

**MINUTES OF THE 98th MEETING OF
STATE LEVEL BANKERS' COMMITTEE, KERALA**

Held on 24.04.2009 (Friday)
At Hotel Residency Tower,
Government Press Road, Trivandrum

The meeting commenced at 10.30 a.m. with **Sri. H. S. Upendra Kamath**, Executive Director of Canara Bank in the chair. List of participants is annexed.

Sri. K. N. Acharya, General Manager, Canara Bank & Convenor SLBC welcomed the dignitaries on and off the dais and other participants to the 98th meeting of SLBC Kerala. He informed that the 98th meeting of SLBC Kerala would take stock of the progress achieved by banking system in the economic development of the State as at the end of December 2008.

The SLBC forum had been undertaking its duties by effectively coordinating the functioning of the Banking Sector and fine-tuning it with the priorities of the Government. The forum had been actively assisting the state government in its endeavor for upliftment of the vulnerable sections of the society. It was gratifying to note that a cordial and mutually supporting relationship continued to exist between Banks and the State Government in Kerala, which was yielding rich dividends for the poor in the state. Various poverty alleviation programmes of the Government including those under Kudumbashree and NREGA were being actively supported by the banking sector of the state.

He assessed that the entire world had been reeling under the grip of an economic slow-down which had its reflections in our country, more specifically in our little State of Kerala. The amazing fact of survival of the Indian economy at the troubled times of economic down-turn could solely be attributed to the robust banking system prevailing in the Country and the committed policy decisions by RBI, the regulator, which came protecting the economy from the ill effects of the slow-down or tendencies of recession.

Sri. Acharya narrated about the various measures adopted by Reserve Bank of India which had been coming out with a series of proactive measures and tools to help the Banking system in the country to stabilize its liquidity base as the impact of the Global down-turn on India had turned out to be deeper and wider than anticipated. Many a time, the banks in India witnessed sequential announcements of rate cuts and stimulus measures from RBI. The Central Bank had cut the Repo rate to 4.75 % and Reverse repo rate to 3.25 % once again as announced in its Annual Policy for 2009-10, to preserve financial stability in the Country and to arrest moderation in growth. The latest rate cuts were clear signals from the RBI to Commercial banks for reducing their deposit and lending rates to stimulate demand. This would definitely push Banks to lend more at viable rates and prop up the sagging economy, he hoped.

More and more milestone decisions awaited the Banking system in the country during the period of economic slow-down such as the announcement of economic stimulus packages by Government and Indian Banks' Association, free use of ATMs of any Bank by the customers from the first April 2009 etc., The payment of interest on savings bank accounts by Scheduled Commercial Banks would be calculated on a daily product basis with effect from 1st April 2010 as per the Annual Policy Document released by RBI. All these spontaneous but well-conceived actions on the part of the Regulators would enable the country to register a GDP Growth rate of 6 % during the ensuing fiscal of 2009 – 2010 along with a Deposit growth of 18 % and credit growth of 20 % for the scheduled Banks, he said.

In tune with the recovery measures to counter economic slowdown, Government of Kerala also came out with strong measures to support the cause of development of key growth sectors like MSME, Agriculture, Housing and auto sectors. The special provisions of funds provided by the Government in the last budget proposal unambiguously supported the citizens of the State who suffered from the impact of economic down-turn, opined the Convener.

All the measures for countering the financial down-turn devised by the Government and Reserve Bank of India had been totally implemented by the Banks in the State with the sustained coordination and leadership of SLBC, Kerala. The effective role of RBI, NABARD and the Government Departments and Developmental agencies in fulfilling the various projected activities undertaken by banks in Kerala was highly appreciative, he said.

The Special Monthly SLBC meetings conducted by the forum as per the directives of Ministry of Finance, Department of Financial Services for monitoring and reviewing the implementation of economic stimulus packages announced by the Government as well as Indian Banks Association for SME, Housing and Auto sectors were the true landmark achievements for supporting the Government's policy decisions. The reports in this regard were submitted in time to the Ministry of Finance which reflects a commendable performance by the Banks in Kerala under the economic package announced by the Government and IBA. The public sector banks, under the above said package, had so far sanctioned about 19,601 Housing loans during the implementation period from December 2008 to March 2009 of which 12,445 loans fell under the category of Housing loans up to Rs. 5 lakhs. Similarly, working capital limits for 14,374 MSME units had been sanctioned by the Banks the state during the four months period in which 7,931 accounts were for newly formed units. The auto sector, which was showing rejuvenated performance signs after the initial lethargy due to economic slowing down, also was supported by Banks in Kerala by providing assistance to 9,977 beneficiaries during the package implementation.

Akin to the achievements of "Total financial inclusion" for making Kerala as a "Total banking State" earlier in 2007, launching and maintaining an exclusive website for SLBC, Kerala, undertaking an extensive and scientific study on "Mapping of indebtedness and Financial inclusion in Kerala" at the behest of Indian Banks' association, SLBC – Kerala had later taken up a new challenge for implementing IT-Enabled Financial inclusion in the

State with the introduction of Smart Card supported Banking Correspondent model. Sri. Acharya informed that hectic activities in that desired direction were organized by SLBC in the recent past with the strong support and guidance from RBI, Kerala regional Office. SLBC could chalk out a road map for implementation of the project on a pilot basis in three select districts of Kollam, Idukki and Wayanad with the inclusion of all the NREGA beneficiaries and Social Security Pensioners of these districts by covering them through banking channels. The project details had already been cleared by the Special Committee of SLBC formed for the purpose of implementation of the prestigious project and the same was provided for today's deliberations and suggestions. In this regard, he extended the sincere gratitude and appreciation of SLBC, Kerala to Sri. S Ramaswamy, Regional Director of RBI, who had taken extraordinary initiatives for the implementation of the IT based Financial inclusion process in the State and extended very strong support to SLBC in all the stages of development of the project.

The Convener was happy to announce that all the districts of the state would be launching their District Credit plans for the next fiscal, ie, 2009-2010 as per the time schedule fixed by SLBC. The Credit plan was a very important tool for Banks to reach the poor and downtrodden. As the plan for next fiscal had been finalized, he appealed that the concern should be on the effective implementation of the plan with the active participation of various Government Agencies and Banks. He sought the wholehearted co-operation of all the members to make the plan meaningful for the overall socio-economic development of the State. Meanwhile, he noted that it was worth mentioning about the achievement by Banks in Kerala under the Annual Credit Plan 2008-2009 as at the end of the third quarter of the last fiscal which was 67 % and Banks in Kerala would have surpassed the target for sure by the end of March 2009, which would come up for review only in the next SLBC meeting.

Amidst the turbulences of economic melt down elsewhere in the world in general and India in particular where certain specific areas of growth were affected, banking system in the State had poised for growth both under Deposit mobilization and Advances deployment. However, the rate of growth of deposits surpassed the pace of Advances proliferation which ultimately resulted in to a depleted Credit – Deposit Ratio recorded during the end of December 2008, reviewed the Convener.

In the state's march towards overall development, bank credit played an important role by supplementing the capital formation efforts in both private and public sectors. Often off-take in bank credit was being considered as an indicator for resurgence in economic activities. In that count, our state was showing signs of sluggish credit growth which might be analyzed seriously, said the Convener of SLBC.

