panchayats</b>
1	Kerala	Kozhikode	Sri. M. K. Raghavan	Kozhikode	Thamarassery	Unnikulum
2		Malappuram	Sri. E. Ahamed	Malappuram	Ernad	Trikkalangode
3		Pathanamthitta	Sri. Anto Antony	Pathanamthitta	Adoor	Kadampanadu
4		Ponnani	Sri. E. T. Mohammed Basheer	Malappuram	Tirurangadi	Nannambra
5		Alathur	Sri. Parayamparanbil Kuttappan Biju	Palakkad	Chittur	Pallassana
6		Idukki	Sri. (Adv.) Joice George	Idukki	Idukki	Idukki - Kanjikuzhy
7		Chalakydy	Sri. Innocent	Thrissur	Chalakkudy	Kodassery
8		Thrissur	Sri. C. N. Jayadevan	Thrissur	Thrissur	Thanniyam
9		Kasaragod	Sri. P. Karunakaran	Kasaragod	Vellarikkundu	Kinanoor Karindalam

LOK SABHA MEMBERS						
Sl. No.	State	Constituency Name	Name of the MP	District	Block/ Sub-District	Gram Panchayats
10		Mavelikkara	Sri. Suresh Kodikunnil	Alappuzha	Kuttanad	Thakazhi
11		Kottayam	Sri. Jose K. Mani	Kottayam	Kottayam	Neendoor
12		Vadakara	Sri. Ramachandran Mullappally	Kozhikode	Koyilandi	Payyoli
13		Kollam	Sri. N.K. Premachandran	Kollam	Punalur	Alayamon
14		Palakkad	Sri. M. B. Rajesh	Palakkad	Mannarkad	Pudur
15		Attingal	Dr. Anirudhan Sampath	Trivandrum	Chirayinkeezhu	Anjuthengu
16		Wayanad	Sri. M. I. Shanavas	Wayanad	Vythiri	Kaniambetta
17		Kannur	Smt. P.K.Sreemathi Teacher	Kannur	Taliparamba	Kuttiattor
18		Trivandrum	Sri. Shashi Tharoor	Trivandrum	Neyyattinkara	Kottukal
19		Ernakulam	Prof. Kuruppassery Varkey Thomas	Ernakulam	Paravur	Kottuvally
20	Alappuzha	Sri. K. C. Venugopal	Alappuzha	Ambalappuzha	Aryad	

RAJYA SABHA MEMBERS					
Sl. No.	State	Name of the Rajya Sabha Members	District	Block/ Sub-District	Gram Panchayats
1	Kerala	Dr. T.N. Seema	Trivandrum	Kattakkada	Kallikkadu
2		Prof. P.J. Kurien	Pathanamthitta	Ranni	Naranamoozh
3		Sri. A.K. Antony	Alappuzha	Cherthala	Thaicattussery
4		Sri. C.P. Narayanan	Kozhikode	Koyilandi	Kottur
5		Sri. Joy Abraham	Kottayam	Meenachil	Melukavu
6		Sri. K.N. Balagopal	Kollam	Kollam	Panayam
7		Sri. M. P. Achuthan	Trivandrum	Nedumangad	Aryanad
8		Sri. P. Rajeeve	Ernakulam	Kanayannur	Udayamperur
9		Sri. Vayalar Ravi	Alappuzha	Cherthala	Kadakkarappally

*The Steering Committee Meeting of SLBC Kerala held on 03.03.2015 noted the grama panchayats identified for Lok Sabha and Rajya Sabha members in the State of Kerala and decided to place the matter in SLBC for information of banks/LDMs.*

### **3.3.8. National Rural Livelihood Mission – Aajeevika** (Suggested by Kudumbashree)

**Aajeevika - National Rural Livelihoods Mission (NRLM)** was launched by the Ministry of Rural Development (MoRD), Government of India in June 2011. Aided in part through investment support by the World Bank, the Mission aims at creating efficient and effective institutional platforms of the rural poor enabling them to increase household income through sustainable livelihood enhancements and improved access to financial services.

NRLM has set out with an agenda to cover 7 Crore rural poor households, across 600 districts, 6000 blocks, 2.5 lakh Gram Panchayats and 6 lakh villages in the country through self-managed Self Help Groups (SHGs) and federated institutions and support them for livelihoods collectives in a period of 8-10 years. In addition, the poor would be facilitated to achieve increased access to their rights, entitlements and public services, diversified risk and better social indicators of empowerment. NRLM believes in harnessing the innate capabilities of the poor and complements them with capacities (information, knowledge, skills, tools, finance and collectivization) to participate in the growing economy of the country.

**Mission:**

“To reduce poverty by enabling the poor households to access gainful self-employment and skilled wage employment opportunities resulting in appreciable improvement in their livelihoods on a sustainable basis, through building strong and sustainable grassroots institutions of the poor.”

**Approach:**

In order to build, support and sustain livelihood of the poor, NRLM will harness their capability and complement them with capacities (information, knowledge, skill, tools, finance and collectivization), so that the poor can deal with the external world. NRLM works on three pillars – enhancing and expanding existing livelihoods options of the poor; building skills for the job market outside; and nurturing self-employed and entrepreneurs.

Dedicated support structures build and strengthen the institutional platforms of the poor. These platforms, with the support of their built-up human and social capital, offer a variety of livelihoods services to their members across the value-chains of key products and services of the poor. These services include financial and capital services, production and productivity enhancement services that include technology, knowledge, skills and inputs, market linkages etc. The interested rural BPL youth would be offered skill development after counseling and matching the aptitude with the job requirements, and placed in jobs that are remunerative. Self-employed and entrepreneurial oriented poor would be provided skills and financial linkages and nurtured to establish and grow with micro-enterprises for products and services in demand. These platforms also offer space for convergence and partnerships with a variety of stakeholders, by building an enabling environment for poor to access their rights and entitlements, public services and innovations. The aggregation of the poor, through their institutions, reduces transaction costs to the individual members, makes their livelihoods more viable and accelerates their journey out of poverty.

NRLM will be implemented in a mission mode. This enables:

- (a) shift from the present allocation based strategy to a demand driven strategy, enabling the states to formulate their own livelihoods-based poverty reduction action plans.
- (b) focus on targets, outcomes and time bound delivery.

- (c) continuous capacity building, imparting requisite skills and creating linkages with livelihoods opportunities for the poor, including those emerging in the organized sector.
- (d) monitoring against targets of poverty outcomes.

As NRLM follows a demand driven strategy, the States have the flexibility to develop their own livelihoods-based perspective plans and annual action plans for poverty reduction. The overall plans would be within the allocation for the state based on inter-se poverty ratios.

The second dimension of demand driven strategy implies that the ultimate objective is that the poor will drive the agenda, through participatory planning at grassroots level, implementation of their own plans, reviewing and generating further plans based on their experiences. The plans will not only be demand driven, they will also be dynamic.

### **Key Features:**

#### **1) Universal Social Mobilization:**

To begin with, NRLM would ensure that at least one member from each identified rural poor household, preferably a woman, is brought under the Self Help Group (SHG) network in a time bound manner. Subsequently, both women and men would be organized for addressing livelihoods issues i.e. farmers organizations, milk producers' cooperatives, weavers associations, etc. All these institutions are inclusive and no poor would be left out of them. NRLM would ensure adequate coverage of vulnerable sections of the society such that 50% of the beneficiaries are SC/STs, 15% are minorities and 3% are persons with disability, while keeping in view the ultimate target of 100% coverage of BPL families.

#### **2) Promotion of Institutions of the poor:**

Strong institutions of the poor such as SHGs and their village level and higher level federations are necessary to provide space, voice and resources for the poor, and for reducing their dependence on external agencies. They empower them. They also act as instruments of knowledge and technology dissemination, and hubs of production, collectivization and commerce. NRLM, therefore, would focus on setting up these institutions at various levels. In addition, NRLM would promote specialized institutions like Livelihoods collectives, producers' cooperatives/companies for livelihoods promotion through deriving economies of scale, backward and forward linkages, and access to information, credit, technology, markets etc. The Livelihoods collectives would enable the poor to optimize their limited resources. There are existing institutions of the poor women formed by Government efforts and efforts of NGOs. NRLM would strengthen all existing institutions of the poor in a partnership mode. The self-help promoting institutions both in the Government and in the NGO sector would be supported. Further, existing institutions and their leaders and staff would be used as spearhead teams to support the processes of forming and nurturing new institutions.

