

**100th MEETING OF STATE LEVEL BANKERS' COMMITTEE, KERALA
AGENDA AND BACKGROUND NOTES**

Date : 21.12.2009 (Monday)
Time : 10.30 am
Venue : Hotel Residency Tower,
Govt. Press Road. Trivandrum

1. ADOPTION OF MINUTES

The minutes of the State Level Review Meeting (SLRM) of SLBC, Kerala held on 27th & 28th August 2009 has already been forwarded to the members vide Convener's letter TLB 38 1316 2009 KM dated 10.11.2009.

The House may adopt the said minutes.

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

2.1. PENDING ISSUES

2.1.1. Purchase Loan for Agriculture purpose

2.1.1.1. Upward revision in credit limit

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

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

The present position may be informed/placed in the forum.

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

The SLRM 2009 observed that the definition of Government for small and marginal farmers differs from what has been told by NABARD. Acreage norm for small and marginal farmers has been stipulated by NABARD based on the financing type of land. Banks have to ensure the viability of the land purchased and further, developmental

activities have to be financed. The farmer should be able to service both instalment and interest and the type of land should be of good quality and depending on that quantum of loan has to be worked out. There was a need for revision of the limit also. SLRM suggested that a small committee could be constituted to discuss the broad parameters and changes that could be adopted. The issues pertain to the acreage as well as the value caps are to be considered by this sub-committee. The SLRM adopted that the Convenor of SLBC would be looking to the formation of the Sub-committee as well and the members would get intimated about the formation in course of time.

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

2.1.2. Infrastructure bottlenecks

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

The Revenue Department may inform the position in respect of the subject.

2.1.3. Increasing the quantum of agricultural loans to Dairy farmers

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

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

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

The representative of the Department of Dairy Development may inform the progress in this regard.

2.1.4. Cattle Insurance

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

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

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

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

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

In terms of the decision taken in the SLRM 2009, the Fisheries Department/Matsyafed may place the progress and also the details of the project implemented for the information of the forum.

2.1.6. Inclusion of all perennial horticulture crops under the NAIS

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

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

The representative of the Department of Agriculture / AICIL is requested to apprise the forum on further developments in this regard.

2.1.7. Legislation for Lease Land Farming

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

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

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

Being a long pending issue, the representative of the Department of Agriculture is requested to apprise the forum on further developments in this regard.

2.1.8. Model law on the lines of the law recommended by the Talwar Committee

The 90th meeting of the SLBC noted that the state government had earlier declined to legislate the Model Bill on the lines of the law recommended by the Talwar Committee and circulated by the Union Government citing the reason that the Revenue Recovery Act was effective in the state and was covering all priority sector loans. The advantage accruing to farmers in the state if the state enacted legislation as per the Model Bill was that they could be able to access crop loans up to Rs. 100000 without any collateral security.

Accordingly, the SLRM 2006, 2007, 2008 & 2009 had been pursuing the matter with the Planning Department for a decision.

The representative of the Department of Planning/Agriculture may inform the Government decision in this regard.

2.1.9. Permission for Agricultural Officers to open Bank accounts

Krishi Bhavans of Agriculture Department are disbursing substantial amount of money to farmers as subsidy/grant. The SLBC had recommended that the Government may examine permitting agricultural officers to open one bank account per Krishi Bhavans to conduct the official financial transactions so as to reduce the workload of the agriculture officers substantially which in turn would result in improvement in quality

of technical assistance to farmers. The SLBC requested the Agriculture Department to recommend the proposal to the Finance Department.

Vide letter No.TP3. 34138/2006 dated 14.08.2006 and letter No.TP(3)34138/06 dated 06.01.2007, the Director of Agriculture, Government of Kerala, has informed that a proposal had been furnished to Government of Kerala (Agriculture Department) and sanction is awaited.

The matter has been pursued by the SLRM 2007, 2008 & 2009 for a decision.

The developments in this regard may be appraised by the Agriculture/Finance department.

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

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

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

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

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

The representative of the Department of Fisheries may inform the Government decision in this regard.

2.1.11. Purchase and development of abandoned estate

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

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

2.1.12. Clarification on Classification of Export Credit

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

RBI may kindly inform the developments therein.

2.2. FRESH ISSUES

2.2.1. Agriculture Finance – Interest Subvention parameter (Suggested by RBI)

Interest subvention is available for loans granted for (a) crops whose duration exceeds one year (e.g. sugarcane, apple etc.) and (b) maintenance of horticulture and plantations crops i.e. seasonal cultivation expenses of mature plantation crops like coconut, rubber, coffee etc. subject to the ceiling prescribed (Rs.3 lakh) and for a period of not exceeding one year. The interest subvention for the year 2008-09 is now available for a maximum period of 9 months as decided by Government of India. Vide letter RPCD(T)No.LBS/637/03.02.02/2009-10 dated 07.10.2009 of RBI, it is informed that interest subvention is already available for perennial crops as per RBI Central Office clarification is shown as Annexure 10.45.

Government of India is already seized of demand from private sector banks for inclusion in the interest subvention scheme. This may be kept as information agenda by SLBC.

Views of the Steering Committee

The Steering Committee felt that since the operational guidelines is yet to be issued, the matter may be placed for information before SLBC.

2.2.2. Re allocation of State-wise and agency-wise targets for ground level credit for the year 2009-10 (Suggested by NABARD)

The Hon'ble Union Finance Minister, during his Budget Speech 2009-10, has set a target of Rs.3,25,000 crore for Agriculture Credit for the year 2009-10 for the country as a whole which has been segregated into crop loan and term loan and allocated state-wise and agency-wise. In this context, the target allocated to Kerala by Government of India, is Rs.21473 crore which is higher than the Annual Credit Plan target of Rs.17785 crore, for the State for 2009-10, by Rs.3688 crore (ie. Rs.108 crore in respect of Crop Loan and Rs. 3580 crore in respect of Agriculture Term loan). This is to be apportioned among the banks in the state on the basis of the agency-wise allocation appended below :

(Rs. Crore)

Agency	Crop Loan	Term Loan	Total
Commercial Banks	8114	7235	15349
Regional Rural Banks	2609	57	2666
Cooperative Banks	3255	203	3458
Total	13978	7495	21473

The above is placed as an agenda for discussion and reallocation of district specific / bank specific targets by SLBC.

Views of the Steering Committee

The Steering Committee decided to place the matter as information note and suggested that the expected levels are to be achieved for the year 2009-2010.

2.2.3. Kisan Credit Card (KCC) Scheme -Coverage of all farmers by 30.09.2009 (Suggested by NABARD)

The KCC Scheme has been in operation since August 1998 and received an overwhelming response from the farmers. In Kerala as on 31.03.2009 a total number of 28.79 lakh cards have been issued by all the agencies. However, a good number of farmers are yet to be covered under this scheme. The ADWDR Scheme 2008 of GoI has made many ineligible farmers eligible for credit. Keeping in view the Directives of GOI for increasing the credit flow to agriculture sector, the Cooperative Banks & RRBs are required to identify and bring into KCC fold, such farmers including defaulters, oral lessees, tenant farmers & share croppers etc., who have been left outside the fold of this scheme and also the new farmers. As a first step for achieving this goal, all the farmers in the State were to be provided with Kisan Credit Card by 30 September 2009. Banks were advised to frame up strategy to achieve this by launching a time bound village level special campaign by involving all the banks concerned, State Government Machinery, Panchayati Raj institutions and civil society organizations. Banks were also advised to explore the feasibility of using Farmers club volunteers, SHG leaders, Business Correspondents and facilitators for helping the farmers in this endeavour.

Views of the Steering Committee

The Steering Committee decided to place the matter as information note and observed that the review is being undertaken in all SLBC. The remaining farmers who are yet to be covered under the KCC scheme in Kerala may be assessed. The committee also observed that on a review many of the accounts are inoperative and banks have to take necessary steps to revive these accounts.

2.2.4. Inclusion of Land Development as thrust area in Kerala (Suggested by NABARD)

The highly undulating terrain, high intensity and uneven distribution of rainfall makes large areas of land in Kerala vulnerable to erosion, landslips and crop moisture stress.

As much as 38% (14.76 lakh ha) of the total area of the state is estimated to be under the threat of land degradation. To increase agriculture production in the state, particularly in the plantation sector there is an urgent need to increase investments to improve soil health, reclaim degraded lands and judiciously use land and water resources. Small land holdings coupled with undulating topography renders the initial cost of investment for land development very high. Due to high initial investment (unit cost for different activities under LD ranges between Rs.30000/- to Rs.1 lakh) and long gestation period, farmers are mostly unwilling to undertake land development activities. The ground level credit flow under Land Development was found to be grossly incommensurate in terms of the importance and potential of Land Development activities in Kerala.

The financing of Land Development as a thrust area and the need for priority refinance to this activity may be discussed in the SLBC meeting.

Views of the Steering Committee

The Steering Committee observed that financing of Land Development is a good proposition and decided to place the matter before SLBC.

2.2.5. Food Security Project to be implemented in 14 districts of Kerala State (Suggested by Animal Husbandry Department)

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

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

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

Views of the Steering Committee

The Steering committee decided to place the matter before SLBC as an information note to be adopted for implementation in the State of Kerala.

2.2.6. Integrated Livestock Development Project 2009 to be implemented in Pathanamthitta, Palakkad and Thrissur Districts (Suggested by Animal Husbandry Department)

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

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

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

Views of the Steering Committee

The Steering committee decided to place the matter before SLBC as an information note to be adopted for implementation in the respective districts.

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

3.1. PENDING ISSUES

3.1.1. CGTMSE Coverage for loans granted to SHGs

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

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

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

The matter was again discussed in the SLRM 2009 and it was reiterated that the same shall be pursued further. SLBC had written to the Development Commissioner (MSME), New Delhi in this regard. The decision is awaited.

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

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

The present position in this regard may kindly be apprised to the forum.

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

Government of India have decided that “Special Monthly Meetings” of State Level Bankers’ Committee (SLBC) should be held to oversee the resolution of credit related issues of Micro, Small and Medium Enterprises (MSME) by banks. Accordingly, the Ministry of Finance, Department of Financial Services, Government of India has directed SLBC Convenor to hold “Special Monitoring Meetings” of SLBC, Kerala every month focusing primarily on the implementation of the IBA packages on MSME, Housing and Auto sector. Further, SLBC should submit a detailed report on the Special Monthly meetings conducted along with reviewed data in the prescribed format on or

before the fifteenth (15th) day of each month to the Ministry of Finance, Department of Financial Services, Government of India, New Delhi. It was also directed that the new items of the economic package as above should be discussed as additional agenda items during the regular (quarterly) SLBC meetings also.