The CD ratio, which was considered as a benchmark, had already surpassed the mandatory level of 60% and had been inching towards 75 % mark. During the six months after the first quarter of 2008-'09 fiscal, the C D ratio had registered a negative growth and this critical parameter shed a marked 5.03 percentage points to reach a level of 66.35 % by December 2008. On behalf of the august SLBC forum, he assured the government that

SLBC would take stock of the causes for this down fall and all efforts would be made to bring back the credit off-take mechanism in to a consistent growth trajectory, thereby regaining the lost glory of the State.

Without attempting to elaborate on the review of banking statistics and other crucial data on the area of banking development in the State during the quarter as the same was documented and available before the members, he welcomed the participants once again and invited the Chairman of the day's proceedings for his presidential address.

Addressing the members, **Sri. H. S. Upendra Kamath**, Executive Director, Canara Bank Said that he was delighted to be in Kerala, the "God's Own Country" known for its serene and lush green land which is a "Total Banking State" having more concentration of literate people in the Country.

It was a great privilege and pleasure to participate in the 98th meeting of SLBC, Kerala which was one of the most vibrant and proactive State Level Bankers' Committees in the Country. SLBC, Kerala was known for its active partnership with the Government creating a perfect alignment with its policies and the functioning of banking system in the State.

The day's deliberations would focus on detailed analytical review of the Banks' performance in Kerala for the third quarter of the last fiscal with special reference to the various banking growth drivers as at December 2008. He informed that the forum would focus more on review for priority sector advances, Government sponsored schemes and performance under Annual Credit Plan.

In the global meltdown scenario, lot of initiatives were taken by Government to make the economic and financial system more resilient in the Country. The declining trend in inflation since August 2008 was attributed to the improved competitiveness which was a result of liberalized financial policies having positive impact on inflationary trends. The inflation rate had touched a rock bottom level of 0.18 % during the first week of April 2009 which was the lowest ever recorded in the past 30 years.

The economic growth of the country had been quite impressive which was attributed to the factors such as robust policy guidelines and regulatory control put in place by Government of India/RBI. The economic growth had recorded an average growth rate of 6% per annum increasing to an impressive 9 % for the past two years in the country. The banking system in India had not been shaken due to the proactive steps taken by the Government and the Reserve Bank of India, which had definitely saved the financial and banking system in the country from the ill-effects of the tumultuous economic scenario.

Meanwhile, the ripples of economic slow-down had obviously reached the Kerala coast leading to poor credit off-take, thus, resulting in a decline of Credit - Deposit Ratio of the banks in the State.

In that backdrop, roles & responsibilities of Banks in the country assumed greater importance. At a needy hour, the support from the banking system in the state was quite essential for sustenance of development besides being catalytic to achieve the desired growth. He called upon his fellow bankers in the state to ensure adequate flow of credit to stabilize the economy by energizing key growth sectors in the State such as MSME, Housing and Agriculture.

He informed that no other State in the country could claim the envious position of “One Commercial Bank branch per 7900 citizens”, which was a very unique privilege to Kerala. It meant that the people living within 10 Sq. K.ms. in Kerala were having access to a Bank branch. The State had been maintaining a very impressive Male Female Sex Ratio which was at 1058 which was much higher than the national average. The literacy rate in the state was at 91% which among others had significantly contributed for women empowerment, especially through micro finance and women entrepreneurial ventures, with high success rate.

SLBC, Kerala had been co-ordinating with all the banks in the State under the proactive leadership of RBI and NABARD which led to the declaration of the State as a “Total Banking State” by 30th of September 2007. This had been an envious position among all the States in the country by which Kerala State had become the first major State in the country to have at least one bank account for each and every household. Sri. Kamath placed on record the efforts put forth by all the Banks in the state in accomplishing such a coveted feat.

Sri. Upendra Kamath requested the members of SLBC to closely go through the findings of the Study conducted by Reserve Bank of India, on the real impact and coverage of “Total Financial Inclusion” and the field level feedback on the same. There were gaps reported from the fully financially included areas and districts, as revealed in the study which needed to be attended with more focus from the banking fraternity. He was glad that the above said study report had been included as an agenda item for the day’s deliberations at the behest of Ministry of Finance, Government of India and that the RBI communication on the above study report had been annexed to the agenda notes.

It was a creditable job done with appreciation from one and all when the implementation of Agricultural Debt Waiver and Debt Relief Scheme – 2008, Special restructuring packages for loan accounts and the Special Economic Stimulus Packages announced by the Government of India for MSME and Housing Sectors were satisfactorily implemented by banks in the State under the able leadership of RBI and NABARD and with active coordination of SLBC, Kerala.

In this context, he wished to recall one of the latest guidelines regarding ADWDRS-2008 from the Ministry of Finance, Department of Financial Services, Government of India which informed about a deadline as on 31st July 2009 for farmers to send grievances if any regarding the implementation of Agricultural Debt Waiver and Debt Relief Scheme – 2008 to the banks concerned. He requested all the banks which have implemented the

Agricultural Debt Waiver & Debt Relief Scheme - 2008 to give wide publicity for the above said information among their customers.

Thereafter he took a look at the economic and banking scenario of Kerala State for the quarter ended December 2008 and the following results and trends were analytically elucidated which evoked a mixed reaction.

The Country had 76,518 commercial bank branches in India which were distributed along the length and breadth of the country. Of this, Kerala had got a wide network of 4,033 commercial bank branches as at December 2008 which accounted for 5.27 % of the total bank branches in the country. It covered nearly one-fifth (1/5th) of the total commercial Bank branches in the southern region comprising of four States.

The distribution pattern of bank branches in the Rural and Semi-Urban areas of the state, garnering a share of 78 % of the total banking network, clearly explained the growth potential of banking sector in Kerala which would primarily be focussed on the Rural and Semi-Urban stretch of the state. Of the 67 % spread of Public sector Banks, nearly 10 % is occupied by the two regional rural Banks, which were very vibrant in the State. It was gratifying to note that there was an addition of 190 new Bank branches by commercial bank branches in Kerala during the last fiscal up to December 2008 of which 57 % of expansion took place in Public sector.

The average deposits mobilised by a single branch located in Rural area was Rs.20 crores, Rs. 27 crores in Semi-Urban and Rs. 47 crores in urban areas of the State. The overall average of per branch deposit share was Rs. 30 crores as at December 2008. This aspect clearly indicated about the strength of the banking system in Kerala state.

In case of resource mobilisation, all the banks in Kerala showed an excellent growth during the first three quarters of the last fiscal. Commercial banks in Kerala added Rs. 17,125 crores to their kitty of Total deposits during the first three quarters of 2008-'09 where as the corresponding figure for the previous financial year was Rs. 7,730 crores only. As at December 2008, the total deposit position of commercial Banks in the state was at Rs. 1,22,613 crores with an year-on-year growth of 18.91 %. The total deposits comprised of 68% of share from Public Sector banks including RRBs, 31.35 % from Private Sector banks and the balance from Foreign banks.