#### **3) Training, Capacity building and skill building:**

NRLM would ensure that the poor are provided with the requisite skills for: managing their institutions, linking up with markets, managing their existing livelihoods, enhancing their credit absorption capacity and credit worthiness, etc. A multi-pronged approach is, envisaged, for continuous capacity building of the targeted families, SHGs,

their federations, government functionaries, bankers, NGOs and other key stakeholders. Particular focus would be on developing and engaging community professionals and community resource persons for capacity building of SHGs and their federations and other collectives. NRLM would make extensive use of ICT to make knowledge dissemination and capacity building more effective.

**4) Revolving Fund and Capital Subsidy:**

Subsidy would be available in the form of revolving fund and capital subsidy. The Revolving Fund would be provided to the SHGs (where more than 70% members are from BPL households) as an incentive to inculcate the habit of thrift and accumulate their own funds towards meeting their credit needs in the long-run and immediate consumption needs in the short-run. Subsidy would be a corpus and used for meeting the members' credit needs directly and as catalytic capital for leveraging repeat bank finance. The key to coming out of poverty is continuous and easy access to finance, at reasonable rates, till they accumulate their own funds in large measure.

**5) Universal Financial Inclusion:**

NRLM would work towards achieving universal financial inclusion, beyond basic banking services to all the poor households, SHGs and their federations. NRLM would work on both demand and supply side of Financial Inclusion. On the demand side, it would promote financial literacy among the poor and provides catalytic capital to the SHGs and their federations. On the supply side, it would coordinate with the financial sector and encourage use of Information, Communication & Technology (ICT) based financial technologies, business correspondents and community facilitators like 'Bank Mitras'. It would also work towards universal coverage of rural poor against loss of life, health and assets. Further, it would work on remittances, especially in areas where migration is endemic.

**6) Provision of Interest Subsidy:**

The rural poor need credit at low rate of interest and in multiple doses to make their ventures economically viable. In order to ensure affordable credit, NRLM has a provision for subsidy on interest rate above 7% per annum for all eligible SHGs, who have availed loans from mainstream financial institutions, based on prompt loan repayment. This subsidy would be available to SHGs, where at least 70% of the members are from BPL households, till a member accesses credit, through repeat cumulative loaning, up to Rs 1.00 lakh per household. The interest subsidy would not be applicable when a SHG avails capital subsidy. However, interest subsidy would be provided to this SHG, when they avail a fresh loan after repaying the capital subsidy linked loan.

**Economic Assistance/Financial Norms/Ceilings**

**1) Formation of SHGs:**

Rs. 10,000 per SHG to be given to NGOs/CBOs/Community coordinators/Facilitators/Animators towards group formation and development.

**2) Revolving Fund (RF):**

As a corpus to SHG with a minimum of Rs. 10,000 to a maximum of Rs. 15,000 per SHG. This is given to all SHGs that have not received RF earlier. Only those SHGs with more than 70% BPL members are eligible for RF.

**3) Capital Subsidy (CS):**

Capital subsidy ceiling is applicable, both for members of SHGs and individual beneficiaries @Rs. 15,000 per general category and Rs. 20,000 per SC/ST category. The maximum amount of subsidy that an SHG is eligible for is Rs. 2.50 lakh. Only BPL members are eligible for individual subsidy, and only those SHGs with more than 70% BPL members are eligible for the subsidy to SHGs.

**4) Capacity building and skills training - Rs. 7,500 per beneficiary:**

The amount available under this component is used for training and capacity building not only of the beneficiaries but also of all other stakeholders, including programme officers and staff, community professionals, concerned government officials, NGOs, PRI functionaries etc. Expenditure on exposure visits and immersion visits is also to be covered under this component. The skills training here refer to member level training for self-employment and are distinct from the Placement-linked Skills training.

**5) Interest subsidy:**

Subsidy on interest rate above 7% per annum for all SHG loans availed from banks, based on prompt repayment. Interest subsidy would be provided to an individual beneficiary or SHG member till he/she has availed a bank loan up to an amount of Rs 1.00 lakh. It is expected that there will be repeat doses of financing to members in SHGs and this limit of 1.0 Lakh is the cumulative loan availed by a member (household). This subsidy is not available on such occasions when the SHG is availing capital subsidy.

**6) One time grant for corpus fund for sustainability and effectiveness of federations:**

- a. Rs 10,000 for Village/Panchayat level federation
- b. Rs 20,000 for Block level federation
- c. Rs 100,000 for District level federation

**7) Administrative expenses:**

5% of the allocation, net of the component relating to skill development & placement and net of the component of RSETIs. This amounts to 5% of Central release to the State and the corresponding State share.

**8) Infrastructure and Marketing:**

Up to 20% (25% in case of north eastern states and Sikkim) of the Central share and State share of allocation i.e. state's programme outlay.



## **9) Skills and Placement Projects and Innovations (20% of the Central allocation):**

Expenditure on innovative projects should not exceed 5%; and the remaining 15% is for placement linked skill development projects. 50% of the allocation for placement linked skill development projects (7.5% of total allocation) is retained at the centre for multi-state skill development projects and the balance is allocated to states to implement state specific skill development and placement projects. The States have to add the corresponding state share to the amount released to them.

### **Criticism:**

NRLM is one of the major programme run by Ministry of Rural Development (MoRD). But it has some serious shortcomings.

- 1) NRLM plans to generate livelihood and provision of other rural services through SHG groups. But making it mandatory to be a part of SHG for access to various services may exclude some people from this system. Not everyone in rural area may be a member of SHG group and not everyone would like to be a member of such group. Some people may like to form other aggregation mechanism or would like to start up new livelihood individually. So if the government make it mandatory to be part of SHG as a means to access various service, the process will get corrupted and exploitative. For example, in Tamil Nadu a new group of money lenders (Micro Finance agents) have been formed who act as the intermediary between SHG groups and banks. Through the nexus between banks and micro finance agents, banks try to achieve their targets for financial inclusion, loan payment etc. These agents receive commission from the SHG groups. In order to achieve the targets the banks have given loans arbitrarily to the SHG groups via micro finance agents. These kinds of loans are not used in creation of income generating activity and so there will be default in loan repayment. After this the poor SHG members will be targeted by banks for loan repayment. So it is important to check the misuse of this scheme at the ground level.
- 2) There are lot of cases were SHG have been disintegrated or taken over by elites among the poor. The highhandedness of elites in the group should be checked otherwise the poor will be alienated. So it will be better that NRLM focus on household as primary target of the programme.
- 3) Rural economy is very diverse; many segments are there within the rural low income group and also across broader rural economy. So it is important that a range of services are provided to different group as per their need and necessity. For this the scheme should be very flexible even at the village level.
- 4) NRLM has not given serious attention to value added agriculture and rural MSMEs (Micro, small and medium enterprises) – which, according to the experience of most the countries play an important role in enabling and sustaining inclusive growth in rural areas. MSMEs are the growth engines of emerging and developing economies and they need targeted intervention. One thing that NRLM can focus on is developing vibrant ecosystem for agro MSMEs.
- 5) Strategy of NRLM is very broad and sweeping. So instead of attempting to do a whole lot of thing NRLM can focus on areas that could bring impact livelihoods of large number of rural people.

- 6) The design of NRLM looks far too academic and as top down approach. This is the main reason for the failure of earlier projects like IRDP and SGSY.

*The Steering Committee Meeting of SLBC Kerala held on 03.03.2015 noted that out of 1000 target during the year, the SRLM is short of 700 to meet the target. SLBC Cell had circulated the district wise, bank wise list of NHGs that can be linked and requested banks to act accordingly.*

Issues relating to Interest subvention of NRLM – Ajeevika

- *In Category II districts, NRLM compliance of a group has to be marked in the MIS by the SRLM. In Kerala, the Kudumbashree Mission is marking only their groups as complaint. As a result Non-Kudumbashree groups are excluded*
- *To solve this both SLBC and NABARD has suggested that the certificate from the Bank Branch Manager may be accepted. Kudumbashree is to decide on it*

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

**3.3.9. Multiple loans for same course (Suggested by Indian Overseas Bank)**

We have sanctioned an educational loan on 26.09.2013 for Rs 3.34 lacs to Ms. Rajeswari for pursuing BSc Nursing course at Rajarajeswari College of Nursing, Kambipura, Bangalore. Branch has released the first instalment of Rs.90,000/- on 24.10.2013. The college authorities informed our Vilavoorkal Branch over phone that Ms. Rajeswari has availed another educational loan, for the same course, from Syndicate Bank, Vellarada Branch. Based on the request made by the Branch Manager, the college authorities have forwarded scanned copies of the letter given by Ms. Rajeswari requesting to refund the fee already paid for the first year and copy of Syndicate Bank DD for Rs 75000/- dated 12/11/2013. Ms. Rajeswari & her father came to Branch on 04.11.2014 requesting for releasing the second stage of the education loan availed by her. On enquiry by the Branch Manager, the student has informed that she has not availed educational loan for the same course from any other Bank. Branch has obtained a letter from the loanee to that effect. Branch has contacted Syndicate Bank, Vellarada Branch Manager over phone and informed him about the entire events. Syndicate Bank Vellarada Branch Manager after verifying the records available at their end has confirmed over phone that the same student has availed an educational loan for the same course from their Branch also on November 2013 i.e. after the availment of loan from our Vilavoorkal Branch.