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

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

3.1.4. Rehabilitation of Sick Micro and Small Enterprises (MSEs)

Delay in rehabilitation/nursing of the potentially viable sick Micro and Small Enterprises has been a matter of serious concern. In this connection, RBI appointed a Working Group on Rehabilitation of sick SMEs under the chairmanship of Dr. K.C. Chakravarthy, then CMD of Punjab National Bank, to examine this issue and recommend remedial measures so that inter-alia potentially viable sick units can be rehabilitated expeditiously. The Working Group examined the above issue in detail and made a number of suggestions relating to creation of rehabilitation fund to be used for providing soft loan towards promoter's contribution, fund for technology up gradation, marketing development fund etc. The Working Group also made several recommendations where action is required to be initiated by GOI, State Governments and SIDBI. The action to be initiated by the State Government may be taken up by SLBC for discussion at the proposed SLBC meeting.

Views of the Steering Committee

RBI informed that rehabilitation of Sick, Micro and Small Enterprises was a thrust area. The delay in rehabilitation of sick units to be avoided. Sick industries have to be identified early and rehabilitation measures to be initiated at the right time. The committee noted that the matter came up for discussion during the 99th Meeting of SLBC and requested State Government/SLBC Convenor to take necessary action.

SLBC Convenor assured the committee to collect the details regarding sick units from the Directorate of Industries & Commerce and table during the special monthly SLBC meeting for reviewing the progress on the Stimulus Package declared by Government of India.

The Committee decided to place the matter before SLBC and follow up the same.

3.2. FRESH ISSUES

3.2.1. Implementation of PMEGP (Suggested by the Director of Industries and Commerce)

- (a) A time limit may be set by the State Level Bankers' Committee for disposal of PMEGP application.
- (b) The Government of India have announced Credit Guarantee Trust Fund Scheme for Micro & Small Enterprises (CGTMSE) by which banks can sanction industrial loans up to one crore without collateral security.
- (c) SLBC and DLRC shall review credit flow to SME sector separately.

Views of the Steering Committee

The Steering Committee informed that as per the norms bankers have to dispose off the applications within 15 days. The Committee felt that SLBC may issue suitable direction in this regard. It is generally observed that training of the PMEGP beneficiaries is delayed due to lack of adequate number of sanctioned cases.

The Committee suggested that all the three implementing agencies of PMEGP scheme have to provide the details regarding number of cases sponsored to the bank branches to the Controlling Offices of the respective banks so as to expedite the follow up process.

The Committee felt that all the above items be placed in the SLBC for information.

3.2.2. Implementation of REMOT Scheme – Note by Coir Board

The implementation of the Rejuvenation, Modernization and Technology Upgradation (REMOT) Scheme was started during March, 2008. The total outlay of the REMOT Scheme is Rs.243 crores for implementation during the XI Plan period. The Ministry had released an amount of Rs.9 crore for implementation of the Scheme during 2007-08.

During March, 2008 the Board had released an amount of Rs.4.72 crores towards pro rata grant to 190 spinning units and 160 tiny household units to the Canara Bank, Mullackal branch, Alleppey. Since the Bank has not utilized the full amount released to the bank towards pro rata grant the Coir Board has directed the Bank that the unutilized amount of Rs.130.00 lakhs may be transferred to the SBT, Cherthalla branch as the Bank has sufficient number of applications to be considered for releasing term loan. Accordingly, the Canara Bank has transferred an amount of Rs.130 lakhs to SBT, Cherthala.

The Canara Bank has informed the Coir Board that the amount transferred to them has been fully utilized.

During the year 2008-09 based on the provisional sanction issued by the Indian Overseas Bank, Alappuzha, Central Bank of India, Alappuzha, SBI, Kalavoor and SBT Kannur the Board had released an amount of Rs.957.20 lakhs to the following designated Banks for implementation of the REMOT Scheme. The Bank-wise progress of implementation of the REMOT scheme in Kerala are furnished below:

Bank-wise statement of Kerala 2008-09 (as on 15.09.09)						
SI No		IOB Alappuzha	CBI Alappuzha	SBI Kalavoor	SBT Kannur	Total
1	Applications received by the Coir Board					4802
2	Applications recommended to Banks	315	137	501	41	1411
3	Applications rejected by Coir Board	0	0	0	0	0
4	Applications pending with Coir Board					3391
5	Cases sanctioned by Banks	258	63	282	17	620
6	Cases rejected by Banks	40	51	150	13	254
7	Subsidy amount deposited with Nodal Bank by Coir Board (Rs. in lakhs)	412.80	75.20	460.40	8.80	957.20
8	Cases in which loan has been sanctioned by Bank	258	63	282	17	620
9	Cases in which loan has been disbursed by bank	224	38	282	4	548
10	Subsidy amount transferred to Beneficiary's Accounts by Banks (Rs. in lakhs)	362.32	69.40	388.78	4.38	824.88
11	Subsidy amount lying unspent with bank (Rs. in lakhs)	50.48	5.80	71.62	4.42	132.32
12	Subsidy amount lying unspent with Coir Board (Rs. in lakhs)	Nil	Nil	Nil	Nil	Nil
13	Units operationalized *	77	-	-	-	77
* Joint inspections are being conducted for the other units who have completed the work						

In addition to the above an amount of Rs.130 lakhs has been transferred from Canara Bank, Alleppey (unutilized amount of 2007-08) to State Bank of Travancore, Cherthala branch for sanctioning term loan to 146 units already considered by the Bank.

As per the Operational Guidelines of the Scheme the Bank should release the full quantum of the term loan to the beneficiary within ten calendar days of receipt of the grant/subsidy from the Coir Board. From the statement it is seen that Rs.132.32 lakhs is pending with the Banks for utilization and also inspect the operationalised units.

It is therefore requested that the above position may be taken up in the ensuing State Level Banker's Committee meeting for the speedy implementation of the scheme.

Views of the Steering Committee

The Committee decided to place the matter as information note.

3.2.3. PMEGP - Information Note by KVIC

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

Budget allocation of Rs.21.23 crores for 1770 units for 17695 employment has been provided for 2009-10. Agency wise-Dist. Wise- and social sector wise target in accordance with PMGP guide line is also communicated to all Dist. In charges of programme and bankers.

KVIC has already identified 16 Nationalized banks as Nodal Banks in Trivandrum, opened PMEGP A/c's and provided sufficient funds for Margin Money disbursement. Under the Backward and Forward linkages, KVIC is organising Awareness Camps, Workshops, Exhibitions, Orientation Programmes, Bankers Meets, EDP training, Publicity, Physical Verification etc jointly with DIC & KVIB.

So far KVIC has conducted EDP training to 745 beneficiaries under PMEGP on getting sanction of projects from banks through accredited training institutes since inception of PMEGP. But the Margin Money utilization part only 313 nos claims were settled by Nodal banks by disbursing the M.M. Hence 432 nos. of claims are yet to reach nodal banks from various bank branches. The district wise bank wise list of pending margin money claims are given below. The SLBC forum may bring the issues to the notice of Lead Dist. Managers for smooth implementation of the programme.

The State level review meeting on PMEGP held on 23.10.2009, the three implementing agencies [KVIC, KVIB & DIC) raised concern about delay in considering and sanctioning the applications cleared by Dist. Level Task Force Committee & forwarded by implementing agencies to banks which takes more than two months time to take final decision. Therefore it is need to consider the sponsored applications/projects with the stipulated time of 20 days and eligible projects are to be sanctioned. The entrepreneurs may be directed by the service banks to attend the EDP training programme. Once EDP is completed, the service banks have to release the 1st

instalment and claim the Margin Money from its nodal bank. The District wise and Bank wise performance of PMEGP as on 30.09.2009 is shown as Annexure 10.48.

Views of the Steering Committee

The Committee decided to place the matter as information note.

3.2.4. Note by MSME Development Institute

The details pertaining to the service sector MSMEs as per MSME Act, 2006 and eligible enterprises under CGTMSE are shown as Annexure 10.49 for information of the members.

Views of the Steering Committee

The Committee decided to place the matter as information note.

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

Kerala has got a distinction of having the maximum number of units of MSME covered under the guarantee scheme of CGTMSE. It was decided in the previous meeting of the SLBC that the performance of Banks under the scheme would be reviewed at State level on a regular basis. On a review of the performance, it is seen that as on 30.09.2009, banks in Kerala sanctioned an amount of **Rs. 101.77 crores (3801 proposals)**. Bankwise analysis reveals that State Bank of Travancore has sanctioned the highest quantum of loans (**Rs. 18.04 crores**) followed by Canara Bank (**Rs. 16.39 crores**). District-wise analysis reveals that Ernakulam has sanctioned the highest quantum of loans (**Rs. 18.39 crores**) followed by Trivandrum District (**Rs. 13 crores**). Bank-wise/district-wise details are shown as Annexure 10.41 & 10.42.

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

4.1. PENDING ISSUES

4.1.1. Recasting LBR1, SAMIS codes and the Software

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

The present position in this regard may kindly be apprised to the forum.

4.1.2. Recording Bank Loans in the Ration Cards

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

The representative of the Food & Civil Supplies Department may kindly apprise the position.

4.1.3. Non acceptance of RR requisitions

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

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

The representative of the Revenue/Finance Department may inform the progress in this regard.

4.1.4. Computerization of Land Records

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

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

The representative of the Department of Revenue may inform the Government decision in this regard.

4.1.5. Waiver of Stamp duty on SHG loans

NABARD has informed in the earlier meetings of SLBC, Kerala that the State Governments of Andhra Pradesh, Chattisgarh, Karnataka and Maharashtra had issued

notifications waiving stamp duty on loans availed by SHGs so as to augment credit flow to SHGs in these States. Accordingly it was decided to take up with Government of Kerala seeking waiver of stamp duty on SHG loans in this State also.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Representative from the Department of Registration/Planning, Government of Kerala may inform the latest position of the issue to the forum.

4.1.7. MN One Lakh Housing Reconstruction Scheme

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

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

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

- A Consortium of banks shall be formed to work out a suitable lending scheme for assistance to the beneficiaries through Local Self Government bodies. Lead Bank of each district shall be the consortium leader.
- The Sub-Committee decided to go ahead with an EMI loan scheme with 9.00 % interest rate per annum and with a repayment period of 3 years which shall be considered exclusively for the MN One Lakh Renovation / Reconstruction Scheme under reference. Individual banks shall take a decision in this regard considering

the viable cases to be financed. The details of the scheme after finalisation shall be taken up by each of the banks involved, to their Head Office for approval.