The twin features of significance for this upward trend in deposit accretion were the positive growth in share of domestic deposits and the unprecedented growth of Non-Resident Deposits with the commercial Banks in the State. When the share of Domestic deposits to total resources grew faster to reach 72 % with an actual figure of Rs. 87,964 crores as at December 2008 from a moderate 54 % over a period of five years, Non-resident deposits with commercial banks in Kerala touched an all time high of Rs. 34,649 crores as at December 2008.

The Non-Resident Deposits in Kerala grew up in a robust manner reversing its earlier signs of decline. The contribution by NRIs in the State had been worth mentioning as the State's economy gets a direct benefit out of the same. The Non-Resident deposits declined throughout the state since June 2007. However, the declining trend had been reversed during the last two quarters since June 2008, he informed.

In the last fiscal, Rs.4,760 crores of N R deposits were added during the first three quarters as compared to the accrual of Rs. 3,993 crores for the four quarters from December 2007 to December 2008 which was much less than the present performance.

The growth of N R Deposits during last fiscal up to December 2008 outsmarted the annualised growth of the same calculated as at December 2008. The latest reports revealed that the impact of Economic slow down elsewhere in the world forced many of the NRIs to return back to the state after losing their jobs in abroad.

He requested the members of SLBC, Kerala to have a proactive mind and give serious thought on offering innovative credit products for rehabilitation of those NRIs who were returning to their home State.

On the credit front, the overall scenario was not much encouraging as the economic slow down in the country stretched its arm over the process of credit off-take in this small state also. Even though there was an addition of Rs. 6,047 crores to the Total advances dispensed by Banks in the State, the growth rate was not commensurate with that of deposits by commercial banks for the third quarter of the last fiscal. However, there was a year-on-year growth of 14.47 % recorded in the case of Gross credit in Kerala as at December 2008.

State Bank Group and Private Sector banks had held the maximum share of Bank credit in the State which was around 33 % and 32 % respectively by December 2008. Nationalised Banks followed them closely with a market share of 30 % in Total Credit. Sri. Kamath congratulated members of all the Banks who helped the State in sustaining a positive credit growth in spite of poor off-take during the review period.

The major setback in credit off-take was under Priority Sector Advances in general and Agriculture/MSME sectors in particular which registered a declining trend during the third quarter of 2008-09.

In spite of economic slow-down and other decelerating factors in the credit portfolio, the mandatory norms stipulated by RBI had been fulfilled by the commercial banking sector in Kerala as at the end of the third quarter of the last fiscal also. The share of Priority Sector Advances stood at 56.55 % and Agriculture advances at 19.32 % as at December 2008 against the mandatory requirements of 40 % and 18 % of ANBC respectively.

Banks had done extremely well under the Weaker Section Advances and credit facilities extended to SC/ST beneficiaries as at December 2008. The position of credit to weaker

section was at 12.03 % in the State at the end of the quarter which was well above the RBI stipulation of 10 % of ANBC. However, all the above said indicators had shown a marginal decline in the State during the third quarter over its previous one.

There was a lot of solace in overcoming one of the major concerns over the poor credit deployment through DRI scheme in the State for December 2008. In Kerala State, the advances extended under DRI scheme in Kerala state registered a very robust growth touching Rs. 184.23 crores as at December 2008. With that, the share of DRI advances in the State had jumped up to 0.24 % from the earlier level of 0.02 % in the previous quarter.

This quantum leap in DRI advances could be possible through the support by State Bank of Travancore (SBT) during the quarter under review, who deserved a special appreciation. With that, our State had improved its performance under DRI scheme thereby reducing the gap to reach the national goal of 1 % of last year's gross credit as fixed by Reserve Bank of India (RBI).

Under DRI scheme, the lending limit stood enhanced to Rs.20,000/- in case of Housing Loan to SCs/STs and Rs.15,000/- for others. As such, he appealed to all the Bankers present there to take a liberal view in promoting DRI Scheme thereby helping the poorest of the poor in our State. Controlling Offices of each Bank might ensure that branches sanction and disburse a minimum of 40 DIR loans in a year so as to achieve the goal.

Rural credit system in India was compatible with our goals of higher growth and better equity. In that context, he made a request to the Banking fraternity to channelise adequate credit to the rural and Semi-Urban areas in the State to augment the desired growth under important sectors of priority sector lending.

He analysed and informed that in the present decade, Kerala State had witnessed a jump in the Credit-Deposit Ratio from 45.47 % in 2003 to 71.39 % in 2007. The tremendous growth under Advances had ushered in an era of vibrancy in various sectors especially Agriculture, SME, Education, IT, Tourism and Infrastructure.

However, he noted that as at December 2008, the Credit-Deposit ratio of banks had declined by 5.03 percentage points and it stood at 66.35 % which was resultant of economic slow down. Though there was an upward growth in the total credit by banks in the State as compared to previous quarter results, the rate of growth under advances was not in tandem with the rate of growth of Deposits which was evident from the lower incremental C D Ratio registered during the review period of current fiscal.

Regarding the disbursements made under "Priority Sector Advances," Performance of banks under the Lead Bank Scheme was commendable. The Annual Credit Plan strategies were put in place by all the Bank branches in the State and the achievement under Priority Sector Advances had been comparable with that of the previous year. Banking System in our State could reach 67 % of the targeted level of Rs. 36,193 crores of Priority Credit under Annual credit Plan by disbursing Rs. 24,245 crores of loans under Priority sector

during the first three quarters of the last fiscal 2008-'09, he said. During the corresponding period of the previous financial year, a total of Rs. 21,246 crores had been disbursed by Banks in the State against an annual target of Rs. 30,018 crores registering an achievement of 71% of target. During the review period the figures improved by Rs. 2,999 crores over the corresponding period of the previous year, added the Chairman of the meeting.

The sub-sector wise share of disbursement of priority credit under the Annual Credit Plan 2008-'09 gave vital indications on the credit deployment strategy of banks which needed to be re-oriented in the State. The major share of Priority Credit went to "Primary" and "Tertiary" Sectors constituted by Agriculture and Services respectively in the State with about 47 % share each under the total A C P achievement. The industrial ventures in the State under "Secondary Sector" took a back seat with only 6 % bank finance of the Priority credit during the first three quarters of the financial year of 2008-09. This warranted for an immediate action by Banks in Kerala to channelise more of their credit to MSME sector which was one of the very important thrust areas of lending as per Government plan.

Sri. Upendra Kamath called upon the Senior management of Banks in the State which could not achieve the Annual Credit Plan targets under various Sectors especially under the Secondary sector comprising of MSME, to put in place more targeted approach with a pragmatic view. Also, the Senior Officials from the department of Industries were requested to come out with practical suggestions and projects identified for bank finance so as to boost industrial credit flow in the state. He appealed to Senior Bankers for scouting more number of viable projects under industrial sector to augment the growth under this sector.

He said he was sure that the recently announced packages of MSE and Auto sectors under the Government initiatives of Stimulus packages coupled with the newly amalgamated Government Sponsored Scheme of PMEGP would bring a lot of synergy to the process of industrial credit enhancement.