On enquiring the college authorities regarding the fate of the second DD received from Syndicate Bank, it was informed that college authorities have refunded the 1<sup>st</sup> year fee of Rs 77,500 paid by the applicant.

The educational loan account in the name of the applicant was not reflected in CIBIL report at the time of processing the loan application at our end as the party has availed loan from Syndicate Bank only after availing the loan from IOB.

Even CIBIL report is not a full proof solution to these types of frauds. There are many instances, where though the loan has been sanctioned; the same is finding a place in the CIBIL. We feel that SLBC should sensitive fellow Bankers against this type of instances and should bring this to the notice of government so as to curb this attitude right from the beginning.

*The Steering Committee Meeting of SLBC Kerala held on 03.03.2015 noted that a student availed Education Loan from two bank branches (Indian Overseas Bank & Syndicate Bank) for the same course and it did not reflect in CIBIL. The committee decided to place the matter in SLBC for information of Banks.*

### **3.3.10. IBA - Child & Youth Finance International (CYFI) Collaboration for Transforming School Students in to economic citizens (Suggested by SLBC Cell)**

IBA had convened a meeting of Nodal Officers-SLBC Convenors on IBA-CYFI collaboration “Schoolbank Champs” Project on 21.02.2015 and the action points emerged are reproduced here below for information and further action by all stakeholders.

- (1) The SchoolBank Champs Project is a voluntary effort by IBA collectively with the support of its members. There were no compulsions on the number of schools to be adopted or the number of accounts to be opened by any bank.
- (2) The SchoolBank Champs project should be viewed by the bank as the beginning of a relationship with the Students who will shortly mature into earning adults.
- (3) The SchoolBank Champs Project imparts the social soft skills along with financial education thus transforming them into next generation of economic citizens.
- (4) The Project targets school children between the ages of 10 and 18.
- (5) A Nodal Officer will be appointed by every bank at the Corporate Centre who will be the single point of contact for all matters regarding the Project at the HO level while a second Nodal Officer (say at the level of AGM, SLBC) will be appointed for co-ordinating the project from the SLBC’s side.
- (6) A simple format of a letter from the bank and a form to be filled in by School and the Bank branch would be made available on the web portal [www.schoolbankchamps.com](http://www.schoolbankchamps.com).
- (7) Allocations of schools to bank branches is being made by SLBC which will be circulated to LDMS for finalization.

An online facility will be created on the web portal [www.schoolbankchamps.com](http://www.schoolbankchamps.com) for uploading the bank-wise list of bank branches and the schools mapped to them.

- (8) Once the schools are mapped, the banks may start opening accounts of the Students, thus reinforcing the relationship while waiting for the teachers’ training and other formalities to be completed.

Nomination form and letter to school is provided in **Annexure-9.43.**

SCHOOL BANKS CHAMPS -REPORTING FORMATS FOR BANKS													
SI NO	NAME OF BANK	DISTRICT	NAME OF BRANCH	NAME OF BRANCH MANAGER / NOMINATED STAFF	CONTACT NO. OF BRANCH PERSON ( BRANCH MANAGER / NOMINATED STAFF)	SCHOOL NAME WITH COMPLETE ADDRESS	Location of School (R/SU/U)	NAME OF TEACHER 1	CONTACT NO. OF TEACHER 1	NAME OF TEACHER 2	CONTACT NO. OF TEACHER 2	CONTACT NO. OF PRINCIPAL / e-mail ID OF THE PRINCIPAL	NUMBER OF STUDENTS IN SCHOOL

*The Steering Committee Meeting of SLBC Kerala held on 03.03.2015 noted that each bank to adopt one school. The representative from Federal Bank informed that they have already adopted schools and successfully done the programme. The committee decided to place the matter in SLBC for information of Banks.*

### **3.3.11. Short film on Financial Literacy Programme (Presentation by DCB Kollam)**

- DCB Kollam has made a remarkable effort in Financial Literacy campaign
- They have documented it
- It is proposed to release the document in the SLBC meeting

*The Steering Committee Meeting of SLBC Kerala held on 03.03.2015 decided to allot 10 minutes time for presentation by DCB, Kollam.*

#### 4. Review of Performance under Priority Sector Advances

##### 4.1. Review of Priority Sector Advances (Disbursement) as at December 2014 - ACP 2014-15 achievements (Refer Annexures 9.11 & 9.12)

The performance of banks with reference to the Annual Credit Plan 2014-2015 as at December 2014 with Bank wise and District wise break up is furnished in the annexure. The abstract of the performance as at December 2014 under ACP 2014-2015 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	6770	6226	91.97	2647	3333	125.94	6460	2844	44.02	15876	12403	78.12
Nationalized Banks	10338	9742	94.23	4585	2639	57.56	6688	3004	44.92	21610	15385	71.19
RRB	4099	3771	91.99	1519	608	40.03	1285	438	34.13	6903	4817	69.79
Private Sector Banks	6391	4708	73.67	3727	2172	58.27	5628	2378	42.25	15746	9257	58.79
Cooperatives	13269	8541	64.37	3595	3325	92.49	15645	12425	79.42	32509	24291	74.72
KFC	0	6	0	349	287	82.31	131	49	37.29	480	342	71.31
<b>Total</b>	<b>40866</b>	<b>32994</b>	<b>80.74</b>	<b>16422</b>	<b>12364</b>	<b>75.29</b>	<b>35837</b>	<b>21138</b>	<b>58.98</b>	<b>93124</b>	<b>66496</b>	<b>71.41</b>
% to Total Disbursement		49.62			18.59			31.79			100	

##### 4.1.1. Overall Performance under Annual Credit Plan

The banking sector of the State has disbursed **Rs. 66496 crores** to the priority sector during the fiscal 2014-15 as at December 2014. This is **71 %** of the annual target of **Rs. 93124 crores**. There is an increase of **Rs. 6345 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. 24291 crores**) followed by Nationalized Banks (**Rs. 15385 crores**). A comparison based on percentage achievement of target reveals that achievements of Nationalized Banks and Private Sector Banks were below that of the State's performance. Disbursement to secondary sector constituted **19 %** of the total disbursement made by banks to the priority sector.

Bank wise analysis reveals that State Bank of Travancore has disbursed the highest quantum of priority sector loans (**Rs. 70138 crores**) followed by Canara Bank (**Rs. 55453 crores**).

Among the Districts, Thrissur district stood first in the quantum of priority sector loan disbursement (**Rs. 86172 crores**) followed by Ernakulam district with a disbursement of **Rs. 69726 crores**. Kozhikode district stood first in percentage achievement of target (**95%**) followed by Malappuram (**89%**), Kannur (**83%**), Palakkad (**82%**), and Thrissur (**79%**). Seven districts have achieved levels above the State's average position. The performance of Alappuzha (**57%**), Trivandrum (**57%**), Pathanamthitta (**66%**) and Ernakulam (**67%**) needs improvement. Kottayam (**49%**) and Kasargode (**51%**) districts have registered poor performance under ACP achievement and LDM need to identify the field level issues and take immediate steps to reverse the trend in the last quarter.

#### **4.1.2. Performance under Primary Sector**

The primary sector, which comprises of the agriculture sector, accounted for 50% of the total disbursements in priority sector. The sector achieved **81 %** of the annual target as at December 2014. An amount of **Rs. 32994 crores** was disbursed to the sector as at December 2014 against the year-end target of **Rs. 40866 crores**. Compared to the corresponding period of the previous fiscal, the disbursement to primary sector increased substantially by **Rs. 4687 crores**. It may be noted with appreciation that this substantial increase succeeded a negative growth during corresponding period of the previous fiscal.

Nationalized Banks, by disbursing **Rs. 9742 crores**, accounted for more than one-fourth (**30%**) of the total disbursement to the sector followed by Co-operative Sector (**Rs. 8541 crores**). State Bank Group accounted for (**19%**) of the total disbursement to the primary sector of the State by disbursing **Rs. 6226 crores**. Private Sector Banks disbursed **Rs. 4708 crores**.