- Loans shall be given to Panchayats and all payments would be executed through Panchayats Offices. The relevant guidelines from the Government of Kerala permitting Panchayath authorities to borrow funds on behalf of the beneficiaries for the said purpose and to make repayment of the loan instalments along with interest to the Banks, are to be provided by the Department officials to the Sub-Committee, as informed by the Government representative during the meeting.
- Repayment of loans should be ensured by the concerned Panchayat / Local Self Government Department, Government of Kerala as per permissible norms in this regard and as practised in the case of other similar schemes.
- The names of eligible beneficiaries shall be shared through a list and defaulters of other loans to Banks would not be considered. List of beneficiaries should be given in advance to the banks.

The proceedings of the meeting have circulated among all the participant members of the Sub- Committee including the Principal Secretary, Department of Housing, Government of Kerala and their response has been awaited.

The matter was again examined in the SLRM 2009 wherein the response with observation from the Government on the observations of the Sub-Committee was not available for arriving at conclusive decision.

The Housing Commissioner, Government of Kerala to inform the developments in this regard.

4.1.8. Creation of a Central Registry titled National Mortgage Repository

In order to bring in more transparency and prevent frauds on property transactions, the issue of creation of a National Mortgage Repository (NMR) in the Country is widely discussed in the various forums of IBA/Government etc. It will function in a similar manner as vehicle registration where hypothecation is marked on the Registration Book of the owner or a search made in Registrar of Companies Office to ascertain certain details pertaining to companies.

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

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

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

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

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

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

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

4.1.10. Guarantees issued by the State Government

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

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

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

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

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

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

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

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

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

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

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

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

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

The representative of the Planning/Finance Department may inform the progress in this regard.

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

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

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

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

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

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

The representative of the Registration Department may inform the progress in this regard.

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

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

The notice demands that the Head of Administrative / Controlling Office of banks in Kerala should furnish the details of credit / loans sanctioned by his/her bank for construction of building (Commercial and others) with a floor space of 5000 sq. ft. or above or with a cost Rs. 40 lacs or above for a period of two financial years (current

and the last); The demand notice stipulates furnishing of the above data by the bank with individual customer details such as complete address, particulars of loan such as name and address of the branch, purpose of loan , sanctioned loan amount , stage of disbursement, amount disbursed, address of the property , construction site etc. to the Commercial Taxes Department . The notice further explains, quoting Section 82 of the “Kerala Value Added Tax Act, 2003”, that “any officer not below the rank of an ‘assessing authority’ may by notice in writing require any person whether or not liable to pay tax under the Act, to furnish any information that may be required by the notice Concerning the tax affairs of that person or any other person”

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

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

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

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

The SLBC forum resolved to take up the matter with the concerned Government authorities so that a suitable guideline / direction would be issued to the Commercial Taxes Department (Intelligence Wing) to refrain from sending notices to banks seeking information on customer accounts (loan account or otherwise) as this would amount to

violation of the Banker's obligation for observing secrecy of the customer's account except under occasions of justified disclosures to notified authorities.

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

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

The representative of the Planning/Taxes Department may inform the progress in this regard.

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

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

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

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

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

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

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

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

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

The representative of the Revenue/Taxes Department may inform the latest developments decision in this regard.

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

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

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

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

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

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

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

“Whenever any properties of immovable nature are attached by the civil or revenue courts, the same should be entered in Book I kept with concerned SROs and the same would reflect in the subsequent ECs. Possession of immovable properties under SARFAESI Act 2002 is also part of quasi-judicial proceedings by the Authorised Officers of the secured creditor/banks. If the said fact of taking possession is also entered in Book I, it would be helpful to the public in general and the banks/secured creditors in particular. When this matter has been taken up with the I.G. of Registration, it has been clarified vide his letter No.RR.3/24675/2004 dated 07.03.2005 that unless the existing Rules in Kerala is amended the above action would not be possible. Hence suitable amendment in the Registration Rules, empowering the SROs to make an entry of possession of immovable properties under SARFAESI Act 2002 [on specific requisition of the Authorised Officers under the Security Interest (Enforcement) Rules 2002] may be made, which would help banks in the process as above.”

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

On the basis of the foregoing, SLBC Convenor had taken up the matter with the Principal Secretary (Revenue) and Secretary (Taxes), Government of Kerala requesting

to take up the matter as discussed above with the appropriate authority in the Government of Kerala for a decision on the recommended lines.

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

The representative of the Revenue/Taxes Department may inform the latest developments in this regard.

4.1.16. Notifying More Centres for Equitable Mortgage

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

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

The representative of the Department of Taxes/Revenue may inform the Government decision in this regard.

4.1.17. First Charge claimed by Sales Tax Department

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

The representative of the Sales Tax Department may apprise the position.

4.1.18. Mutation of Land Records

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

The representative of the Registration Department may apprise the position.

4.1.19. District-wise Credit Deposit Ratio in the State

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

In Kerala, Pathanamthitta was the only district having poor CD Ratio which has been constantly under follow up. As a result, the CD ratio of the district was improved and it touched a level (**40.19 %**) just above the benchmark of 40% as at September 2009. It has been reported by the LDM, Pathanamthitta that the Special Sub-Committee (SSC) of DLCC was formed and that the committee has been monitoring the level of CD Ratio in the District. It was assured that the position would be improved further by March 2010.

The forum may review the position and to suggest measures for improvement

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

On a review of the performance, it was seen that as at September 2009, banks in Kerala sanctioned an amount of **Rs. 0.77 crores** (10 accounts) and the balance outstanding was **Rs. 5.72 crores** (65 accounts). The review of performance under this crucial “Housing sector” has become a regular agenda item of SLBC, Kerala at the behest of National Housing Bank (NHB). Details are shown in Annexure 10.30.

4.1.21. IT enabled Financial Inclusion

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

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

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

The Special Committee of SLBC on IT-Enabled Financial Inclusion as well as the 98th meeting of SLBC, Kerala had discussed the project proposals and approved the same for implementation in the State after getting clearance from the Government regarding Cost sharing proposals made in the project.

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

While reviewing the matter during the 99th meeting of SLBC, Kerala held on 25.06.2009, the meeting noted that there was lot of improvement and further processing in the matter of IT-enabled financial inclusion which would be taken further before SLBC.

In the SLRM 2009, LDMs of Kollam, Idukki and Wayanad were requested to apprise the latest position.

LDM, Kollam informed that DLRC meeting decided to implement the programme in 2 blocks in Kollam and individual banks have been advised to select the vendors. So far vendors have not been identified. Regarding the selection of Business Correspondents, he sought the support of SLBC and RBI in finalising the same.

LDM, Idukki and Wayanad informed that not much progress has been made in this regard.

Views of the Steering Committee

In the Steering Committee meeting, RBI informed that so far the reports regarding IT enabled Financial Inclusion from the selected districts has not come. SLBC was requested to follow up the matter.

The Committee noted that the matter came up for discussion during the 98th Meeting of SLBC, Kerala held on 24.04.2009 in Trivandrum wherein some modifications were made in the project approved by the Special Committee on IT-Enabled Financial Inclusion. The committee decided to place the matter before SLBC for information and suggested that the LDMs of Kollam, Idukki & Wayanad districts may be advised to present status paper in this regard in the SLBC meeting.

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

- (ii) RBI also suggested that SLBC may be catalysed to draw time bound plans to ensure banking outposts through permissible alternate modes/models, including mobile offices, satellite offices, and business correspondents and ensure that no frills accounts are actively operated. This item was included as desired by the Senior Management Conference-2008.

Views of the Steering Committee

The Steering committee noted that the matter came up for discussion during the 98th Meeting of SLBC, Kerala held on 24.04.2009 and requested all banks to take note of the information. RBI informed that as per the revised Lead Bank Scheme, thrust would be to extend banking facilities to unbanked areas through IT-Enabled Financial Inclusion. SLBC was requested to follow up the matter till the desired result is achieved.

The Committee decided to place the matter before SLBC.

4.1.22. Cautioning the public against fictitious offers of remitting cheap funds from abroad

It is reported that, inter alia, the persistence of the problem of fictitious offers for release of cheap funds being received by Indian public from abroad. Several offices have received complaints from the “beneficiaries” who had remitted upfront charges against the fraudster’s claim that prize money had been remitted to RBI from abroad for onward release to them. Dy. Governor (Smt.Shyamala Gopinath) had suggested that banks also have a role to play in combating this menace as they are approached by victims for making the initial remittance. They can provide correct information to public by bringing to the notice of those who approach them, the RBI’s Press Release dated December 7, 2007 cautioning the public against fictitious offers from abroad.

Views of the Steering Committee

The Steering Committee noted that the matter was included in the 99th Meeting of SLBC, Kerala held on 25.06.2009 in Trivandrum and noted the contents for information. Taking into account the importance of the issue, the Committee decided to place the matter before SLBC for information.

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

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

Views of the Steering Committee

The Steering committee noted that the matter came up for discussion during the 99th Meeting of SLBC, Kerala held on 25.06.2009 and observed that Union Bank of India and State Bank of Travancore had gone ahead with the electronic transfers and requested other banks also to follow suit.

In this context RBI informed that they would reimburse Rs. 50 per account depending on the agreement of sharing of cost by State Government. It was also informed that the State Government has not taken any decision on the matter so far. In view of the above, the committee decided to place the matter before SLBC for discussion and requested SLBC to impress upon State Government about the benefits of the scheme.

The Committee also suggested that participation from Information Technology Department was to be ensured in the forthcoming meetings on the subject in the respective districts.

The Committee decided to place the matter before SLBC and requested the concerned Government Department to clarify the stand of the Government.

4.1.24. Coverage of R-SETIs in all the districts of Kerala State

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

Views of the Steering Committee

The Steering Committee observed that 8 districts have already set up RSETIs and requested SLBC to follow up the matter so that the remaining districts would also be covered at the earliest.

In the matter of setting up of RSETI in Kasaragod District, the Principal Secretary, Dept. of Local Self Government, Government of Kerala after holding a discussion in his chamber on 10.11.2009 allocated the RSETI to Andhra Bank. This may be approved by the forum. Copy of the DO letter No.70537/ DD3/09/LSGD dated 05.12.2009 is shown as Annexure 10.44.

In other 5 districts the work on setting up of RSETIs is in progress and District-wise position of setting up of RSETIs is shown as Annexure 10.43.

4.2. FRESH ISSUES

4.2.1. Direct transfer of social security pension into the bank accounts of beneficiaries (Suggested by RBI)

A Group has been set up by the Government of India under the Chairmanship of Secretary, Rural Development to examine the feasibility of direct transfer of social security pension into the bank/post office accounts of the beneficiaries. Deputy Governor of Reserve Bank of India Dr. K.C. Chakrabarty is a member of the Group.