Government of India, Ministry of Finance had been monitoring and reviewing the implementation of "Economic Stimulus Packages" announced by the Government as well as Indian Banks' Association on the key sectors of MSME, Housing and Automobiles through the Special monthly meetings of SLBCs meant for the purpose and introduced from the month of December 2008 onwards. He was very happy to place on record his appreciation for SLBC, Kerala which had been justifiably sincere and keen in conducting Five (5) Special meetings of SLBC forum to monitor and review the growth of MSME, Housing and Auto Sector lending in the State during the period from December 2008 to April 2009. It included Special Monthly meetings as per the directives of the Ministry of Finance also. It was really an honour when SLBC had the privilege of Chief Secretary to the Government of Kerala as the Chairman of a Special SLBC meeting held on the 16th of March 2009 in Thiruvananthapuram where in a detailed review was made on the implementation of economic stimulus packages in Kerala State.

It was certainly a commendable job to make farm credit flow and MSE credit levels doubled in just TWO years of time whereas the Government stipulation was to double the credit flow to Agriculture within a span of 3 years from 2003-04 and MSE credit

outstanding to be doubled in five years from 2004-05; The State could surpass the above targets well ahead of its deadlines fixed by the Government of India thereby projecting Kerala as a role model for emulation.

He congratulated all the Banks and various Government departments involved in achieving the national priorities of doubling the flow of credit under Agriculture and MSME sectors well ahead of time.

Under Agriculture Advances, Banks in Kerala registered a reasonable growth during the first half of the last fiscal despite erosion of share due to write off of farmers loan to the extent of more than Rs. 2500 crores by Banks in the State under Agricultural Debt Waiver & Debt Relief Scheme - 2008. However, as at December 2008, the Agriculture Advances of Banks in the state stood at Rs. 15,714 crores which had shown a declining trend for the first time in the history of the State. Banks in Kerala State had been continuously recording a performance level above the RBI's mandatory norm of 18% of ANBC. In Kerala, the share of Agricultural Advances to Total Credit as at December 2008 was 19.32 % which was well above the statutory level of 18%. However, he exhorted all the member banks to channelise more credit to farm sector, especially investment credit to the farmers in the State. The continuous flow of farm loans in greater means in the State was the immediate need of the hour for which he solicited support of all the Bankers and Government Department representatives to support the cause.

Coming to IT enabled Financial Inclusion in the State, he appreciated the innovative idea developed by the members of SLBC in Kerala under the guidance of Reserve Bank of India (RBI) in constituting a Special Sub-Committee for formulating and implementing an "IT- Enabled Financial Inclusion Project" in the State. Sri. Kamath was happy to note that as promised in the last meeting, the project details after approval by the Special Sub-committee of SLBC, Kerala were being presented before the forum today for the perusal by all the members of SLBC so as to proceed with the recommendation of State level Committee.

He sincerely appealed to the Senior Representatives of Government of Kerala to support the initiative, especially regarding the cost sharing proposals made by SLBC, as the steps taken would definitely bring a banking revolution in Kerala. When the project was implemented in the State, the poor and marginalized beneficiaries of NREGS and Social Security Pension Schemes (SSPs) would derive rich benefits. He was sure that the member banks and the Government Representatives in the Sub- Committee would contribute their might to implement the project in the right earnest with a clear Road map.

On a review of performance under the various Government Sponsored Schemes implemented in the State, he observed satisfactory performance by Banks in almost all the schemes.

Against an annual credit target of Rs.8293.37 lakhs under the Swarnajayanthi Gram Swarozgar Yojana, Banks in Kerala had so far sanctioned 7239 loans with a credit outlay of Rs. 5998.22 lakhs constituting 72.32 % of annual target of SGSY as at December 2008.

Similarly, 23,536 loans to individual beneficiaries and 1533 group loans had been sanctioned by Banks under SJSRY in Kerala where there was no annual target allotted by the Government for monitoring. However, there were 1,107 sanctioned loans remaining as pending for disbursement under these schemes which might be taken care of by all Banks concerned. As the lion-share of the loan applications under Government Sponsored Schemes were being sanctioned by Public Sector Banks, he sincerely appealed the Private sector Banks in the State to take much more initiative in fulfilling the social objective in considering the Government Sponsored Scheme loans by treating it as a business opportunity.

Under the newly launched scheme of PMEGP, which was a merger of PMRY and REGP, the annual target for Banks in the State for 2008-09 had been fixed as 1770 projects with margin money utilization of Rs.2123.50 lakhs. The latest report from KVIC -the national nodal agency for the scheme, revealed that 275 loans had been sanctioned by various Banks in the State so far with the involvement of a margin money of Rs. 480.19 lakhs.

The above selection of beneficiaries was made out of 1,131 loan applications forwarded to Banks through the District Level Task Force Committee. He requested the State Director of KVIC to ensure that sufficient loan applications under the scheme reach the banks well in time satisfying the various norms fixed by Government of India and RBI in this regard.

Education loans form one of the major thrust areas for Banks in Kerala which had got a direct linkage with our corporate social responsibility. Banks in the state had always stood up to the expectations of the policy makers in supporting the cause of higher education and to facilitate uninterrupted flow of credit to this sector.

During the last fiscal up to December 2008, 47,043 students in the State could avail Education Loans worth Rs. 1,124 crores for pursuing their higher education. As the season for admission to professional courses in the state was round the corner, Sri. Kamath said he was sure, Banks would be busy processing educational Loans during the days to come. He wished that all eligible students in Kerala, as per the RBI guidelines and IBA's Model scheme, would be sanctioned with educational loans for pursuing their higher education.

The performance of banks in all other spheres of socio-economic activities in the State was by and large satisfactory and encouraging. The areas of concern such as, sudden dip in C D Ratio, declining trend of credit off-take to Priority Sectors etc., would be critically analysed for reasons and the deficiencies would be rectified in consultation with all the concerned. On behalf of all the Bank representatives assembled here, he assured the officials from Government of Kerala that the Banking fraternity would always stand united with them in all their efforts for enhanced growth and overall development in the State.

Sri. Upendra Kamath said he was sure that there was a lot of value addition on the various agenda items complementing with fruitful discussions and meaningful deliberations which would go a long way in aligning the Banking system in the State with that of the socio-economic structure and development of the green State.

In his address, **Sri. S. Ramaswamy**, Regional Director, Reserve Bank of India, Kerala had made the following points.