Among Commercial Banks Canara Bank, State Bank of Travancore, Kerala Gramin Bank State Bank of India and Federal Bank are the top performers in terms of quantum of loan disbursed. State Bank of Bikaner & Jaipur, State Bank of Patiala and Jammu and Kashmir Bank has not reported any disbursement to primary sector in Kerala.

Highest disbursement to primary sector was reported in Thrissur district (**Rs. 39087 crores**) followed by Palakkad (**Rs. 36851 crores**), Kozhikode (**Rs. 35513 crores**), Trivandrum (**Rs. 32187 crores**) and Malappuram (**Rs. 30436 crores**).

#### **4.1.3. Performance under Secondary Sector**

Under secondary sector, which includes the SME Sector, the banking sector of the State could achieve **75 %** of the annual target as at December 2014. Banks in the State have disbursed loans to the tune of **Rs. 12364 crores** till December 2014. Disbursement under Secondary Sector took a whopping jump of **218%** from previous fiscal's **Rs.5674 Crores**.

State Bank Group led in disbursements to the sector (**Rs. 3333 crores**) followed by Co-Operative Banks (**Rs. 3325 crores**), Nationalized Banks (**Rs. 2639 crores**) and Private Sector Banks (**Rs. 2171 crores**).

Disbursement statistics of the banks under the sector reveals the following in the top order. Kerala State Co-operative Bank (**Rs. 3143 crores**), State Bank of India (**Rs. 1879 crores**), State Bank of Travancore (**Rs. 1434 crores**), Canara Bank (**Rs. 656 crores**), Kerala Gramin Bank (**Rs. 608 crores**), Federal Bank (**Rs. 641 crores**) and HDFC Bank (**Rs. 529 crores**).

Disbursement to Secondary sector was highest in Ernakulam district (**Rs. 2614 crores**), followed by Thrissur (**Rs. 2040**) and Kollam (**Rs. 1804 crores**). Malappuram with **31%** invoke grave concern. Trivandrum (**41%**), Kasargode (**53%**) and Kozhikode (**53%**) need to brace up.

#### **4.1.4. Performance under Tertiary Sector**

Tertiary sector accounted for **32 %** of the total disbursement to the priority sector in the State. The total disbursement to the sector during the fiscal up to December 2014 was **Rs. 21138 crores** thereby achieving **59 %** of the annual target. When compared to the disbursements during the corresponding period of the previous fiscal, there is a decrease of **Rs. 5032 crores** in the disbursements to the sector. Last fiscal during April 2013 to December 2013, the disbursement to tertiary sector was **Rs. 26170 crores**.

Under quantum of loans disbursed during the current fiscal, Cooperatives excelled by disbursing **Rs. 12425 crores** achieving **79%** of set target.

It is curious to note that Nationalized Banks (45 %), State Bank Group (44 %), Private Sector Banks (42%) and Gramin Bank (34%) are all way below the State average of 59% in this sector.

Among Commercial Banks, State Bank of Travancore disbursed maximum quantum (**Rs. 1686 crores**) followed by State Bank of India (**Rs. 1130 crores**), South Indian Bank (**Rs. 746 crores**), Federal Bank (**Rs. 727 crores**) and Canara Bank (**Rs. 682 crores**). Jammu&Kashmir Bank have reported 'NIL' disbursement to the Tertiary sector in the State.

District wise analysis reveals Malappuram district topped in % achievement at **379.92 %** of the year-end target followed by Kannur (**91%**), Kozhikode (**76%**), Kollam (**75 %**), and Wayanad (**72 %**).

Achievement of Kasargode at (**32%**), Kottayam (**32 %**), Trivandrum (**36 %**), Alappuzha (**40 %**), Palakkad (**48 %**) are far below the targeted levels.

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

**4.2. Review of Priority Sector Advances (Outstanding) as at December 2014**  
(Refer Annexure 9.4)

**4.2.1. Performance versus National goals**

(Figures in percentage)

Sl. No.	Parameter	Goal %	March 2011	March 2012	March 2013	Dec. 2013	March 2014	Dec. 2014	Variation	
									Mar.'14 To Dec.'14	Dec.'13 To Dec.'14
1	Priority Sector Advances to Total Credit	40	58.32	57.34	56.72	57.28	59.14	60.15	1.01	2.87
2	Agriculture Advances to Total Credit	18	22.49	24.25	25.73	24.56	25.42	26.84	1.42	2.28
3	Weaker Section Advances to Total Credit	10	18.39	19.33	19.94	21.24	21.72	22.37	0.65	1.13
4	DRI Advances to Total Credit	1	0.02	0.02	0.03	0.03	0.03	0.47	0.44	0.44
5	Credit Deposit Ratio	60	75.50	75.57	76.41	68.72	68.66	66.61	-2.05	-2.11

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 2014 is summarized as follows.

(Rs. in Crores)

Parameter	Outstanding					Variation				
	March 2012	March 2013	Dec. 2013	March 2014	Dec. 2014	Mar '12-Mar '13	Mar '13-Dec '13	Mar '13-Mar '14	Mar '14-Dec '14	Dec '13-Dec '14
Priority Sector Advances	85606	99318	105160	113555	121360	13712	5842	14237	7805	16200
Agriculture Advances	36209	45055	45082	48812	54148	8846	27	3757	5336	9066
SME Advances Priority	20593	23563	28185	32069	33104	2970	4622	8506	1035	4919
Weaker Section Advances	28865	34911	39001	41701	45130	6046	4090	6790	3429	6129
SC Advances	2957	3284	4623	4664	4215	327	1339	1380	-449	-408
ST Advances	606	729	1102	1008	1017	123	373	279	9	-85
DRI Advances	33.98	43.93	56.55	66.54	955	9.95	12.62	22.61	888	898



#### 4.2.1.1. Performance of the Banking sector inclusive of Co-operatives (excluding PACs) as at December 2014

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

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

(Rs in. Crores)

Parameter	December 2014		Share of Co-operatives to Total
	Co-operative Sector	Commercial Banks + Co-operatives	
Branches	925	6801	13.6
Total Deposits	4495793	34784023	12.92
Total Advances	2861776	23037465	12.42
Total Business	7357569	57821488	12.72
Priority Sector Advances	1913180	14049226	13.62
% Priority Sector Advances	66.85	60.98	XX
Agriculture Advances	482538	5897341	8.18
% Agriculture Advances	16.86	25.60	XX
SME Advances	92910	3403346	2.73
CD Ratio	63.65	66.23	XX

Including the Co-operative sector the total Banking business in the State is **Rs. 57821488 crores**. The Co-operative sector accounted for **13 %** of the banking business in the State (**Rs. 7357569 crores**). The CD ratio of the Co-operatives has recorded a figure of **64 %** as at December 2014 against **67 %** recorded for commercial banks.

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

(Rs. in Crores)

Parameter	Outstanding				Variation			
	Mar. 2013	Dec. 2013	March 2014	Dec. 2014	Mar. '13- Dec. '13	Mar. '13- Mar. '14	Mar. '14- Dec. '14	Dec.'13- Dec.'14
Priority Sector Advances	99318	105160	113555	121360	5842	14237	7805	16200

During the financial year, April 2014–December 2014, a growth of **Rs.7805 crores** was recorded by the Commercial Banks in the State under priority sector outstanding. A year-on-year analysis reveals that there was a growth of **Rs. 16200 crores** in priority sector advances over December 2013, recording a growth of **15.41 %**.

Against the mandatory norm of 40% under priority sector advances, as at December 2014, **60 %** 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 2014**

(Rs. in Crores)

BANK	Total Advances			Priority Sector Advances			% PSA to Total Adv. (Dec.'14)
	March 2014	December 2014	Growth Mar.'14-Dec.'14	March 2014	December 2014	Growth Mar.'14-Dec.'14	
State Bank Group	57402	57357	-45	36119	36560	441	63.74
Nationalized Banks	65728	70847	5119	42297	45720	3423	64.53
RRB	9041	10125	1084	7839	8915	1076	88.05
Private Sector Banks	59839	63427	3588	27300	30166	2866	47.56
<b>Grand Total</b>	<b>192010</b>	<b>201757</b>	<b>9747</b>	<b>113555</b>	<b>121360</b>	<b>7805</b>	<b>60.15</b>

As at the end of the third quarter of the financial year of 2014-15, highest addition to the outstanding Priority Sector advances of the State is made by Nationalised Banks (**Rs. 3423 crores**) followed by the Private Sector Banks (**Rs. 2866 crores**) Regional Rural Bank (**Rs. 1076 crores**). Regional Rural Bank has **88.05 %**, Nationalised Banks have **64.53 %**, State Bank Group have **63.74 %** and Private Sector Banks have **47.56 %** of their total advances under Priority sector. All bank groups have recorded performance levels above the benchmark of **40%**. The entire advance of KSCARDB has been classified as Priority sector advances.