During the first meeting of the Group held on August 28, 2009, it was pointed out that there were delays in transferring funds by the nodal bank to the disbursing branches of banks and this resulted in the delay of payment of benefits to the beneficiaries. It was suggested that a system should be put in place to ensure that the accounts of the beneficiaries are credited on scheduled date so that the beneficiary is free to withdraw the amount any day he likes.

In this context, SLBC/DCC may impress upon banks to ensure timely crediting of the pension amount to the beneficiaries. This requires feedback from SLBC also.

Views of the Steering Committee

RBI informed that the study group observed delay in the payment of benefits to the beneficiaries due to delay in transferring funds by the nodal bank to the disbursing branches of banks. RBI Central Office had advised to take up the matter in the SLBC and impress upon banks to ensure timely crediting of the pension amount to the beneficiaries.

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

4.2.2. Expansion of banking network in the country – Opening of bank branches in under banked/un banked district/blocks – Follow up: (Suggested by RBI)

The Hon'ble Finance Minister, in the Budget Speech 2009-10, has announced the need for expansion of banking network in the country by stating "Despite the expansion of banking network in the country, there are still some areas that remain under-banked or unbanked. A sub-committee of SLBC will identify such areas and formulate an action plan for providing banking facilities to all these areas in the next 3 years"

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

(CO instruction: RPCD.LBS.CO.NO.-/02.05.02/2009-10 dated September 16, 2009 & GOI, MOF, DFS instruction: F.NO.15/3/2009-Dev dated August 18, 2009)

Views of the Steering Committee

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

The Steering Committee noted that in Kerala there are no un banked districts and the State is over banked with the ratio of one bank for 7000 population.

The Additional Development Commissioner for Rural Development informed that in Kerala State context the concept of village may not be adoptable. For developmental purposes Panchayats are taken as base unit. As per their information Vattamala in Idukki district is the only unbanked Panchayat. It was decided to collect the details from the Lead Banks and place before SLBC.

Details collected from Lead Banks will be placed in the SLBC as table item.

4.2.3. Evaluation Studies report on Financial Inclusion (Suggested by RBI)

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

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

Views of the Steering Committee

RBI informed that although the State has been declared 100% coverage under financial inclusion, the findings brought out show some gaps in all the districts. SLBC was requested to make a study and fill the gap, if any.

The Steering Committee decided to place the matter before SLBC for information and requested RBI to devise a format for collection of the data.

4.2.4. Inclusion of Rural Tourism as thrust area in Kerala (Suggested by NABARD)

Kerala has emerged as one of the most acclaimed tourist destinations in the world in the recent past. The World Travel and Tourism Council has selected Kerala as a Partner State. National Geographic Travel after 2 years of research has chosen Kerala, as one of the 50 must see destinations of a lifetime. Tourism Industry of Kerala contributes about 4% of the Gross State Product and it is anticipated to increase to 5.2% by 2013 (World Travel and Tourism Council). Around 6 lakh foreign tourists and 75 lakh Domestic tourists visited Kerala during 2008 and a total revenue created out of tourism amounted to Rs.13,130 crores. The Foreign Exchange Earnings for the year 2008 was Rs.3066 crore which recorded a growth of 16.11% over the previous year. Tourism activities taking place in rural areas wherein the local community derives social and economic benefits, has been an important avenue for employment and income generation in Kerala. Despite the high credit absorption potential of rural tourism sector in the state the credit flow to the sector has been unsatisfactory.

The financing of Rural Tourism as a thrust area and the need for priority refinance to this sector may be discussed in the SLBC meeting.

Views of the Steering Committee

Steering Committee observed that financing of rural tourism is a worthwhile proposition and decided to place the matter before SLBC for adoption.

4.2.5. Earmarking of targets for 2009-10 under schemes of various ministries/Departments included in the Prime Minister's New 15 Point Programme for the Welfare of Minorities (Suggested by SLBC Convenor)

Vide letter F.No.7(60)/2008-CM (Part) dated 24.08.2009, Government of India, Ministry of Finance, Department of Financial Services, New Delhi addressed the Chairman/CMDs of convenor of all SLBCs.

With a view to step up lending to Minority Communities, all PSBs have been given a road map. As per the road map the PSBs are required to step up their lending to Minority Communities to 15% of their Priority Sector Lending by 31st March 2010.

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

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

Keeping in view the overall performance of PSBs during 2008-09 in this regard, it is requested that the progress in lending to minorities may be reviewed in coordination with concerned Departments of State Government, in the regular meetings of DCC/SLBC. This should be made an agenda item for regular review in the quarterly SLBC meetings and reported to this Department on a quarterly basis.

Views of the Steering Committee

The Steering committee observed that it was Government of India scheme and decided to place before SLBC for adoption.

4.2.6. Education Loan (Suggested by LDM, Ernakulam)

- (i) As per existing norms the education loans are to be sanctioned by the bank branch near to the permanent residence of the applicant. The question of proximity is confusing in places where more bank branches exist. The reluctance on the part many of the banks prompt many of them to push the applicant from one bank to the other. The banks, which are considering the applications, are flooded with many. This is causing unhealthy relationship between banks in the centre and inconvenience to the applicants. Specific guidelines may be issued to sort out the issue.
- (ii) The rate of interest charged by banks on education loan is different. Nationalized banks are generally charging lower interest rate and private sector banks are charging more. By virtue of being near to the branch of a private sector bank, a deserving applicant is compelled to go for higher rate of interest. Rationalization of interest rates in case of education loan may rectify this anomaly.
- (iii) Consequent to revised guidelines issued by IBA all banks have reduced the quantum of advance to nursing students remarkably. This has resulted into various agitations and complaints were pouring in. subsequently, IBA again reviewed the issue and permitted the banks to go as per the fee structure approved by the state

governments. However, no guidelines were issued in this regard by most of the banks. This caused lot of inconvenience to the applicants and problems to the branches. In such instances, if SLBC is taking initiative, to guide the banks the process can be streamlined smoothly.

Views of the Steering Committee

The Steering Committee observed that the matters related to Education Loans were discussed in the SLRM 2009 and it was clarified that all banks have to adhere to the IBA guidelines on Education Loan. The IBA guidelines have been communicated to the Head Offices of all banks and in turn the messages/instructions would have been passed on to the branches of respective banks.

The Steering Committee noted that the various issues regarding Education Loans stands escalated to IBA and appropriate decisions have been passed on.

Regarding the issues raised by LDM, the Steering Committee felt that the LDMs of the respective districts should take care of the area allocation. In other matters a Sub-Committee consisting of 5-7 major Banks both from Public and Private Sector may be constituted for studying and recommending necessary measures on the other issues so that a uniform way of financing could be thought of.

The Steering committee decided to place the matter before SLBC.

4.2.7. Request for inclusion in the District Level Bodies such as DLRC and other committees under it, DIDC, DCC, DLBC, SLBC, SLIIC, SME Empowered Committee, SLEPC etc. and all other relevant District and State Level Committees (Suggested by the South Indian Chamber of Commerce and Industry)

Vide letter No.14745/F2/2009/Plg dated 26.10.2009 of Secretary, Planning & Economic Affairs (F) Department, Government of Kerala have forwarded a copy of the letter addressed to the Principal Secretary, Industries Department, Government of Kerala by the President, the South Indian Chamber of Commerce and Industry (SICCI) for necessary action. The text of the letter is given below.

“The South Indian Chamber of Commerce and Industries (SICCI) founded in the year 1999 to support industrial and commercial development of our State and the nation as a whole which is comprising of a group of enterprising, enthusiastic industrialists, Exporters and experts from commercial sector of Kottayam, Idukki, Pathanamthitta and Ernakulam District. Further we are seriously considering expansion of our activities to the other districts of the state on popular membership enquiry.

Presently we are rendering various services of SICCI through its offices located at Kottayam and Cochin.

Credits of SICCI

- Approved body of Ministry of Commerce, Government of India
- Affiliated body of FICCI
- Tier 2 Partner of DFID, United Kingdom, Nation Conference on Trade & Development
- Member Indian Council of Arbitration (ICA)
- Promoters of Kottayam Port & Container Terminal. A project jointly promoted by KINFRA and South Indian Chamber of Commerce and Industry
- Promoted and running a Training division for professionals, students, Executives, Managers, NGO's and Entrepreneurs and students
- Promoted a division for Industrial revival/promotion, preparation of project reports, Market surveys, feasibility study and Management consultancy

Being a professional body engaged in various fields of commercial activity in the district, we are looking for enough representation in the Bodies connected with the development of industries and commerce viz. DIDC, DLRC and its sub committees, DCC, DLBC, SLIIC, SLBC, SME Empowered Committee and SLEPC etc. and other relevant District and State Level Committees. At present the chamber is having enough resource personnel capable of extending support to these services in the filed of Industrial Promotion and Rehabilitation of Sick Industries.

A separate division is being run for the Industrial revival/promotion, preparation of Project reports, Market surveys, Feasibility study and Management consultancy, by the chamber.

We have also launched “Centre for Entrepreneur Development” a division which can undertake training in the filed of Skill development, Short term Training Programme, and also Executive and Entrepreneur Development Programme. These are the unique facilities offered by the Chamber compared to other Organizations/Associations.

Being the agency for the promotion of industrial and commercial sector of the region and State, we are already representing in various departments and financial institutions for the betterment of this community.

Hence we kindly request you to take necessary steps to include our organisation (SICCI) in the DLRC, DIDC, DCC, DLBC, SLBC, SLIIC, SME Empower Committee etc. and all committees/sub-committees under them/other relevant District and State Level committees to represent the industrial and commercial sector. The necessary GO may please be passed in this regard.”

Views of the Steering Committee

The Steering committee decided to place the matter before SLBC for taking a suitable decision in this regard.

4.2.8. Introduction of Computerisation in Revenue Recovery (Suggested by Principal Secretary, Revenue (H) Department, Govt. of Kerala)

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

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

It is requested to place the matter in the SLBC meeting for sponsorship of the activity by the banks in all the districts as done in Palakkad and Malappuram. The project proposal with scheme details expenses are shown as Annexure 10.46.

Views of the Steering Committee

The Steering committee decided to place the matter before SLBC for a decision.

4.2.9. Indira Awas Yojana – Top up loan from Banks under DRI Scheme (Suggested by LDM, Thrissur)

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

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

Views of the Steering Committee

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

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

The Steering committee suggested placing the matter before SLBC.