- The previous SLBC meeting was held just one and half months ago and we had met again where we should resolve many of the frequently discussed issues in SLBC meetings and at the same time we were all working together to implement measures designed to stimulate the economy and safeguard the economic gains of the recent years with particular reference to protect more vulnerable sectors such as farm, MSME sectors.
- Sri.Acharya, General Manager, Canara Bank and his team had put up a very comprehensive agenda for the meeting which included detailed review of the important banking indicators of the State as well as background papers included some of the very important activities such as IT-Enabled Financial Inclusion which were in the process of Total Financial Inclusion.
- The latest credit monetary policy announced by the Governor, RBI on 21.04.2009 contained a lot of measures designed to stimulate the banking system. The broad aim of the monetary policy was to ensure the policy regime which would enable credit expansion at viable rates by preserving credit quality so as to support the return of the economy to a higher growth path. It understands the attempts made by SLBC and various other forums in maintaining / monitoring the rate of interest regime and financial stability taking into account the emerging lessons from the global financial crisis.
- As far as the monetary measures were concerned, changes had been made in the Repo rate and Reverse Repo rates with a downward adjustment further to stimulate the economy. While quoting some of the major highlights, he pointed out that as far as the interest rate policy was concerned, it was proposed to constitute a working group to review the present Benchmark PLR system and to suggest changes to make the credit more transparent. The Working group would consult all the stakeholders and submit its report by the end of August 2009. As far as credit delivery mechanism and other banking services were concerned, the major thrust area was the credit flow to MSME sector. Guidelines had been issued to the banks based on the recommendations of the group headed by Dr. K.C. Chakrabarty on MSME services and a Standing Advisory committee on MSE was also formed to review credit guarantee scheme to make it more effective. The above mentioned two measures would take further forward the MSME sector in addressing its problems.
- He touched upon the relaxations proposed by RBI in the branch opening policy where scheduled commercial banks were allowed to set up offsite ATMs without prior approval of RBI subject to reporting. It was also proposed in the monetary policy Statement to constitute a group to review the extant framework of branch operation policy with a view to provide rate flexibility, enhance penetration and competitive efficiency. He added that measures had been designed to take the entire process of financial inclusion forward.
- There were important measures suggested to constitute a working group to examine business correspondent model and to suggest measures to enlarge the category of persons that can act as banking correspondents keeping in view the existing regulatory and supervisory framework and also relevant consumer protection issues.

These were some of the major areas of relevance for the SLBC forum in that regard as far as State of Kerala was specifically concerned to assess the impact in some of the sectors like flow of NRI, tourism, IT and MSME sector, said the Regional Director.

- While the SLBC focussed largely on the flow of credit to priority sector from a broader perspective, it also became necessary to monitor and assess the progress of flow of credit to other important sectors.
- Kerala State was rather unique as far as banking sector was concerned in comparison with few other States. One feature was the large prevalence of private sector banks, which had been playing a major role in the banking set up of the State together with large public sector banks. Secondly, it was the Presence of RRBs in the system and thirdly, Presence of a healthy Urban Co-operative Banking system in the State. RRBs and Urban Co-operative Banks were playing very important role as far as Financial Inclusion process was concerned. Several measures had been taken up by the Empowered Committee on RRBs and SLBC to strengthen the RRBs system in making even stronger and vibrant. RBI had also expanded the outreach of opening up of more branches gearing themselves to be more competitive. As far as Urban Co-operative Banks were concerned, a Task Force was constituted by RBI and lot of activities had taken place including opening new branches of Urban Co-operative Banks so as to strengthen their resources and IT framework.
- The gaps that were revealed in the study on financial inclusion were not covered fully in the State in terms of activating Government accounts and issuing GCCs. The banking system in the State should also take forward the process through opening up of more credit counselling centres added the Regional Director.
- Lot of importance had been given by the Government of India and RBI for setting up of RSETIs. RBI had conducted a special meeting during the previous month to review the progress in setting up of RSETIs. The objective was to set up atleast one RSETI in each district and principle responsibility for setting up of RSETIs would be given to the Lead Banks of the districts. Government had also extended financial support for setting up of RSETIs.
- SME sector had been facing a lot of problems all over the country. So banks had to enhance the credit flow to SME sector. RBI had announced additional refinance facility and restructuring of advances. SLBC, Kerala had been conducting special monthly SLBC meetings on SMEs and Sri. Ramaswamy expressed happiness in noting that SLBC, Kerala was very proactive in conducting the meeting and reviewing the progress.
- District Industries Centre and District Consultative committees were also had been advised to monitor the guidelines for providing assistance to micro, small, medium enterprises.
- Another issue mentioned by the Regional Director of RBI was IT-Enabled Financial Inclusion where the SLBC, Sub-Committee had made a very comprehensive report which would be put up to the SLBC which might be adopted so as to start implementation of pilot projects in 3 districts viz. Kollam, Idukki and Wayanad and eventually would cover the entire 14 districts as far as IT-Enabled Financial Inclusion was concerned.

- One development announced by RBI was the reimbursement of Rs. 50 per account by RBI wherever smart cards were issued. However, the reimbursement by RBI would be made subject to the State Government and banks concerned mutually agreeing to the amount of transaction charges to be reimbursed as against the pre-determined level of 2 %.

There were some specific areas such as rehabilitation of sick micro & small enterprises which needed special thrust. The working group had examined various issues in detail and a number of suggestions had been made relating to the rehabilitation of those units and specific action points were suggested for the banks, for SLBC convenor/State Government and also for the Government of India and this would be discussed in greater detail from the forthcoming SLBC meetings also, he said. This would again become a very important agenda as far as SLBC meetings were concerned. In conclusion, he looked forward to useful and constructive deliberations in the day's meeting.

Sri. K. N. Acharya, General Manager, Canara Bank & Convenor SLBC stated that banks would definitely take positive steps in 2009-10 in the areas of RSETIs and IT-Enabled Financial Inclusion. The desire was to establish one RSETI in each of the 14 districts so that Kerala would be the number one State in the country to have one institute in each district. Regarding IT-Enabled Financial Inclusion also there was a special task given to sub-committee of SLBC by RBI. The pilot projects would be implemented in 3 districts followed by other districts of the State which would go smooth in the days to come.

Sri. Joseph S. Pynadath, General Manager, NABARD observed that the 98th meeting of SLBC was the first SLBC during the year 2009-10. The meeting was primarily meant for taking review of banking activities in the State for the year 2008-09. But this was not without a view on the perspective banking business in the State for the current year 2009-10 which had already been commenced. Then he made the following points.

- Detailed review for the last year, particularly for the first 3 quarters had been made in detail by the Chairman of the meeting. As the global economic slow down had its impact on the economy of all nations both developed countries as well as undeveloped countries, the general experience was that industrial and services sectors faced impact more than agriculture sector. The picture in India was not different. India being predominately a strong agrarian based country and parallelly strong in the banking system which was partly regulated, the impact of the economic slow down was fairly under control. Government of India and Reserve Bank of India had been initiating appropriate intervention and the credit policy announced by RBI encompassed various aspects of which a few were very much relevant to us for our day to day operations, said Sri. Joseph.
- The reduction of the Repo rate to 4.75% and reverse Repo rate to 3.25% was expected to improve the liquidity in the financial markets. The growth of money supply to the extent of about 18% was expected. The growth of deposits was expected to go up by about 17% and growth of credit was expected to go up by about 20%. The GDP was aimed to grow at not less than 6% even during the slowdown period.