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

(Rs. in Crores)

Parameter	Outstanding				Variation			
	Mar. 2013	Dec. 2013	Mar. 2014	Dec. 2014	Mar. '13-Dec. '13	Mar. '13-Mar. '14	Mar. '14-Dec. '14	Dec.'13-Dec.'14
<b>Agriculture Advances</b>	45055	45082	48812	54148	27	3757	5336	9066

The outstanding advances to agriculture sector in the State have increased by **Rs. 5336 crores** during the first three quarters of the current fiscal. The outstanding agriculture advances stood at **Rs. 54148 crores** as at December 2014, which is **27%** of the total advances outstanding in the State. Year-on-year there was an increase of **Rs. 9066 crores** in agriculture advances outstanding recording a growth rate of **20 %**.

**Banking Group Wise Performance Under  
Agriculture Advances as at December 2014**

(Rs. in Crores)

BANK	Total Advances			Agriculture Advances			% Agri. Adv to Total Adv. (Dec.'14)
	March 2014	December 2014	Growth Mar.'14-Dec.'14	March 2014	December 2014	Growth Mar.'14-Dec.'14	
<b>State Bank Group</b>	57402	57357	-45	13986	14994	1008	26.14
<b>Nationalized Banks</b>	65728	70847	5119	20000	21932	1932	30.96
<b>RRB</b>	9041	10125	1084	4812	5756	944	56.85
<b>Private Sector Banks</b>	59839	63427	3588	10014	11467	1453	18.08
<b>Grand Total</b>	<b>192010</b>	<b>201757</b>	<b>9747</b>	<b>48812</b>	<b>54148</b>	<b>5336</b>	<b>26.84</b>

Nationalized Banks contributed the highest quantum growth in agriculture advances outstanding (**Rs. 1932 crores**) followed by Private Banks (**Rs. 1453 crores**) and State Bank group (**Rs. 1008 crores**). **57%** of the advances outstanding with RRB in the State were to agriculture sector.

Among Public Sector banks, Canara Bank with **48%** of its Total Advances going to the Agriculture Sector occupied the top position. This was followed by UCO Bank (**41 %**), Central Bank (**38 %**), Indian Bank (**31%**), Vijaya Bank (**31 %**), and Indian Overseas Bank (**30 %**)

The following Public Sector Banks apart from RRB have crossed the mandatory norm of 18% under agriculture advances.

Bank of Baroda, Bank of India, Canara Bank, Central Bank of India, Corporation Bank, Indian Bank, Indian Overseas Bank, Punjab National Bank, State Bank of India, State Bank of Travancore, Syndicate Bank, Union Bank of India, UCO Bank and Vijaya Bank.

Dhanalakshmi Bank, Federal Bank, HDFC Bank, Indus Ind Bank and Yes Bank were the only Private Sector Banks to meet the mandatory norm of 18%.

The performance of the Private Sector Banks needs further improvement to a larger extent.

As far as KSCARDB is concerned, **18 %** of their advances was to Agriculture sector.

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

Micro and Small Enterprises advances only forms the priority credit part of SME advances.  
(Rs. in Crores)

Parameter	Outstanding				Variation			
	Mar. 2013	Dec. 2013	Mar. 2014	Dec. 2014	Mar. '13- Dec. '13	Mar. '13- Mar. '14	Mar. '14- Dec. '14	Dec.'13- Dec.'14
<b>SME Advances</b>	23563	28185	32069	33104	4622	8506	1035	4919

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

(Rs. in Crores)

Banking Group	SME Outstanding (Priority)											
	March 2014						December 2014					
	Micro Enterprises		Small Enterprise		Retail Trade		Micro Enterprises		Small Enterprise		Retail Trade	
	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt
<b>State Bank Group</b>	28881	3344	51169	2849	31079	982	28769	2844	34878	2421	25513	1043
<b>Nationalized Banks</b>	214417	4529	41649	5439	47097	1198	243558	4838	34294	5753	39831	1344
<b>RRB</b>	60205	497	727	101	133052	867	133685	883	935	50	51635	431
<b>Private Sector Banks</b>	126058	4129	26566	6689	27945	1445	38017	3557	108869	7544	40339	2396
<b>Grand total</b>	429561	12499	120111	15078	239173	4492	444029	12122	178976	15768	157318	5214

#### 4.2.5. Advances to Weaker Section (Refer Annexure 9.9)

(Rs. in Crores)

Parameter	Outstanding				Variation			
	Mar. 2013	Dec. 2013	Mar. 2014	Dec. 2014	Mar. '13- Dec. '13	Mar. '13- Mar. '14	Mar. '14- Dec. '14	Dec.'13- Dec.'14
<b>Weaker Section Advances</b>	34911	39001	41701	45130	4090	6790	3429	6129

There is a growth of **Rs. 3429 crores** in Weaker Section advances by during the first three quarters of the fiscal. Year-on Year increase as at December 2014 was **Rs. 6129 crores (16 %)**.

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

(Rs. in Crores)

Parameter	Outstanding				Variation			
	Mar. 2013	Dec. 2013	Mar. 2014	Dec. 2014	Mar. '13- Dec. '13	Mar. '13- Mar. '14	Mar. '14- Dec. '14	Dec.'13- Dec.'14
<b>SC Advances</b>	3284	4623	4664	4215	1339	1380	-449	-408
<b>ST Advances</b>	729	1102	1008	1162	373	279	154	60
<b>Total SC/ST Advances</b>	<b>4013</b>	<b>5725</b>	<b>5672</b>	<b>5377</b>	<b>1712</b>	<b>1659</b>	<b>-295</b>	<b>-348</b>

Total advances to SC/ST of the State has decreased by **Rs. 295 crores** from March 2014. Year on year from December 2013 to December 2014 also, there is a decrease of **Rs. 348 crores** under SC/ST advances. Whereas, advances to ST has an increased by **Rs. 60 crores** Y-o-Y December 2013-2014.

As evident from the table below, nearly **97 %** of the SC advances of the State is contributed by Public Sector Banks (including RRB), while the share of Private Sector Banks is just **3 %**. In the case of ST advances **99 %** advances is contributed by Public Sector Banks (including RRB), while the share of Private Sector Banks is a negligible **1%**.

#### Banking Group wise Performance under SC/ST advances as at December 2014

(Rs. in Crores)

BANK	SC Advances			ST Advances		
	Outstanding		% O/S to total	Outstanding		% O/S to total
	No.	Amount		No.	Amount	
<b>State Bank Group</b>	216421	3238	77	60463	994	86
<b>Nationalized Banks</b>	92750	750	18	17592	144	12
<b>RRB</b>	25211	102	2	3392	11	1
<b>Private Sector Banks</b>	8425	125	3	1271	12	1
<b>Grand Total</b>	<b>342807</b>	<b>4215</b>	<b>100</b>	<b>82718</b>	<b>1162</b>	<b>100</b>

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

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

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

(Rs. in Crores)

Parameter	Outstanding				Variation			
	Mar. 2013	Dec. 2013	Mar. 2014	Dec. 2014	Mar. '13- Dec. '13	Mar. '13- Mar. '14	Mar. '14- Dec. '14	Dec.'13- Dec.'14
<b>DRI Advances</b>	43.93	56.55	66.54	57.24	12.62	22.61	-9.3	0.69

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 2014.

The table below reveals that, Public Sector Banks account for almost entire DRI advances (**89 %**) in the State whereas private sector banks contribute a negligible **11 %** of the DRI advances of the State only.

#### Banking Group wise Performance under DRI advances as at December 2014

(Rs in lakhs)

BANK	DRI Advances	
	O/S	% to total
<b>State Bank Group</b>	6	11
<b>Nationalized Banks</b>	44	77
<b>RRB</b>	1	2
<b>Private Sector Banks</b>	6	11
<b>Grand Total</b>	<b>57</b>	<b>100</b>

## **5. Review of Performance under Special Focus Programmes**

### **5.1. Swarozgar Credit Card Scheme (Refer Annexure 9.20)**

The data submitted by the Controlling offices of banks reveals that commercial banks in the State have sanctioned **95** Swarozgar Credit Cards (SCCs) during the third quarter of the fiscal 2014-15. The limits sanctioned to the tune of **Rs. 0.9 crores**. Since inception of the scheme the banks have sanctioned **33857** cards in the State amounting to **Rs. 228 crores**. The amount outstanding as at December 2014 is **Rs. 43 crores** in **10843** cards. During the quarter KGB leads the performance by sanctioning maximum number of cards followed by Federal Bank. The Bank wise data is furnished in the annexure.