4.2.10. New Central Sector Scheme of Interest Subsidy on Educational Loans taken by students from economically weaker sections to pursue technical/professional education in India under the Educational Loan Scheme of the Indian Banks' Association – Information Note

Vide Letter No.15883/F2/2009/Plg dated 21.11.2009, the Secretary to Government, Planning & Economic Affairs (F) Department, Trivandrum forwarded the new scheme for circulating to all member banks and taking necessary action as directed by Government of India. The scheme details along with the letters from Department of Higher Education, Ministry of Human Resources, Government of India are shown as Annexure 10.47.

5. Review of Performance under Priority Sector Advances

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

The performance of banks with reference to the Annual Credit Plan-2009-2010 as at September 2009 with Bank wise and District wise break up is furnished in the annexure. The abstract of the performance as at September 2009 under ACP 2009-2010 is as follows.

(Rs. in Crores)

Bank / Banking Group	Primary Sector			Secondary sector			Tertiary Sector			Total Priority Sector Advances		
	Tgt.	Ach.	% Ach.	Tgt	Ach.	% Ach.	Tgt.	Ach.	% Ach.	Tgt.	Ach.	% Ach.
State Bank Group	2734	1343	49.13	771	182	23.59	4053	1872	46.20	7558	3397	44.95
Nationalised Banks	4956	2174	43.86	990	245	24.76	4171	1774	42.53	10117	4193	41.44
RRBs	1993	1441	72.30	105	27	25.70	945	476	50.32	3043	1944	63.87
Private Sector Banks	2606	2051	78.72	795	211	26.57	3418	1218	35.62	6819	3480	51.04
Cooperatives	5500	2698	49.06	508	143	28.07	8041	3895	48.44	14049	6736	47.94
KFC	0	0	0	142	114	79.96	49	38	77.55	191	152	79.58
Total	17789	9707	54.57	3311	922	27.84	20677	9273	44.85	41777	19902	47.64
% to Total Disbursement		48.77			4.63			46.60			100	

5.1.1. Overall Performance Under Annual Credit Plan

The banking sector of the state has disbursed Rs.19902 crores to the priority sector during the fiscal 2009-10 as at September 2009. This is 47.64 % of the annual target of Rs. 41777 crores. There is an increase in total disbursement of Rs. 4739 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. 6736 crores) followed by Nationalized Banks (Rs. 4193 crores). A comparison based on percentage achievement of target reveals that achievements of State Bank Group, Nationalized Banks were below that of the state's performance. Disbursement to secondary sector constituted only 4.63 % of the total disbursement made by banks to the priority sector.

Bank wise analysis reveals that Kerala State Co-operative Bank has disbursed the highest quantum of priority sector loans (Rs.6514 crores) followed by State Bank of Travancore

(Rs.2310 crores). Bank of Rajasthan, State Bank of Indore and Yes Bank have reported “nil” disbursement to priority sector in the state.

Thrissur district stood first in the quantum of priority sector loan disbursement (Rs. 2913 crores) and first in percentage achievement of target (68.53 %). Kollam (29.71%) and Alappuzha (35.50 %) districts have registered poor performance under ACP achievement.

5.1.2. Performance under Primary Sector

The primary sector, which comprises of the agriculture sector, accounted for 48.77 % of the total disbursements in priority sector. The sector achieved 54.57 % of the annual target as at September 2009. An amount of Rs. 9707 crores was disbursed to the sector as at September 2009 against the year-end target of Rs.17789 crores. When compared to the disbursements during the corresponding period of the previous fiscal, there is an increase of 36.89 % in the disbursements to the sector. Last fiscal during April 2008 to September 2008, the disbursement to primary sector was only Rs. 7091 crores.

Co-operative Sector accounted for 27.79% of total disbursement to the primary sector by disbursing Rs. 2698 crores followed by Nationalized Banks disbursed Rs. 2174 Crores which accounted for 22.40% of total disbursement to primary sector. Private Sector banks accounted for 21.12% for disbursement to primary sector by disbursing Rs.2051 Crores.

Among Commercial Banks, SMGB, SBT, and Canara Bank are the top performers with regard to quantum of loans disbursed to the sector. The following banks have not reported any disbursement to primary sector in the state – State Bank of Bikaner & Jaipur, State Bank of Indore, Bank of Rajasthan, J&K Bank, Yes Bank and Kotak Mahindra.

Highest disbursement to primary sector was reported in Thrissur district (Rs. 1363 crore) followed by Palakkad district (Rs.1008 crore). Kollam district with 36.28 % achievement of the target and Idukki with 38.11 % of the target Wayanad district with 40.70% and Kasargod with 46.97 % should improve the performance during the remaining part of the fiscal for achieving the annual target.

5.1.3. Performance under Secondary Sector

Under secondary sector, which includes the SME Sector, the banking sector of the state could achieve only 27.84 % of the annual target as at September 2009. Banks in the state have disbursed loans to the tune of Rs. 922 crores upto September 2009. Another disturbing fact is that the sector accounted for only 4.63 % of the disbursement to priority sector in the state.

However, when compared to the disbursements during the corresponding period of the previous fiscal, there is an increase in disbursements to the sector. Last fiscal during April 2008 to September 2008, the disbursement to the secondary sector was Rs. 856 crore whereas during the same period this year banking sector in the state could disburse Rs. 922 crore, registering a 7.71 % increase in disbursement.

Nationalised Banks lead in disbursements to the sector (Rs. 245 crore) followed by Private Sector Banks (Rs. 211 crore). The Co-operative Sector has disbursed Rs. 143 Crores followed by State Bank of Travancore (Rs.120 crore), The Federal Bank Ltd (Rs. 106 Crores) Canara Bank (Rs. 102 crore). Following banks have not reported any disbursement to the sector- IDBI Bank, Bank of Rajasthan, J&K Bank, ICICI Bank, Kotak Mahindra Bank, State Bank of Indore.

Among districts, highest disbursement to secondary sector was reported in Ernakulam district (Rs.186 crore) followed by Thrissur (Rs. 120 crore).

5.1.4. Performance under Tertiary Sector

Tertiary sector accounted for 46.60 % of the total disbursement to the priority sector in the state. The total disbursement to the sector during the fiscal upto September 2009 was Rs. 9273 crore thereby achieving 47.64 % of the target. When compared to the disbursements during the corresponding period of the previous fiscal, there is an increase of 28.50 % in the disbursements to the sector. Last fiscal during April 2008 to September 2008, the disbursement to tertiary sector was only Rs. 7216 crore.

Under quantum of loans disbursed during the current fiscal, Cooperatives lead other banking groups by disbursing Rs. 3895 crore and under percentage achievement of the target, KFC (77.55 %) topped the list of achievers. State Bank group, Private Sector Banks and Nationalised Banks should have to improve their performance under this sector.

Among Commercial Banks, SBT leads in disbursement to the sector (Rs. 1256 crore). Bank of Rajasthan, State Bank of Indore and Yes Bank have reported no disbursement to the sector in the state.

District wise analysis reveals that Kasaragod and Thrissur districts have already achieved 58.29% and 57.35 % of the year-end target respectively. The performance of Kollam (25.18 %), Alappuzha (32.53 %) and Pathanamthitta (39.25 %) districts needs improvement.

All banks/LDMs should review their positions well before year-end and take corrective steps to ensure that the targets for the current year would be achieved comfortably.

5.2. Outstanding Under Priority Sector Advances As At September 2009

(Refer Annexure 10.4)

5.2.1. Performance versus National goals

(Figures in percentage)

Sl. No.	PARAMETER	GOAL	Mar. 2006	Mar. 2007	Mar 2008	Mar 2009	Sep. 2008	Sep. 2009	Variation	
									Mar.'09 To Sep.'09	Sep.'08 To Sep.'09
1	P. S. Advances to Total Credit	40	53.47	55.52	58.53	58.42	58.02	58.49	0.07	0.47
2	Agri. Advances to Total Credit	18	15.91	17.70	21.23	19.27	20.92	20.23	0.96	-0.69
3	Weaker Section Adv. to Total Credit	10	12.40	13.01	12.91	14.78	12.31	10.45	-4.33	-1.86
4	DRI Advances to Total Credit	1	0.01	0.01	0.02	0.26	0.14	0.02	-0.24	-0.22
5	C: D Ratio	60	66.84	70.09	71.39	63.54	70.04	64.26	0.72	-5.78

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

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

(Rs. in Crores)

Parameter	Outstanding						Variation			
	Mar. 2007	Mar. 2008	Sept. 2008	Mar. 2009	Jun. 2009	Sept. 2009	Mar 07- Mar 08	Mar 08- Sept 08	Mar 08- Mar 09	Mar 09- Sept 09
Priority Sector Adv.	35683	44078	46323	48387	49985	51876	8395	2245	4309	3489
Agriculture Adv.	11337	15991	16701	15959	16468	17945	4654	80	-32	1986
SSI Adv./ SME	4391	6674	7461	8095	7897	9265	2283	787	1421	1170
Weaker Section Adv.	8361	9724	9829	12240	19672	13485	1363	105	2516	1245
SC Advances	942	1700	1743	2204	2323	2163	758	43	204	-160
ST Advances	NA	NA	NA	NA	NA	206	NA	NA	NA	206
DRI Advances	9.11	10.78	13.51	211.82	214.17	21.08	1.67	2.73	201.04	--190.74

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

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

Performance of KSCARDB under Priority Sector Advances

(Amount Outstanding)

(Rs. in Crores)

Parameter	March 2009		KSCARDB % to total advances	September 2009		KSCARDB % to total advances
	KSCARDB	COMM. BANKS + KSCARDB		KSCARDB	COMM. BANKS + KSCARDB	
Total advances	1830.35	84648.90		1867.51	92506.77	
Priority Sector Adv.	1830.35	50216.99	100.00	1867.51	53743.10	100.00
Agriculture Adv.	602.95	16562.29	32.94	612.78	18557.78	32.81
SSI Adv./ SME	298.74	8394.05	16.32	285.00	9550.45	15.26
Weaker Section Adv.	1554.10	13794.31	84.91	1634.00	15118.63	87.50
SC Advances	54.50	2258.82	2.98	56.05	2219.02	3.00
ST Advances	NA	NA	NA	NA	205.95	NA
DRI Advances	0.00	211.82	0.00	0.00	21.08	

5.2.2. Priority Sector Advances (Refer Annexure 10.4)

(Rs. in Crores)

Parameter	Outstanding					Variation			
	Mar. 2007	Mar. 2008	Sept. 2008	Mar. 2009	Sept. 2009	Mar. 07- Mar. 08	Mar. 08- Sept. 08	Sept. 08- Sept. 09	Mar. 09- Sept. 09
Priority Sector Adv.	32426	44078	46323	48387	51876	11652	2245	5553	3489

During the half year, April 2009–September 2009, a growth of Rs. 3489 crore was recorded by the commercial banks in the state under priority sector outstanding.