- The banking sector in the country had always played its role and came up to the expectation of everybody. He recollected that the food grain production was satisfactory at the level of about 282 million tonnes during the previous year. He expressed hope that the food grain production was expected to be fairly good during the ensuing year also which would be a strong factor for stabilising the National Economy.
- Now the picture in Kerala regarding economic slow down and its impact on various sub-sectors was also not different which was in tune with the general/universal trend. While the industrial and services sectors were impacted more the agriculture sector had been affected the least. In this context, the focus of our credit scenario could be more on MSMEs than the agricultural sector as well as the housing sector. It was a global experience that housing sector like a social welfare sector was expected to generate employment which was one of the key requirements of recessionary phase.
- One of the aspects regarding agriculture sector which he mentioned in that context was that little disturbing features which had been the focus for some time such as inadequate credit flow to the investment portfolio. Investment credit in agriculture had been hovering around 8% for the last few years whereas ideally it should be anything around 20% plus. Unless you have created assets from credit is a mere reflection of investment. This would have to be rectified by promoting investment for creation of more assets from which we expect to get returns for an extended period of time.
- In that context it was also pertinent to make use of the advantages of various Government subsidy schemes which always make any normal investment credit more bankable. I.e. schemes like rural godowns, agriculture market infrastructure, venture capital organic inputs etc were quoted as examples by Sri. Joseph Pynadath. He could very confidently state that those schemes were being operated by NABARD and bankers would agree with him that all such schemes were moving well without any hassles. The investment credit prudential in plantation sector and animal husbandry sector is immense. He opined that it was probably the right time to exploit and use as an opportunity by banking system. It was viable that sectors like plantation which formed the back-bone of the State economy needed to be boosted and there were unlimited potential opportunities for investment credit. The organised plantation sector comprised of only 4 crops viz. tea, coffee, rubber and cardamom. But the organised plantation sector had undergone neglect over the past. It required attention where lot of scope for investment credit was available by way of replanting, extension planting, modernisation of factories etc. He then explained about a discussion he had with one of the major corporates when they revealed about their intention to take up revamping activities particularly replanting, modernisation of factories and also total packages. He concluded by stating that such was the time when investment could go to the sector.
- Another key area was Animal Husbandry sector, particularly Dairy sector. The Dairy sector where the demand-supply gap in the State was huge when commodities come from outside, that too at short supply. Certain linkages would have to be put in place to strengthen these sectors, he added.

Sri. N. Narasareddy, General Manager, Canara Bank, Head Office shared the following views.

- He complimented General Manager, Canara Bank & Convenor, SLBC and his team for making Pathanamthitta District with CD Ratio above 40 % mark which was the only district in the State till last year having less than 40% CD Ratio. He complimented SLBC and other banks in the district for emerging out of the problem and crossing the level of 40% under CD ratio. He made a request to SLBC particularly and banks in Thrissur and Pathanamthitta districts in general to reach a comfortable CD Ratio of 55%.
- He was happy in noting that General Manager, Canara Bank & Convenor SLBC could make SLBC schedules on time. He added that SLBC meeting for reviewing March quarter was planned for May 2009 so as to put SLBC schedule on track.
- The issue of potential thrust area action plan needed to be deliberated by banks and Government agencies keeping in view specially the peculiar condition which had been operating in Kerala like large inflow of NRI people which would have lot of impact on the economy of the State. The issue would be deliberated at length in the days to come in SLBC forum, he said.
- RBI had already indicated that the greatest opportunity available for the bankers was the No Frill Accounts. Banks had opened about 7000 No Frill Accounts in the Country as a whole that gave an opportunity for good banking. It was one of the areas that required more concentration. No frill Accounts would give opportunities for fresh banking and would definitely contribute further to the weaker sections of the society, he added.
- Under Agricultural Debt Waiver and Debt Relief Scheme 2008, a number of cases were written off but fresh finance had not yet been picked up. There was abundant scope for lending to those people also. The above two issues should be taken care of and No frill account holders as well as debt waiver cases should be monitored.
- Regarding RSETIs & FLCCs, he stated that 140 RSETIs had been sanctioned against the target as on 31.03.2009. Government of India had already started releasing the funds to banks. Respective banks who had the lead bank responsibility to ensure their districts to set up the institutes at the earliest. He informed that a National Academy of RUDSETI had been set up by Canara Bank, Syndicate Bank and Dharmasthala Education Trust and the first training programme for Directors of this institute had already commenced at Bangalore. The National Academy would take care of the training needs of Directors of the institutes, Government officials and Controlling Officers of banks so that RUDSETI concept and RUDSETI type institutions would definitely succeed in their efforts for which these institutes had been created. One R-SETI type institutes per district with about 1000 candidates trained in every year would contribute to about 6 lakh trained and skilled people who might be availing bank loans. It would be a great opportunity and banks needed to closely monitor this scheme also.
- Regarding Centrally sponsored schemes, he pointed out that 13 schemes had been operational through NABARD and that offered lot of scope for investment credit which was not picking up in the agriculture sector. That was one area we could definitely take up for credit flow. Infact, IBA and NABARD looked for the

investment short term credit up to 45-55%. He said that if we increase investment credit once, it would definitely bring more opportunities for short-term credit. The growth in agriculture sector would contribute a lot in industrial growth also because many of the products of agriculture were going to be the raw materials for industry, for both big industry and MSME.

Sri. K. N. Acharya, General Manager, Canara Bank & Convenor SLBC stated that the next meeting of SLBC was proposed to be held during the last week of May 2009 or during the first week of June 2009 so that the meeting would be prompt and punctual from hereafter.

Sri. K. S. Srinivas IAS, Additional Secretary, Industries Department, Government of Kerala made the following points.

- Regarding the agenda items raised by Dena Bank and Canara Bank on overdue investment in Kerala Industrial Revitalisation Board Fund Bonds (KIRBF) he explained that it was regarding the repayment of KIRBF bond loans. Government of Kerala had raised these bonds during the year 2000 and several banks and pension funds had participated in these bonds which were supposed to be redeemed by 2005, 2006 and 2007 in 3 phases. Though Government was very prompt in repaying this bond during the first 2 phases, there was some problem in the third phase that Government of Kerala had taken it very seriously and he assured the gathering that this would be one of the top priorities of Industries Department. He assured to Dena Bank, Canara Bank and other banks which had invested in these bonds that the amount would be repaid without any delay. The matter was discussed with Finance Secretary and Principal Secretary (Industries) and the necessary steps in this regard would be taken by them within 3 months so that Government would be able to honour all commitments to all the banks. Regarding the bonds, he informed that Government raised the amount from various banks and the amount was given to several PSUs for their revitalisation and reconstruction. But some of the PSUs utilised the money but they had never repaid the amount as they ended up in losses again. But all these bonds are guaranteed by Government of Kerala. So Government was honouring its commitment and within 3 months Government would be able to do it. Government had decided to arrange soft loans from KFC to the PSUs who had defaulted the repayment so as to redeem these bonds.
- Regarding PMEGP, he pointed out that there was some kind of sluggishness from the Government Department's side. Out of 1131 applications forwarded to banks, only 275 applications had been sanctioned as on 31.03.2009. There was some kind of sluggishness from the banking sector also. Hence, both sides were to be blamed for the poor performance of the scheme. Only 1/3 application had been sanctioned by banks. Government of Kerala had requested Government of India to extend the date by another 6 months ie. 30.06.2009 and hoped that the time would be extended by Government of India. He requested all the banking friends to improve the process of sanctioning of applications because 2/3 applications under the scheme were still pending with banks.