### **5.2. Artisans Credit Card Scheme (Refer Annexure 9.20)**

Commercial banks in the State have sanctioned **23** Artisans Credit Cards (ACCs) during the quarter ending December 2014. The total limits sanctioned are to the tune of **Rs. 2 lakhs**. Since inception of the scheme, the banks have sanctioned **398** cards in the State with a limit amounting to **Rs. 4.7 crores**. The amount outstanding as at December 2014 is **Rs. 2.35 crores** in **429** cards.

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

### **5.3. Laghu Udhyami Credit Cards (Refer Annexure 9.20)**

Commercial banks in the State have sanctioned **89** Laghu Udhyami Credit Cards (LUCC) during the third quarter of the fiscal 2014-15 making available credit limits to the tune of **Rs. 4.36 crores** to small entrepreneurs of the State. Since inception of the scheme, the banks have sanctioned **14599** LUCCs in the State sanctioning credit limits amounting to **Rs. 77 crores**. The amount outstanding as at December 2014 is **Rs. 78 crores** in **2472** cards. Corporation Bank leads in the State by issuing highest number of LUC Cards during the third quarter followed by Vijaya bank, Central Bank of India and Canara Bank. Performance of Private sector banks under SCC, ACC & LUCC is not impressive and needs lot of improvement. The Bank wise data is furnished in the annexure.

### **5.4. Performance under General Credit Card Scheme (Refer Annexure 9.21)**

During the quarter under review (October-December 2014), banks in the State have sanctioned **3606** GCCs with limits amounting to **Rs. 22.4 crores**. The outstanding under GCCs as at December 2014 is **96360** cards with a liability of **Rs. 1508 crores**.

Kerala Gramin Bank leads in issuance of GCC with **2385** GCCs issued during the quarter and with an amount of **Rs. 5.3 crores**. This is followed by Indian Bank with **220** cards, Syndicate Bank **204** cards. Private Sector Banks other than HDFC and Federal Bank reported nil sanction during the period. The Bank wise data is furnished in the annexure.

### 5.5. Performance under Kisan Credit Card Scheme (Refer Annexure 9.15)

The data submitted by Controlling Offices of banks reveals that **112362** Kisan Credit Cards with an amount of **Rs. 1534 crores** have been issued during the third quarter of the current fiscal by the Banking sector in the State. **2925046** KCCs were issued since inception involving a credit outlay of **Rs. 19289 crores**. As at December 2014, the outstanding number of loan accounts under KCC is **1801620** with **Rs. 11576 crores**. **764794** farmers were covered under Personal Accident Insurance Scheme (PAIS) linked to KCC. Bank wise data is given in the annexure.

### 5.6. Agri-Clinics and Agri Business Centres (Refer Annexure 9.14)

The outstanding accounts under Agri clinics in the State by Commercial Banks are **14** with a credit outlay of **Rs. 77 lakhs**.

There were **499** Agri-Business Centres opened in the State from the date of inception of the scheme with a credit outlay of **Rs. 33 crores**. As at December 2014, **57** Agri-Business centres loans exist with an outstanding amount of **Rs. 364 lakhs**.

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

As per RBI directions, credit flow to minorities in specified districts should be reviewed in all SLBC meetings. At present all the districts in the State of Kerala are notified for reporting under this head. In Kerala State without giving due share to minorities, credit expansion is not at all possible. The comparative position with regard to the previous year is given below. The data reveal that there is an increase in amount of loans granted to minorities in all these districts. It can be seen from the table given below that **56 %** of the total Priority sector advances has gone to the minority communities as at December 2014.

#### Data on Minority Sector Advances in the State of Kerala

(Rs. in Crores)

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



### 5.8. Performance under Micro-credit (Annexures 9.16 to 9.19)

SLBC had compiled the data obtained from all banks regarding the cumulative performance of banks in the State as at December 2014. The bank-wise performance is given as annexures.

On a review of the performance, it is seen that about **282973** SHGs are maintaining savings account with commercial banks as at December 2014 in the State.

The banking group-wise data is as follows.

(Rs in. Crores)

Banking Group	SHGs maintaining Savings a/c		Of which No. of SHGs under	
	No.	Amt.	Government Sponsored	Exclusive Women
<b>State Bank Group</b>	81358	29615	12110	27910
<b>Nationalized Banks</b>	113067	100437	30869	84579
<b>RRB</b>	50338	5540	1886	4775
<b>Private Sector Banks</b>	38210	21491	10091	12386
<b>Total - Kerala State</b>	<b>282973</b>	<b>157083</b>	<b>54956</b>	<b>129650</b>

As evident from the above **46 %** of the SHGs are exclusive women SHGs and **19 %** are formed under various Government sponsored schemes.

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

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

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

(Rs. in Crores)

Mode of Linkage	SHGs formed during the Quarter	No of SHG loans Disbursed During the Quarter		Outstanding Amount under SHG Finance		Beneficiaries Assisted
		A/c	Amt	A/c	Amt	
Financing SHGs directly by banks	10981	12502	33202	112548	198980	1381165
Financing SHGs directly with the facilitation of NGOs	1497	1492	5025	20655	26173	244428
Financing SHGs through the medium of NGOs	0	96	377	2162	13116	103109
<b>Total No. of SHGs linked</b>	<b>12478</b>	<b>14090</b>	<b>38604</b>	<b>135365</b>	<b>238269</b>	<b>1728702</b>

As evident from the table above, **14090** SHGs have been credit linked in the State during the third quarter of the fiscal under the SHG-Bank linkage programme. The total amount outstanding under all the three modes of financing put together is **Rs. 238269 crores**.

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

Consequent on the promulgation of MSMED Act, 2006 the advances classified under MSE comes under priority (Micro & Small Enterprises) as well as Non-Priority (Medium Enterprises). The total advances under SME priority as on December 2014 come to **Rs. 32118 crores** for the commercial banks in the State. Out of this, Micro and Small Enterprises constitute **Rs. 14213 crores** and **Rs. 17905 crores** respectively for Commercial banks, which forms part of Priority Credit. The non-priority part of SME credit component that includes Medium Enterprises has shown an outstanding level of **Rs. 7195 crores** with commercial banks. The bank wise details are given in the annexure.

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

The major recommendations of the task force are given below:

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

Performance of the State under above parameters is as follows:

Sl. No.	Parameter	December 2013	December 2014	Increase	% Increase	Target
1	No of Loan accounts under Micro Enterprise	541916	617987	76071	14.04	10 %
2	Credit under Micro and Small Enterprise (Rs.in Crores)	28185	32117	3932	13.95	20 %
3	Share of Micro Enterprise to total MSE Credit (%)	47.03	44.25	XX	XX	60 %

As a matter of fact, in credit to Micro and Small Enterprise, the state could post a growth rate of **13.95 %** against the mandated 20%. But, as far as loans under Micro Enterprise, is concerned, the State could achieve **14 %** growth against the targeted level of 10%.

#### 5.11. Performance of other Institutions under SME financing (Outstanding) as at December 2014

(Rs.in Crores)

	Micro Enterprises				Small Enterprises				Total SME Priority				Medium Enterprises			
	Manufacturing		Services		Manufacturing		Services		Manufacturing		Services		Manufacturing		Services	
	A/c	Amt.	A/c	Amt.	A/c	Amt.	A/c	Amt.	A/c	Amt.	A/c	Amt.	A/c	Amt.	A/c	Amt.
<b>KSIDC</b>	0	0	0	0	67	71	10	12	67	71	10	12	17	56	15	65
<b>SIDBI</b>	3	4	6	7	180	80	13	39	183	84	19	46	5	2	10	16
<b>TOTAL</b>	<b>3</b>	<b>4</b>	<b>6</b>	<b>7</b>	<b>247</b>	<b>151</b>	<b>23</b>	<b>51</b>	<b>250</b>	<b>155</b>	<b>29</b>	<b>58</b>	<b>22</b>	<b>58</b>	<b>25</b>	<b>81</b>

Total SME Priority outstanding in these two financial institutions as at December 2014 works out to **Rs. 213 crores** in **279** loan accounts. Including medium enterprises financed (Non Priority) the total outstanding as at December 2014 is to the tune of **Rs.139 crores**.