During the first half-year of 2009-10 Priority Sector Advances increased by Rs. 3489 crore as against Rs. 2245 crore added during the corresponding period of last fiscal. A year-on-year analysis reveals that there was a growth of Rs. 5553 crore in priority sector advances over September 2008.

Against the mandatory norm of 40% under priority sector advances, as at September 2009, 58.49 % of the total advances of the banks in the state was to priority sector.

**Banking Group Wise Performance Under
Priority Sector Advances as at September 2009**

(Rs. in Crores)

BANK	Total Advances			Priority Sector Advances			% PSA to Total Adv. (Sept.09)
	Mar.2009	Sept. 2009	Growth Mar. 09-Sept. 09	Mar.2009	Sept. 2009	Growth Mar. 09-Sept. 09	
State Bank Group	27864	29951	2087	15310	16454	1144	54.94
Nationalised Banks	24932	27201	2269	17738	19422	1684	71.40
RRBs	3800	4313	513	3418	3774	356	87.50
Private Sector Banks	25641	26790	1149	11824	12117	293	45.23
Foreign Banks	582	431	-151	97	109	12	25.29
GRAND TOTAL	82819	88686	5867	48387	51876	3489	58.49

Quantum wise, highest contribution to the Priority Sector advances of the state is by Nationalised Banks (Rs.19422 crore) followed by the State Bank Group (Rs.16454 crore). During the half-year, highest growth in priority sector advances was contributed by Nationalised Banks (Rs. 1684 crore). RRBs have 87.50 % of their advances under priority sector and Nationalised Bank Group (71.40 %) and the State Bank Group with 54.94% were also below the level achieved by the state (58.49 %) in terms of percentage of priority sector advances to total advances. Private Sector banks have achieved 45.23% under priority advance as at September 2009.

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

5.2.3. Agriculture Advances (Refer Annexure 10.5)

(Rs. in Crores)

Parameter	Outstanding				Variation			
	Mar. 2008	Sept. 2008	Mar. 2009	Sept. 2009	Mar. 08-Sept. 08	Sept.08-Sept. 09	Mar. 08-Mar. 09	Mar. 09-Sept. 09
Agriculture Adv.	15991	16701	15959	17945	710	1244	-32	1986

The outstanding advances to agriculture sector in the state has increased by Rs. 1986 crore during the first half of the current fiscal. This growth is lower than the growth recorded during the corresponding period of the previous fiscal. The outstanding agriculture advances stood at Rs.17945 crore as at September 2009, which is 20.23 % of the total advances outstanding in the state. This is gradually increasing (as at September 2006 it was 16.68 %), and has crossed the mandatory norm of 18% fixed by RBI.

Year-on-year there was an increase of Rs. 1244 crore in agriculture advances outstanding.

**Banking Group Wise Performance Under
Agriculture Advances as at September 2009**

(Rs. in Crores)

BANK	Total Advances			Agriculture Advances			% Agri. Adv to Total Adv. (Sept.09)
	Mar. 2009	Sept. 2009	Growth Mar. 09 Sept. 09	Mar. 2009	Sept. 2009	Growth Mar. 09 Sept. 09	
State Bank Group	27864	29951	2087	3354	3604	250	12.03
Nationalised Banks	24932	27201	2269	6100	7203	1103	26.48
RRBs	3800	4313	513	1957	2201	244	51.03
Private Sector Banks	25641	26790	1149	4548	4937	389	18.43
Foreign Banks	582	431	-151	0	0	0	0
GRAND TOTAL	82819	88686	5867	15959	17945	1986	20.23

Nationalised bank Group has contributed the highest quantum growth in agriculture advances outstanding (Rs. 1103 crore) followed by Private Sector Banks (Rs. 389 Crore State Bank group has shown a growth of Rs.250 crores followed by RRB Group (Rs.244 crores).

51.03 % of the advances outstanding with RRBs in the State is to agriculture sector. State Bank Group has the least outstanding under agriculture in terms of percentage of agriculture advances to total advances (only 12.03 %).

The following Public Sector banks apart from both the RRBs had crossed the mandatory norm of 18% under agriculture advances. – Allahabad Bank, Andhra Bank, Bank of Baroda, Bank of Maharashtra, Canara Bank, Central Bank of India, Dena Bank, Indian Overseas Bank, Union Bank of India, Indian Bank, UCO Bank, Syndicate Bank, Vijaya Bank, Punjab National Bank. Federal Bank, Catholic Syrian Bank, Dhanalakshmi Bank, HDFC Bank, ING Vysya Bank, Karura Vysya Bank, Lakshmi Vilas Bank, Tamilanadu Mercantile Bank and AXIS Bank are the only Private Sector Banks in the state having agriculture advances more than 18%.

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

As far as KSCARDB is concerned, 32.81 % of their advances was to agriculture sector.

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

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

(Rs. in Crores)

Parameter	Outstanding					Variation			
	Mar. 2007	Mar. 2008	Sep. 2008	Mar. 2009	Sep. 2009	Mar.07- Mar.08	Mar.08- Sep.08	Mar.08- Mar.09	Mar.09- Sep.09
SME Advances	4391	6674	7461	8095	9265	2283	787	1421	1170

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

(Rs. in Crores)

Banking Group	SME (Priority)							
	March 2009				September 2009			
	Micro Enterprises		Small Enterprises		Micro Enterprises		Small Enterprise	
	No.	Amt	No.	Amt	No.	Amt	No.	Amt
State Bank Group	50531	506	5315	1253	134387	630	10838	1693
Nationalised Banks	147438	199	27407	1352	148612	2264	36810	1638
RRBs	87067	387	1201	55	158380	606	1184	56
Private Sector Banks	29636	114	14442	1392	18741	921	20146	1450
Foreign Bank	293	7	0	0	89	2	204	5
Grand total	314965	404	48365	4052	460209	4423	69182	4842

5.2.5. Advances to Weaker Section (Refer Annexure 10.9)

(Rs. in Crores)

Parameter	Outstanding					Variation			
	Mar. 2007	Mar. 2008	Sept. 2008	Mar. 2009	Sept. 2009	Mar. 07-Mar 08	Mar. 08-Sept. 08	Mar. 08-Mar. 09	Mar. 09-Sept. 09
Weaker Section Adv.	8361	9724	9829	12240	13485	1363	105	2516	1245

Weaker Section advances grew by Rs.1245 crore during the first half of the fiscal as against Rs.105 crore added during the corresponding period of last fiscal. Year-on Year increase as at September 2009 was Rs.3656 crore).

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

(Rs. in Crores)

Parameter	Outstanding					Variation			
	Mar. 2007	Mar. 2008	Sept. 2008	Mar. 2009	Sept. 2009	Mar. 07-Mar 08	Mar.08-Sep.08	Mar. 08-Mar. 09	Mar.09-Sep.09
SC Advances	942	1700	1743	2204	2163	758	43	504	-41
ST Advances	-	-	-	-	206				206

As evident from the table below, almost 96.12 % of the SC advances of the state is contributed by Public Sector Banks (including RRBs), while the share of Private Sector Banks is just about 3.88 %. In the case of ST advances 99.59% advances is contributed by Public Sector Banks (including RRBs) while the share of Private Sector Banks is just about 0.41%.

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

(Rs. in crores)

BANK	SC Advances			ST Advances		
	Outstanding		% O/S to total	Outstanding		% O/S to total
	No.	Amount		No.	Amount	
State Bank Group	89898	1221	56.45	68	0.15	0.07
Nationalised Banks	133306	794	36.71	24288	200.00	97.09
RRBs	54354	64	2.96	2500	5.00	2.43
Private Sector Banks	15226	84	3.88	22	0.85	0.41
GRAND TOTAL	292784	2163	100	26878	206	100

KSCARDB has an outstanding advance of Rs. 56 crore to SC/STs. All banks, especially Private Sector Banks, should give more attention for rendering assistance to these most vulnerable sections of the society. The National Commission for SC has suggested that all banks should provide separate data on SC/ST advances especially under the Government sponsored schemes, to review the position and to improve lending to SC/ST sections. All banks were requested to provide the data on SC and ST separately to have a fruitful discussion in future.

5.2.7. DRI Advances (Refer Annexure 10.10)

(Rs. in Crores)

Parameter	Outstanding				Variation			
	Mar. 2008	Sept. 2008	Mar. 2009	Sept. 2009	Mar. 07- Mar. 08	Mar. 08- Sept. 08	Mar. 08- Mar. 09	Mar. 09- Sept. 09
DRI Advances	10.78	13.51	211.82	21.09	1.67	2.73	211.82	-190.73

Against the national goal of 1% of the previous year's Gross Bank Credit, only 0.02 % of the total credit could be given under the DRI scheme in the state by Commercial banks as at September 2009.

As could be seen from the following table, Public Sector Banks (95.02 %) account for bulk of the DRI advances in the state whereas only 4.98 % of the DRI advances of the state is contributed by private sector banks. There was a reduction in DRI advances due to the variation in the DRI Advances reported by SBT.

**Banking Group Wise Performance Under DRI advances
As at September 2009**

(Rs in lakhs)

BANK	DRI Advances	
	O/S	% to total
State Bank Group	291.59	13.83
Nationalised Banks	1652.30	78.35
Private Sector Banks	105.03	4.98
RRBs	60.00	2.84
GRAND TOTAL	2108.92	100

6. Review of Performance under Special Focus Programmes

6.1. Swarozgar Credit Card Scheme (Refer Annexure 10.22)

The data submitted by the controlling offices reveal that commercial banks in the state have sanctioned 3266 Swarozgar Credit Cards (SCCs) during the second quarter of the year 2009-10 sanctioning credit limits to the tune of Rs. 6.91 crore. Since inception of the scheme the banks have sanctioned 56835 cards in the state sanctioning Rs. 164.44 crore. The amount outstanding as at September 2009 is Rs.87.26 crore. The Bank wise data is furnished in the annexure. SMGB leads in the performance by sanctioning maximum number of cards followed by the NMGB and Catholic Syrian Bank Ltd.

6.2. Artisans Credit Card Scheme (Refer Annexure 10.22)

Commercial banks in the state have sanctioned only 43 Artisans Credit Cards (ACCs) during the quarter ending Sept. 2009 sanctioning credit limits to the tune of Rs. 0.78 crore. Since inception of the scheme, the banks have sanctioned only 5124 cards in the state sanctioning credit limits amounting to Rs. 14.76 crore. The amount outstanding as at September 2009 is Rs.4.45 crore. Canara Bank leads among the commercial banks (78%) in the state by issuing the highest number of cards (3990 cards). Private sector banks are yet to sanction any loans under the scheme during the quarter. Their outstanding position under the ACC scheme is also “Nil”. The Bank wise data is furnished in the annexure.