- He quoted that only about 6% credit was given to the MSME sector. He said that the members gathered should to review the performance of banks in the priority sector lending other than Education Loan, Housing Loan, Car loans etc. Priority sector loans were not getting due attention and only 6% loans were given to MSME sector which was a very poor performance. He requested all banks to increase the percentage share since Kerala was not a place for heavy industries as everybody agreed. The sector deserved more focussed attention. He requested Canara Bank and all other banks to raise their level of lending to MSME sector so as to make it more result oriented.

Dr. Rathan Kelkar IAS, Director, Kerala State IT Mission, Government of Kerala made his comments on the following issues.

- Regarding IT-Enabled Banking services, he congratulated the banking fraternity for doing an excellent job in taking it forward. Initially the project would be implemented in three districts and definitely it would be rolled out in more and more districts. It was also requested that banks could extend lots of services to the people through this activity not merely NREGP or some of the other pension schemes.
- Quoting the extension of financial assistance to services centre agencies and Credit Counselling Centres Scheme, he requested SLBC to help the State Government as far as the Akshaya centres were concerned. Akshaya had been one of the major projects based on which the scheme was rolled out in all the States across the Country. All the banks had been supporting this scheme to a large extent. There were some problems in repayment of loans as far as closed Akshaya centres were concerned wherein many of the borrowers had either gone abroad or not in a position to repay. The I T Department had a meeting under the Chairmanship of Hon. Chief Minister where a decision was taken to work out a scheme for this repayment of loans and the Department was in the process of doing that and would present the same in the next meeting of SLBC. He expected that the SLBC would support State Government in closing all these accounts, which had been lying idle for a long time. As far as his association with SLBC was concerned, he pointed out that a lot of good things had been implemented in the right earnest and lots of things were happening mainly because of the regular meetings of SLBC.

Sri. K. N. Acharya, General Manager, Canara Bank and Convenor, SLBC, Kerala pointed out that banks in the whole State had performed well under lending portfolio and we were not complacent particularly in the matter of priority sector and MSME. In addition to the SLBC forum, the performance under MSME had been discussed in the regular special monthly SLBC meetings also. The Empowered committee on SME convened once in a quarter by RBI also discussed all these points. Banks in the State were not hesitant to finance further which was evident from the remarks made by the Chairman of the meeting that Agriculture credit flow was doubled in a period of two years and MSME figures were also doubled in a period of two years though there were five years of time as per Government guidelines. We were well ahead of the deadlines fixed in achieving the goals.

The House then proceeded to consider the agenda items. **Sri. K. N. Acharya**, General Manager, Canara Bank and Convenor, SLBC, Kerala presented the agenda items.

1. ADOPTION OF MINUTES

The forum adopted the minutes of the 97th Meeting of SLBC, Kerala held on 11th March, 2009, which was forwarded to the members, vide Convener's letter TLB 35 437 2009 SSK dated 4th April, 2009.

2. Review of the decisions and compliance thereof of the previous meetings

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

The forum noted the contents for information.

2.2. Jansankhya Sthirata Kosh (National Population Stabilization Fund) – JSK

The meeting noted that KSCARD Bank has become one of the members of the society and requested other banks take necessary action in this regard.

(Action: Banks & other institutions)

2.3. District-wise C D Ratio in the State

The meeting noted that the CD Ratio of Pathanamthitta district had been just above the mandatory level of 40% for the year-end of March 2009 and hoped to improve the CD Ratio further.

(Action: Banks and Lead District Banks)

2.4. Review of Multipurpose Service Centres/Job Clubs – Self Employment Scheme for registered unemployed youth

The meeting requested the Director of Employment and Training, Government of Kerala to provide detailed information regarding the application pending with banks so as to review the same effectively in the SLBC.

Sri. K. Viswanathan, Deputy Director, Directorate of Employment, Government of Kerala informed that the details of the sanctioned loans have already been provided to the SLBC. The details of the pending applications with banks were not at all collected from the sub-offices due to the fact that majority of the officials were in the Election duty. Hence the detailed information would be provided to SLBC soon and it may be discussed in the next SLBC. In that context the Deputy Director expressed his sincere gratitude to SLBC, all the LDMs and members of the banking fraternity especially Bank of Baroda, State Bank of Travancore and State Bank of India for enabling them in fulfilling the target of two self employment scheme implemented through the department viz. KESRU and Multipurpose Service Centres/Job Clubs.

(Action: Director of Employment, Govt. of Kerala)

2.5. IT-enabled Financial Inclusion

The forum noted the modifications made in the project approved by the Special Committee on IT-Enabled Financial Inclusion which met in Trivandrum on 09.04.2009 for information.

(Action: SLBC, All the Banks & LDMs of Kollam, Idukki and Wayanad)

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

The forum noted the contents for information.

Sri. G. N. Somdev, Regional Manager, National Housing Bank pointed out that the figures submitted by Union Bank of India were not correct. He requested all member banks for extending wholehearted co-operation for implementing the scheme.

(Action: All the Banks)

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

The forum noted the contents for information.

(Action: All the Banks)

3. Follow up of Residual Issues

3.1. Opening of Bank Accounts by Departments/Local Self Governments/Public Sector Units/Public Sector Units – Treatment of RRBs in the State on par with other Nationalised Banks

The forum noted the contents for information and requested RRBs to take the advantage.

(Action: SMGB & NMGB)

3.2. Registration of mortgage created in favour of the banks with Sub-Registrar

3.2.1. Registration of Equitable Mortgage with Sub-Registrar (Suggested by Bank of Baroda) &

3.2.2. Registration of mortgage created in favour of the banks (Suggested by Indian Bank)

The forum noted that many of the other States in the Country had been implementing the scheme without any difficulty.

Sri. R. Krishnakumar, Additional Secretary, Planning & Economic Affairs Department, Government of Kerala informed that SLBC recommendations had been forwarded to the Taxes Department on 08.05.2006 for implementation. The matter was not followed up properly. On getting the agenda and background notes it was given to the concerned Secretary and it was agreed to take up the matter again. He added that he had consulted the

matter with IG of Registration to know whether any technical snag was there on the issue for taking up and it was clarified that there was no hurdle in the matter.

Sri. A. K. Ramakrishnan, IG, Registration informed that there was no hitch in registering a memorandum of deposit of title deeds in Sub-Registrar's Office. Once when that was registered it would be reflected in the Encumbrance Certificate also. But the charges might be above Rs. 35 per Rs. 1000. He assured the gathering that he would report the deliberations made in the meeting to the Government and hoped that a favourable decision on the issue would be forthcoming before the commencement of next SLBC meeting.

Sri. R. Radhakrishnan, General Manager, Indian Bank said that Tamilnadu and other states had already implemented the scheme which can be taken up on similar lines in the State of Kerala also. It would enable banks to sanction more loans to the needy customers, he added.

Sri. H. S. Upendra Kamath, Executive Director of Canara Bank & Chairman of the meeting pointed out that the registration fee of Rs. 1000/- mentioned was on the higher side in terms of percentage cost. SLBC would appeal the Government to have a relook on the fee structure to make it more acceptable/bearable as far as the borrower was concerned. He added that to have a comparable framework for customers, those facilities available to the banks and customers elsewhere in the country might be made available to the banks in the Kerala also. This would help apart from minimizing/reducing the instance of frauds, to entuse bankers to lend more. He once again requested the department to relook in to the matter. He added that the matter would be vigorously followed up with the concerned department so as to reach a logical end.