**5.12. Performance of other Institutions under SME financing (Disbursement) as at December 2014**

(Rs.in Crores)

	Micro Enterprises				Small Enterprises				Total SME Priority				Medium Enterprises			
	Manufacturing		Services		Manufacturing		Services		Manufacturing		Services		Manufacturing		Services	
	A/c	Amt.	A/c	Amt.	A/c	Amt.	A/c	Amt.	A/c	Amt.	A/c	Amt.	A/c	Amt.	A/c	Amt.
<b>KSIDC</b>	0	0	0	0	4	4	0	0	4	4	0	0	2	6	1	1
<b>SIDBI</b>	0	0	4	4	19	16	9	10	19	16	13	14	2	6	2	5
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>4</b>	<b>23</b>	<b>20</b>	<b>9</b>	<b>10</b>	<b>23</b>	<b>20</b>	<b>13</b>	<b>14</b>	<b>4</b>	<b>12</b>	<b>3</b>	<b>6</b>

Total SME Priority disbursement through these three financial institutions as at December 2014 works out to an amount of **Rs. 34 crores** in **36** loan accounts. Including medium enterprises financed (Non Priority) the total disbursement for the third quarter of current fiscal is to the tune of **Rs. 52 crores**.

**6. Review of Performance under Government Sponsored Schemes**

**6.1. Performance under PMEGP as at 15.01.2015**

During the financial year 2014-15 as on 15.01.2015, against the margin money target of **Rs.27.10** crores for all the three implementing agencies put together, the utilization during 2014-15 is **Rs. 18.19** crores and thus **67.12 %** of target achievement has been made in the implementation of PMEGP in the Kerala State by all the implementing agencies put together (KVIC, KVIB & DIC) during 2014-15.

The performance of the year 2014-15 as on 15.01.2015 is given in **Annexure - 9.13**.

## 7. Review of Performance of the Banking Sector

### 7.1. Banking Statistics as at December 2014 (Refer Annexure 9.1 to 9.3)

The detailed banking statistics for the State as at December 2014 is furnished in the Annexure. A comparative analysis of the data over the previous fiscals is presented below.

(Rs. in Crores)

Parameter	Outstanding					Variation				
	March 2013	Dec. 2013	March 2014	Sept. 2014	Dec. 2014	Mar.'13- Dec.'13	Mar.'13- Mar.'14	Mar.'14- Sept.'14	Mar.'14- Dec.'14	Dec.'13- Dec.'14
<b>No. of Branches</b>	5279	5527	5688	5828	5876	248	409	140	188	349
<b>Total Deposits</b>	229148	267133	279655	292709	407455	37985	50507	13054	127800	140322
<b>Domestic Deposits</b>	162958	176802	185772	195244	302882	13844	22814	9472	117110	126080
<b>NR Deposits</b>	66190	90331	93883	97465	104573	24141	27693	3582	10690	14242
<b>Total Advances</b>	175087	183583	192010	204405	201757	8496	16923	12395	9747	18174
<b>Investments</b>	5652	10715	10983	4458	7407	5063	5331	-6525	-3576	-3308
<b>Adv.+Investment</b>	180739	194298	202993	208863	209164	13559	22254	5870	6171	14866
<b>C: D Ratio</b>	76.41	68.72	68.66	69.83	66.61	-7.69	-7.75	1.17	-2.05	-2.11
<b>C+I: D Ratio</b>	78.87	72.73	72.59	71.36	69.06	-6.14	-6.28	-1.23	-3.53	-3.67

### 7.2. Branch Network

As at the end of December 2014, the total number of branches of Commercial Banks in the State was **5876**.

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

Banking Group	Number of Branches				Percentage distribution			
	Rural	S. Urban	Urban	Total	Rural	S. Urban	Urban	Total
<b>Public Sector Banks</b>	268	2767	887	3922	6.83	70.55	22.62	66.6
<b>Private Sector Banks</b>	188	1347	419	1954	9.62	68.94	21.44	33.4
<b>Total</b>	<b>456</b>	<b>4114</b>	<b>1306</b>	<b>5876</b>	<b>7.76</b>	<b>70.01</b>	<b>22.23</b>	<b>100</b>

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

### 7.3. Deposit growth

During the first three quarters of the fiscal 2014-15, there was a growth of **Rs. 127800 crores** in deposits of the State and the outstanding total deposits reached a level of **Rs. 407455 crores** in the commercial banking sector of the State. During the corresponding period of the previous fiscal, the total deposit of the State was **Rs. 267133 crores**. Quantum wise, the addition is **Rs. 140322 crores**, a year on year growth of **53 %**,

The share of domestic deposits in total deposits after gradual decreasing trend since March 2011 has now reverted back to quantum leap of 74% from 66 % of March 2014.

#### Sectoral Growth of Deposit over the Years

(Rs. in Crores)

Type of deposit	March 2008	March 2009	March 2010	March 2011	March 2012	March 2013	Dec. 2013	March 2014	Dec. 2014	Variation	
										Mar.'14 Dec.'14	Dec.'13 Dec.'14
<b>Total Deposit</b>	105488	130350	143404	161562	197557	229148	267133	279655	407455	127800	140322
<b>Domestic Deposit</b>	75599	93331	106518	123872	149103	162958	176802	185772	302882	117110	126080
<b>N R Deposit</b>	29889	37019	36886	37690	48454	66190	90331	93883	104573	10690	14242
<b>% Share of Domestic deposits</b>	<b>71.67</b>	<b>71.60</b>	<b>74.28</b>	<b>76.67</b>	<b>75.47</b>	<b>71.11</b>	<b>66.19</b>	<b>66.42</b>	<b>74.34</b>	<b>XX</b>	<b>XX</b>

#### A. Banking Group wise Growth in Deposits

As evident from the following table, Private Sector Banks (**37.16%**), followed by State Bank Group (**35.17 %**), has the highest share in growth of deposits among the Commercial Banks in the State during the first three quarters of the fiscal 2014-15.

## Banking Group wise Growth in Deposits

(Rs. in Crores)

Sl. No.	Banking group	Total Deposits			% Share in Total Deposits (Dec.14)	Variation		% Share in Growth	
		Dec. 2013	Mar. 2014	Dec. 2014		Mar.'14 to Dec.'14	Dec.'13 to Dec.'14	Mar.'14 to Dec.'14	Dec.'13 to Dec.'14
1	State Bank Group	92861	94151	143316	35.17	49165	50455	38.47	35.96
2	Nationalized Banks	71314	75598	104296	25.60	28698	32982	22.46	23.50
3	RRB	7372	7663	8428	2.07	765	1056	0.60	0.75
4	Private Sector Banks	95586	102242	151415	37.16	49173	55829	38.48	39.79
	<b>Total</b>	<b>267133</b>	<b>279654</b>	<b>407455</b>	<b>100</b>	<b>127801</b>	<b>140322</b>	<b>100</b>	<b>100</b>

Private Sector Banks comparison reveals that **37.16 %** of the deposits in the State is with State Bank Group which has got a 33.25% share in branch network. The corresponding figures for State Bank Group is **22.2 %** share in branch network and **35.17 %** share in deposits. Nationalised Banks, which have **35.28%** of the branch network in the State, have only a share of **25.6 %** in total deposits. RRB, in spite of having a share of **9.26%** of the branch network has only **2.07%** share in total deposits of the State.

## B. Population Group Wise/Banking Group Wise Distribution of Deposits

### Population Group wise Distribution of deposits

(Rs. in Crores)

Banking Group	Total deposits				Percentage Distribution				Share of Banking Group in Total Deposits
	Rural	Semi-Urban	Urban	Total	Rural	Semi-Urban	Urban	Total	
State Bank Group	4560	85339	53417	143316	3.18	59.55	37.27	100	35.17
Nationalized Banks	3039	56253	45004	104296	2.91	53.94	43.15	100	25.60
RRB s	1024	5921	1483	8428	12.15	70.25	17.60	100	2.07
Private Sector Banks	6543	89206	55666	151416	4.32	58.91	36.76	100	37.16
<b>Total</b>	<b>15166</b>	<b>236719</b>	<b>155570</b>	<b>407455</b>	<b>3.72</b>	<b>58.10</b>	<b>38.18</b>	<b>100</b>	<b>100</b>

As evident from the above table, **58.10 %** of the total deposits of the State is from semi urban areas where **70.01 %** of the branch network exists. Urban areas accounted for 38.18% of the deposits and rural areas, **3.72 %**. On a comparison with March 2014 position, it is found that the share of urban branches in total deposits is showing a much increasing trend.

#### 7.4. NR Deposits (Refer Annexure 9.2)

The NR Deposits have registered an increase of **Rs. 10690 crores** from the March 2014 level. The NR deposits of the State that stood at **Rs. 90331 crores** as at December 2013 reached a level of **Rs. 104573 crores** as at December 2014. The year-on-year increase in NR Deposits was **Rs. 14242 crores** as at December 2014.