6.3. Laghu Udhyami Credit Cards (Refer Annexure 10.22)

Commercial banks in the state have sanctioned only 438 Laghu Udhyami Credit Cards (LUCC) during the second quarter of 2009-10 making available credit limits to the tune of Rs.12.64 crore to small entrepreneurs of the state. Since inception of the scheme, the banks have sanctioned 22775 LUCCs in the state sanctioning credit limits amounting to Rs. 361.58 crore. The amount outstanding as at September 2009 is Rs. 83.91 crore. SBT leads in the State by issuing highest number of LUC Cards followed by Syndicate Bank and Canara Bank. Private sector banks are yet to sanction any loans under the scheme. The Bank wise data is furnished in the annexure.

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

As per the data submitted by the controlling offices of banks to the Convener SLBC banks in the state have started issuing General Credit Cards (GCC). During the quarter under review (July-September 2009), banks have disbursed 12106 loans amounting to Rs.21.22 crore in the State. Canara Bank leads in issuance of GCC with 6161 cards (50.89%) during the quarter and 50437 cards (58.02%) outstanding. This is followed by NMGB with 12224 cards, SMGB with 10866 cards, Punjab National Bank with 3288 cards, Indian Overseas Bank with 3120 cards outstanding. The bank wise data is given in the annexure.

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

As per the reports available with the Convenor SLBC, 34174 Kisan Credit Cards with an amount of Rs. 333.17 crores have been issued during the second quarter of the current fiscal. In the State, 2912384 KCCs were issued since inception involving a credit outlay of Rs.10355 crores. The outstanding number of loan accounts under KCC is 1504375 with Rs. 4755 crores as at September 2009. 891927 farmers were under the cover of personal accident insurance scheme linked to KCC. Bank wise data is given in the annexure.

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

The outstanding accounts under Agri clinics in the State by Commercial Banks are 11 with a credit outlay of Rs. 17.44 lakhs.

There were 9 Agri-Business Centres opened in the State from the date of inception of the scheme with a credit outlay of Rs.173 lakhs. As at September 2009, 5 Agri-Business centres exist with an outstanding amount of Rs. 36.82 lakhs.

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

6.7.1. Progress achieved in claiming interest waiver under Relief Package

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

6.7.2. Progress in Rescheduling of loans under Relief Package

Out of the 302804 eligible accounts with an outstanding amount of Rs. 802.63 crores, banks in Kerala have rescheduled 140641 accounts with an outstanding amount of Rs. 397.19 crores (47% in terms of number of accounts and 50 % in terms of amount rescheduled). The bank wise details of rescheduled accounts are available in the annexure.

6.7.3. Fresh loans provided against rescheduled accounts under Relief Package

Under the PM's Relief Package Rs. 34.74 crores in 9386 accounts was provided as fresh finance against the rescheduled accounts. Though the fresh finance against the rescheduled accounts show a less brighter picture, banks in the 3 identified districts surpassed its target under Annual Credit Plan during 2007-08 by disbursing Rs. 2324.30 crores of agriculture advance against the target of Rs. 1957.83 crores. In the first half year of the current fiscal 2009-10 banks in these 3 districts disbursed Rs. 1496 crores of agriculture loans taking a share of 8.41 % of annual target under ACP.

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

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

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

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

On a review of the performance, it is seen that about 3.08 lakh SHGs maintain savings account with commercial banks as at September 2009 in the state.

The banking group-wise data is as follows.

(Rs. in Crores)

Banking Group	SHGs maintaining Savings a/c		Of which No. of SHGs under	
	No.	Amt.	Govt. Sponsored	Excl. Women
State Bank Group	134761	179.54	34471	124258
Nationalised Banks	108098	169.48	21959	91523
RRBs	30866	7.13	11506	26557
Private Sector Banks	34619	97.87	6206	32101
Total - Kerala State	308344	454.02	74142	274439

As evident from the above 89 % of the SHGs are exclusive women SHGs and 24.05 % are formed under various government-sponsored schemes.

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

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

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

Mode of Linkage	No. of SHGs Financed		
	Total	of which	
		Under Govt. Sponsored	Women SHGs
Financing SHGs directly by banks	154315	52016	143348
Financing SHGs directly with the facilitation of NGOs	53500	8728	31877
Financing SHGs through the medium of NGOs	95915	31854	64061
Total No. of SHGs linked	303730	92598	239286

As could be seen from the above table, about 3.04 lakh SHGs have been linked in the state so far under the SHG-Bank linkage programme. About 50.81 % of the linkage has been done by banks by financing SHGs directly.

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

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

Consequent upon the promulgation of MSMED Act, 2006 the advances classified under SME comes under priority (Micro & Small Enterprises) as well as Non-Priority (Medium Enterprises). The total advances under SME as on September 2009 comes to Rs. 13901 Crores for the commercial banks in the state. Out of this, Micro and Small Enterprises constitute Rs. 9265 Crores for Commercial banks, which forms part of Priority Credit. The non-priority part of SME credit component includes Medium Enterprises, which show an outstanding amount of Rs. 4635 crores with 35445 loan accounts with commercial banks. The bank wise details are given in the annexure.

7. Review of Performance under Government Sponsored Schemes

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

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

(Rs. in Lakhs)

Sub component	No. of Applications							Subsidy Released Amount	Amount of Loan	
	Forwarded	Rejected	Sanctioned	Pending Sanction	Disbursed	Pending Disbursement	Total Pending		Sanctioned	Disbursed
USEP	55283	24339	24284	6489	23196	1088	7577	787.16	5647.28	5234.42
DWCUA	2157	210	1629	318	1547	82	400	1334.71	2276.98	2153.89
Total	57440	24549	25913	6807	24743	1170	7977	2121.87	7924.26	7388.31

The banks have sanctioned 24284 loans to individual beneficiaries (for micro enterprises under USEP scheme) as at September 2009 involving loan amount of Rs. 5647.28 lakhs. Under DWCUA (Development of Women and Children in Urban Areas), 1629 groups were sanctioned with loans to the tune of Rs. 2276.98 lakhs.

Banking Group wise performance under SJSRY as at September 2009

(Rs in lakhs)

Sl. No.	Bank	USEP		DWCUA		Total SJSRY	
		Sanctions		Sanctions		Sanctions	
		No	Amount	No	Amount	No	Amount
1	Public Sector Bank	19733	4809.46	1216	1802.22	20949	6611.68
2	Private Sector Banks	2402	525.22	147	190.65	2549	715.87
3	Others	2149	312.60	266	284.11	2415	596.71
	Total	24284	5647.28	1629	2276.98	25913	7924.26

Analysis of the Bank wise performance reveals that Public Sector Banks (including RRBs) accounted for 80.84 % of the loans (Number) sanctioned and 83.44 % of loan amount sanctioned. There is a need for greater participation by Private Sector Banks in

the implementation of the scheme. There is no involvement by some of the private sector banks in the implementation of the scheme which may be corrected by their Controlling offices. The details are available in the annexures.

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

The credit mobilisation target for 2009-2010 is Rs. 8131.20 lakhs. As at September 2009, the state has reached only 26.08 % of the target. Banking group wise analysis reveals that State Bank group had achieved 36.91 % of the target while Nationalised Banks had achieved 36.79 % of the target and Cooperative banks with 39.84 % which are above the State's performance level. The performance of Private Sector Banks (23.54 %) and RRBs (28.79 %), which is below the State's performance position, needs improvement.

SGSY – Performance as at September 2009

(Rs. in lakhs)

Sl. No	Name of Bank	Target	Total SGSY						% Achvmt. Sanc.Amt
			Forwarded		Sanctioned		Disbursed		
			No.	Amount	No.	Amount	No.	Amount	
1	State Bank Group	2083.87	2040	1739.61	844	769.12	495	497.72	36.91
2	Nationalised Banks	2813.82	2208	2144.27	967	1035.07	573	640.93	36.79
3	Private Sector Banks	1295.86	956	810.61	327	305.01	213	201.24	23.54
4	RRBs	1059.61	883	613.19	516	311.29	360	242.45	28.79
5	Co-operative Banks	1743.21	1506	1416.29	728	694.46	454	483.31	39.84
6	Others	0	33	10.70	9	2.40	7	2.00	
	State Total	8996.37	7626	6734.67	3391	3117.35	2102	2067.65	

All banks are requested to avoid keeping the sponsored applications pending so that during the second half year of 2009-10, the performance can be improved.

It is requested that the concerned implementing agencies should ensure that all bank branches receive sufficient number of eligible applications so that they would be in a position to achieve the allocated targets.

The details of credit and subsidy released to weaker sections of the society are given in the annexure. The forum may review the progress.

8. Review of Performance of the Banking Sector

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

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

(Rs. in crores)

Parameter	Outstanding					Variation				
	Mar. 2008	Sept. 2008	Mar. 2009	June. 2009	Sept. 2009	Mar. 08- Mar. 09	Mar. 08- Sept. 08	Mar. 09 - Jun. 09	Mar. 09- Sept. 09	Sep.08- Sep.09
No. of Branches	3941	4005	4084	4129	4187	143	64	45	103	182
Total Deposits	105488	113986	130350	134764	138005	24862	8498	4414	7655	24019
Domestic Deposits	75599	82401	93331	96781	100551	17732	6802	3450	7220	18150
NR Deposits	29889	31585	37019	37983	37454	7130	1696	964	435	5869
Total Advances	75305	79834	82818	84284	88686	7513	4529	1466	5868	8852
Investments	1832	2148	3712	4115	4163	1880	316	403	451	2015
Adv. + Investment	77137	81982	86530	88399	92849	9393	4845	1869	6319	10867
C: D Ratio	71.39	70.04	63.54	62.54	64.26	(-7.85)	-1.35	-1.00	0.72	-5.78
C+I: D Ratio	73.12	71.92	66.38	65.60	67.28	(-6.74)	-(1.20)	-0.78	0.90	-4.64

8.2. Branch Network

As at the end of September 2009, the total number of branches of Commercial Banks in the State was 4187.