#### 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	1115	25023	13853	39991	2.79	62.57	34.64	100.00	38.24
Nationalized Banks	548	13845	6862	21255	2.58	65.14	32.28	100.00	20.33
RRB	44	249	24	318	13.90	78.44	7.61	99.95	0.30
Private Sector Banks	1779	27585	13645	43009	4.14	64.14	31.73	100.00	41.13
<b>Total</b>	<b>3486</b>	<b>66703</b>	<b>34384</b>	<b>104573</b>	<b>3.33</b>	<b>63.79</b>	<b>32.88</b>	<b>100.00</b>	<b>100.00</b>

Private Sector Banks has the highest share (**41.13 %**) in the NR deposits from the State followed by State Bank group (**38.24 %**) and Nationalised Banks (**20.33 %**). Of the total Non-Resident deposits **63.79 %** deposits were from Semi-Urban areas while Urban areas accounted for **32.88 %** and rural areas, **3.33 %**.

#### 7.5. Domestic Deposits

The growth in domestic deposits, over the previous quarter is (**Rs. 10174 crores**) and the quantum growth during the previous fiscal is (**Rs. 126080 crores**).

#### Share of Domestic Deposits in Total Deposits (%)

March 2013	December 2013	March 2014	December 2014
71.11	66.19	66.42	74.33

As at December 2014, domestic deposits accounted for **74.33%** of the total deposits.



## 7.6. Credit Expansion (Refer Annexure 9.2)

### Growth in Advances of the Banking sector in the State

(Rs. in Crores)

Parameter	Total Advances Outstanding over the Years							Variation	
	Mar. 2010	Mar. 2011	Mar. 2012	Mar. 2013	Dec. 2013	Mar. 2014	Dec. 2014	Mar.'14 Dec.'14	Dec.'13 Dec.'14
Total Advances	96987	121980	149293	175087	183583	192010	201757	9747	18174
% Growth over the previous fiscal	17.11	25.77	22.39	17.28	9.71	9.67	9.89	0.22	0.18

During the first three quarters of the current fiscal, the total advances grew by **Rs. 9747 crores** to reach **Rs. 201757 crores** as at December 2014, which is much higher than the previous quarter.

On a year-on-year basis from December 2013-December 2014 period there was a growth of **Rs. 18174 crores** in advances, recording a growth rate of **9.89 %**.

### Share of Banking Groups in Total Advances of the State

Nationalised Banks has the highest share (**35.12%**) in the total advances outstanding in the State followed by the Private sector Bank (**31.44 %**).

(Rs. in Crores)

Banking Group	Total Advances				Percentage Distribution				Share (%) in Total Advances
	Rural	Semi-Urban	Urban	Total	Rural	Semi-Urban	Urban	Total	
State Bank Group	3956	31311	22091	57357	6.90	54.59	38.51	100	28.43
Nationalized Banks	2258	36218	32371	70847	3.19	51.12	45.69	100	35.12
RRB	1451	7723	951	10125	14.33	76.28	9.39	100	5.02
Private Sector Banks	1899	27536	33992	63427	2.99	43.41	53.59	100	31.44
Total	9563	102788	89405	201757	4.74	50.95	44.31	100	100

Further, **50.95 %** of the total advances in the State is to Semi urban areas where 70.01 % of the branch network exists. Urban areas had **44.31 %** share in total advances against a share of **22.23%** in branch network. Rural areas had a share of **4.74 %** only in the total advances deployed in the State where as they hold a share of **7.76 %** in total commercial branch network.

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

The Credit-Deposit ratio of the Commercial Banking sector of the State has decreased by **3.22 %** during the quarter to reach **66.61 %** as at December 2014.

#### Banking Group wise C D ratio as at December 2014

Banking Group	C D Ratio			
	Percentage Distribution as at December 2014			
	Rural	Semi-Urban	Urban	Total
<b>State Bank Group</b>	114.81	51.91	55.84	55.51
<b>Nationalized Banks</b>	90.63	85.40	84.87	85.32
<b>RRB</b>	148.11	136.17	65.19	124.85
<b>Private Sector Banks</b>	39.85	44.69	80.89	58.51
<b>Total</b>	<b>81.87</b>	<b>60.46</b>	<b>73.78</b>	<b>66.61</b>

The C D Ratio of Rural & Urban areas of the State is much above the mandatory norm of **60%**. In Semi urban areas C D Ratio is **60.46%**. Further, the rural areas have a high CD ratio of **81.87 %**. For the State as a whole the CD ratio is **66.61 %**.

The CD ratios of all the bank groups viz. Nationalized Banks, Private sector banks and RRB are above the desired level of 60% in the State, whereas for State bank group, CD Ratio is only at **55.51%** which needs further improvement.

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

The C+I D ratio of the Commercial Banking Sector of the State as at December 2014 stood at **41.96%**.

#### Incremental CD Ratio

Reporting Quarter	Deposits (Rs. in crores)	Advances (Rs. in crores)	CD Ratio	Incremental CD Ratio
<b>March 2010</b>	143404	96987	67.63	<b>108.53</b>
<b>March 2011</b>	161562	121981	75.50	<b>137.65</b>
<b>March 2012</b>	197557	149293	75.57	<b>75.87</b>
<b>June 2012</b>	209490	151999	72.56	<b>63.65</b>
<b>September 2012</b>	213518	158836	74.39	<b>64.42</b>
<b>December 2012</b>	220489	167333	75.89	<b>78.67</b>
<b>March 2013</b>	229148	175087	76.41	<b>81.65</b>
<b>June 2013</b>	239214	174331	72.88	<b>75.13</b>
<b>September 2013</b>	252338	181166	71.80	<b>57.52</b>
<b>December 2013</b>	267133	183583	68.72	<b>22.37</b>
<b>March 2014</b>	279655	192010	68.66	<b>33.51</b>
<b>June 2014</b>	283928	192561	67.82	<b>40.77</b>
<b>September 2014</b>	292709	204405	69.83	<b>58.99</b>
<b>December 2014</b>	302882	201757	66.61	<b>41.96</b>

From the above table it is evident that the incremental CD ratio is less, which means deposits growth is more than the rate of growth of Credit or there is a temporary mismatch in credit and deposit growth. In the current financial year, the incremental credit-deposit (CD) ratio for the quarter ending December 2014 stood only at **41.96 %** for the banking system of the State meaning the growth in deposits has outpaced the growth in credit. Here it is pertinent to mention that the Y-o-Y growth under Deposits as at December 2014 was **52.53 %** whereas that of Credit is only **9.9 %**. Incremental CD ratio had fallen to the lowest level which is a concern.

### 7.9. District-wise Credit Deposit Ratio in the State

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

#### District-wise C D Ratio in the State as on 31.12.2014

(Rs. in lakhs)

Sl. No.	District	Deposits	Advances	CD Ratio (%)
1	Trivandrum	5019081	3505090	69.84
2	Kollam	2051559	1347897	65.70
3	Pathanamthitta	2854734	1029472	36.06
4	Alappuzha	2038597	1168176	57.30
5	Kottayam	2574307	1572691	61.09
6	Idukki	507954	664130	130.75
7	Ernakulam	6570646	5887764	89.61
8	Thrissur	4488592	2905528	64.73
9	Palakkad	2136935	1604690	75.09
10	Malappuram	2158754	1475046	68.33
11	Kozhikkode	2312772	1848859	79.94
12	Wayanad	336879	389627	115.66
13	Kannur	1971828	1176778	59.68
14	Kasaragod	839650	733625	87.37
<b>Total for State</b>		<b>35862287</b>	<b>25309374</b>	<b>70.57</b>

In Kerala all Districts except Pathanamthitta and Alappuzha is having CD ratio of more than 60%. Pathanamthitta district historically is having a poor CD Ratio which is constantly under monitoring. As a result, the CD ratio is above the benchmark of 40% as at December 2014. LDM, Pathanamthitta should monitor the progress closely and review the same in DCC/DLRC meetings so as to improve from the current levels in an ongoing basis. (The above CD ratio is compiled from the banking Statistics furnished by the LDMs of respective Districts which includes the business figures of District Co-operative Banks and PACS)

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

On a review of the performance, as at the last quarter of the fiscal 2014-15, banks in Kerala had sanctioned an amount of **Rs. 324 lakhs** ( 12 accounts) and the balance outstanding is **Rs. 55 crores** ( 481 accounts). The review of performance under the reverse mortgage loan scheme has become a regular agenda item of SLBC, Kerala at the behest of National Housing Bank. Details are shown in **Annexure-9.22.**

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