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

Banking Group	Number of Branches				Percentage distribution			
	Rural	S.Urban	Urban	Total	Rural	S.Urban	Urban	Total
Public Sector Banks	204	1964	641	2809	4.87	46.91	15.31	67.09
Private Sector Banks	261	779	333	1373	6.23	18.61	7.95	32.79
Foreign Banks	0	0	5	5	0	0	0.12	0.12
Total	465	2743	979	4187	11.10	65.52	23.38	100.00

Of the total Commercial banks in the state, Public sector Banks account for 67.09 % of the branch network in the state. Private sector banks are having the highest number of rural branches (261 branches). Of the total branch network of Commercial banks in the State, only 11.10 % are in rural areas whereas Semi-urban areas have 65.52 % of the bank branches in the state.

On a comparison with March 2009 position, it is found that Public sector banks have increased their tally of branches by 77 branches whereas that of Private Sector Banks increased by 26 branches.

8.3. Deposit growth

During the first half-year of the fiscal 2009-10, there was a growth of only Rs. 7655 crore in the total deposits with the commercial banking sector of the state (Percentage growth is only 5.87). During the corresponding period of the previous fiscal, the growth was Rs. 8498 crore (8.06%). Quantum wise, the total deposits have grown from Rs.113986 crore in September 2008 to Rs. 138005 crore in September 2009, a year-on-year growth of 21.07 %.

Another significant feature in this deposits growth is that the share of domestic deposits in total deposits is gradually increasing. As at March 2004, the share of domestic deposits in the total deposits was 54.37 %, which has now steadily increased to 72.86 % as at September 2009.

Sectoral Growth of Deposit over the Years

(Rs. In Crores)

Type of deposit	Mar. 2004	Mar. 2005	Mar. 2006	Mar. 2007	Mar. 2008	Sept. 2008	March 2009	Jun. 2009	Sept. 2009	Variation	
										Mar.'09 Sep.09	Sept.'08 Sept.'09
Total Deposit	65961	69396	77677	91697	105488	113986	130350	134764	138005	7655	24019
Domestic Deposit	35861	40276	47006	58394	75599	82401	93331	96781	100551	7220	18150
N R Deposit	30100	29120	30671	33303	29889	31585	37019	37983	37454	435	5869
% Share of Domestic deposits	54.37	58.04	60.51	63.68	71.67	72.29	71.60	71.82	72.86		

A. Banking Group wise Growth in Deposits

As evident from the following table, State Bank Group (37.67 %), followed by Private Sector Bank (29.94 %), has the highest share in growth of deposits among the Commercial Banks in the State.

Banking Group wise Growth in Deposits

(Rs. in crores)

Sl. No.	Banking group	Total Deposits			% Share in Total Deposits (Sept.09)	Variation		% Share in Growth	
		Sept. 2008	Mar. 2009	Sept. 2009		Mar.'09 to Sept.'09	Sept.'08 to Sept.'09	Mar.'09 to Sept.'09	Sept.'08 to Sept.'09
1	State Bank Group	39690	46065	48739	35.32	2674	9049	34.93	37.67
2	Nationalised Banks	34243	39174	41230	29.87	2056	6987	26.87	29.09
3	RRBs	3458	3825	4107	2.98	282	649	3.68	2.70
4	Private Sector Banks	35973	40529	43164	31.28	2635	7191	34.42	29.94
5	Foreign Banks	622	757	765	0.55	8	143	0.10	0.60
	Total	113986	130350	138005	100.00	7655	24019	100.00	100.00

Banking Group wise comparison reveals that 35.32 % of the deposits in the state is with State Bank Group which has got a 22.76 % share in branch network. The corresponding figures for Private Sector group are 32.79 % share in branch network and 31.28 % share in deposits. Nationalised Banks, which have 34.63 % of the branch network in the state, have a share of 29.87 % in total deposits. RRBs, in spite of having a share of 9.76 % of the branch network has only 2.98 % 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	1618	29422	17699	48739	3.32	60.37	36.31	100.00	35.32
Nationalised Banks	1579	22901	16750	41230	3.83	55.44	40.63	100.00	29.87
RRB s	417	3027	663	4107	10.15	73.71	16.14	100.00	2.98
Private Sector Banks	5366	23200	14598	43164	12.43	53.75	33.82	100.00	31.28
Foreign Banks	0.00	0.00	765	765	0.00	0.00	100.00	100.00	0.55
Total	8980	78550	50475	138005	6.51	56.92	36.57	100.00	100.00

As evident from the above table, 56.92 % of the total deposits of the state is from semi urban areas where 65.51 % of the branch network exists. Urban areas accounted for 36.57 % of the deposits and rural areas, 6.51 %. On a comparison with March 2009 position, it is found that the share of semi-urban branches in total deposits is showing a gradual decrease, and that of urban areas and rural are showing an increasing trends.

8.4. NR Deposits (Refer Annexure 10.2)

Though there was an increase in the NR Deposits during the first quarter of the fiscal it declined by Rs. 529 crores over June 2009 position. However, the NR Deposits have

registered an increase of Rs. 435 crores from the March 2009 level. During the corresponding period of the previous year the increase was Rs. 1696 crores. The NR deposits of the state stood at Rs. 31585 crore as at September 2008 which touched a higher level of Rs. 37454 crores as at September 2009. There was a year-on-year growth of Rs. 5869 crore in NR Deposits as at September 2009.

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	437	11222	4363	16022	2.73	70.04	27.23	100.00	42.78
Nationalised Banks	376	7476	2299	10151	3.70	73.65	22.65	100.00	27.10
RRB s	38	189	13	240	15.83	78.75	5.42	100.00	0.64
Pvt . Sector Banks	1454	6393	2779	10626	13.68	60.16	26.16	100.00	28.37
Foreign Banks	0	0	415	415	0.00	0.00	100.00	100.00	1.11
Total	2305	25280	9869	37454	6.15	67.50	26.35	100.00	100.00

State Bank group has the highest share (42.78 %) in the NR deposits from the State followed by Private Sector Banks (28.37 %) and Nationalised Banks (27.10 %). Of the total Non-Resident deposits 67.50 % deposits were from Semi Urban areas while Urban areas accounted for 26.35 % and rural areas, 6.15%.

8.5. Domestic Deposits

The domestic deposits accounted for 72.86 % of the total deposits and this ratio is gradually increasing. The growth in domestic deposits during the first half-year of the current fiscal is Rs.7220 crores whereas the growth during the first half year of the previous fiscal was Rs.6802 crores.

8.6. Credit Expansion (Refer Annexure 10.2)

Growth in Advances of the Banking sector in the State

(Rs. in crores)

Parameter	Total Advances Outstanding over the Years								Variation	
	Mar. 2005	Mar. 2006	Mar. 2007	Mar. 2008	Mar. 2009	Sep. 2007	Sep. 2008	Sep. 2009	Mar.'09 Sept.'09	Sept.'08 Sept.'09
Total Advances	40948	51919	64273	75305	82819	67648	79834	88686	5867	8852
Percentage Growth	28.50	26.79	13.56	17.16	9.07	5.19	5.67	11.09	7.08	9.98

During the first half year of the current fiscal the total advances grew by Rs 5867 crores to reach Rs. 88686 crore as at September 2009.

Comparison of the growth in advances during the first half-year of the current fiscal with that of the previous fiscal reveals that the advances growth during the current fiscal so far was Rs. 1338 crore more than that of the last year. Against Rs. 4529 crores added during the first half of last year, in the current year Rs. 5867 crores could be added upto September 2009. Thus it is evident that the credit growth in the state is increasing.

However, on a year-on-year basis there was a growth of Rs. 8852 crores (i.e. 9.98 %).

Share Of Banking Groups In Total Advances Of The State

State Bank Group has the highest share (33.37 %) in the total advances outstanding in the state closely followed by the Nationalised Banks (30.67 %). Private Sector Banks accounted for 30.21 % of the total advances against a 32.79 % share in total branch network.

(Rs. in crores)

Banking Group	Total Advances				Percentage Distribution				Share (%) in Total Advances
	Rural	Semi-Urban	Urban	Total	Rural	Semi-Urban	Urban	Total	
State Bank Group	1487	15291	13173	29951	4.97	51.05	43.98	100.00	33.77
Nationalised Banks	1170	12202	13829	27201	4.30	44.86	50.84	100.00	30.67
RRB s	448	3522	343	4313	10.39	81.66	7.95	100.00	4.86
Private Sector Banks	2654	11266	12870	26790	9.91	42.05	48.04	100.00	30.21
Foreign Banks	0	0	431	431	0	0	100.00	100.00	0.49
Total	5759	42281	40646	88686	6.49	47.68	45.83	100.00	100.00

Further, 47.68 % of the total advances in the state is to semi urban areas where 65.51 % of the branch network exists. Urban areas had 45.83 % share in total advances against a share of 23.38 % in branch network. Rural areas had a share of 6.49 % only in the total advances deployed in the state where as they hold a share of 11.11 % in total commercial branch network.

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

The Credit-Deposit ratio of the Commercial Banking sector of the State has increased by 0.72 percentage points during the quarter to reach 64.26 % as at September 2009.

Banking Group wise C D ratio as at September 2009

Banking Group	C D Ratio - Percentage Distribution as at September 2009			
	Rural	Semi-Urban	Urban	Total
State Bank Group	91.88	51.97	74.43	61.45
Nationalised Banks	74.07	53.28	82.56	65.97
RRB s	107.33	116.37	51.79	105.02
Private Sector Banks	49.46	48.56	88.16	62.07
Foreign Banks	-	-	56.36	56.36
Total	64.12	53.83	80.53	64.26

The C D Ratio of rural areas of the state at 64.12 % which is more than the mandatory norm of 60%. Further, the urban areas have a high CD ratio of 80.53 % whereas that in Semi urban area is at 53.83 %. The most significant change in the Credit Deposit ratio position of the State is with regard to the positive shift in Semi-Urban areas; The C D Ratio in the Semi-Urban areas as at September 2009 stood at 53.83%. The C D ratio of RRBs is the highest at 105.02 %. Further, the CD ratios of State Bank Group, Nationalised Banks, RRBs and Private sector Banks are above the desired level of 60% in the State whereas that of Foreign Banks is at 56.36 %. In rural areas, all the public sector banking groups have shown a better C D Ratio level well above the RBI stipulated 60 % whereas the Private Sector Banks registered a C D Ratio of 49.46 % only. In the Semi-Urban areas, both the Nationalised as well as Private Bank Groups have attained a C D Ratio level of 53.28 % and 48.56 % respectively which is below the national benchmark of 60 percentage points over a period of one year from September 2008 and stood at 53.83 % as at September 2009.

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

The C+I D ratio of the commercial Banking Sector of the state as at September 2009 stood at 67.28 %. There is an increase of 0.90% from the level of 66.38 % as at March 2009 to the present level of 67.28 % as at September 2009.

9. Any other matter with the Permission of Chair

10. Annexures