Sri. K. N. Acharya, 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. SLBC would closely follow up the matter without any let up, he said.

Sri. A. K. Ramakrishnan, 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. He requested SLBC Convenor to provide more information regarding the rates prevailing in other States also.

(Action: Dept. of Registration, Convener- SLBC)

4. FRESH ISSUES

4.1. AGRICULTURE/SGSY/SHG

4.1.1. Integrated Livestock Development Programme (ILDP) (Suggested by Animal Husbandry Department, Government of Kerala)

The meeting requested individual banks to take up the project for implementation by considering finance for viable units.

Representative from **Animal Husbandry Department** informed that it was a new scheme approved by Central Planning Commission and Government of India had released funds to the department. But the department could not implement the scheme during the last Financial Year as the code of conduct on account of General Elections to Lok Sabha was in force. The department would be implementing the scheme from June 1st onwards during the current financial year. He requested all the banks to extend financial assistance for implementing the scheme.

(Action: Banks, Convener -SLBC)

4.1.2. Agenda items suggested by NABARD

4.1.2.1. Lending Focus to Thrust areas

The meeting observed that all those aspects in the note had been covered in the initial remarks made by the General Manager, NABARD. The forum requested all the banks to take note of the above for information and action.

Sri. V. Damodaran, General Manager, Federal Bank pointed out that there was a scheme for purchasing of neglected estates for the development and it was allowed only for small and marginal farmers. There was lot of neglected estates in the State of Kerala such as tea and coffee estates and hence lending to these sectors had to be increased. He requested NABARD to consider the matter.

Sri. Joseph S. Pynadath, General Manager, NABARD informed that there was an existing provision based on the RBI circular of late 1960's. It was to enable purchase of neglected estates by an experienced planter based on his capabilities of efficient management of existing plantations. Under that scheme, the purchase of estates should be accompanied by a development loan and the total financial outlay for the development component should have to be more substantial than the purchase component. It clearly indicated that it was a neglected estate.

Sri. V. Damodaran, General Manager, Federal Bank stated that it was only for small and marginal farmers upto 5 acres of land. It could not be treated as priority sector lending.

Sri. N. Narasareddy, General Manager, Canara Bank, Head Office informed that it was 5 acres earlier and subsequently the norms were changed. Banks could extend loans as per the revised criteria.

Sri. Joseph S. Pynadath, General Manager, NABARD cleared the ambiguity on the subject under discussion and said that there were two schemes – One was for small farmers to acquire land upto 5 acres and the other one was for large estates which were considered as neglected estates. However, it should be ensured that the neglected estates must be acquired by an experienced planter only. There was a provision that it would be treated as agriculture advance.

Sri. V. Damodaran, General Manager, Federal Bank pointed out that they had an experience recently when there was an inspection conducted by Reserve Bank of India when they were not treating it as agriculture advance. He added that he would contact NABARD later for clarification on the matter.

(Action: NABARD, Banks)

4.1.2.2. Revised Interest Rates

The forum requested all banks to take note of the above for information.

(Action: All the Banks)

4.2. SME/PMEGP

4.2.1. Inclusion of Issues pertaining to MSME Sector in SLBC Meetings (Suggested by Reserve Bank of India)

The forum noted that SLBC, Kerala had been conducting special monthly SLBC meetings to monitor and review the progress of lending in MSME sector. The forum noted the performance under the Special Package of IBA for MSME, Housing & Auto sectors as at March 2009.

(Action: All the Banks, Convener- SLBC)

4.3. OTHERS

4.3.1. Agenda items suggested by Reserve Bank of India

4.3.1.1. SLBC to act as catalyst for IT-Enabled Financial Inclusion

The forum requested all banks to take note of the above for information.

(Action: All the Banks)

4.3.1.2. Streamlining the issues of SC/ST borrowers

The forum requested all banks to take note of the above for information.

(Action: All the Banks)

4.3.1.3. Norms for classification as direct advances to agriculture

The forum requested all the banks to take note of the above for information.

Sri. V. Damodaran, General Manager, Federal Bank pointed out that RBI Circular was earlier allowing advances for transportation and other allied activities to be classified under

agriculture advances. But the latest circular of RBI took away some of the provisions to classify loans under Agriculture. He requested that all transportation vehicles for agriculture products such as Jeeps could be included under agriculture advance. It was not fair to take away those earlier provisions. He once again pointed out that tractor or jeep for transportation of agriculture produce were earlier treated under agriculture advance which was allowed by RPCD, RBI circular released by RBI in 2006.

Sri. L. M. Ganesan, Assistant General Manager, RBI informed that the issue was basically based on the RBI inspection in the concerned bank's HO and the same was followed up on the basis of the inspection report observations and the banks submission. It was finally forwarded to the Central Office of RBI and in turn to Government of India. The clarifications received from Government of India were communicated by RBI Central Office and the same was marked to the concerned banks with a copy marked to RO, RBI. The matter could be placed before SLBC for adherence to the instruction given by RBI & Government of India.

Sri. N. Narasareddy, General Manager, Canara Bank, Head Office informed that it had happened in the process that some banks went in for financing high cost jeeps - especially in case of estates where RBI took an objection and asked banks not to encourage those lendings. The earlier Circular said that for supervision and transport of agriculture produce vehicles such as Trucks, jeeps etc could be permitted but luxury cars should not be permitted by banks as agricultural loans.

Sri. Ashok Kumar Mattu, Deputy General Manager, Reserve Bank of India said that they would escalate the views expressed by members in the meeting to their Central Office for further appropriate decision.

(Action: RBI, All the Banks)

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

Sri. K. N. Acharya, General Manager, Canara Bank and Convenor, SLBC, Kerala requested member banks, which had been holding the lead bank responsibility to establish RSETIs in each district so that Kerala to become the first State to have RSETIs in all the 14 districts. The land would be allotted by the State government and funds for building infrastructure and maintenance would be given by Central Government. He informed that about 140 R-SETI applications were given against the target of 100. He expected that Kerala State would be the first State to have 14 RSETIs and the first state to get the full benefit from the Government of India.

Sri. V. Sasidharan Pillai, Assistant General Manager, State Bank of Travancore informed that if we want to achieve the first State to have one RSETI in every district, first of all we have to ensure all the RSETIs get this fund allotted. In this regard there was a decision taken in the RBI meeting to endorse copies of the application forwarded to NIRD to SLBC and RBI. He opined that SLBC level we should make sort of demand to NIRD to ensure all the 14 districts to get these funds allotted.

Sri. K. N. Acharya, General Manager, Canara Bank and Convenor, SLBC, Kerala informed that there were a few points mentioned during the meeting on R-SETIs conducted by RBI during March 2009. According to the decisions taken in that meeting, each bank, who would establish the RSETIs, should make application to the local Government department. It was directed that such a request letter addressed to the Government department should be routed through SLBC and RBI. The estimates of the projects should be drawn and submitted along with the report as above. It was also decided in the meeting that each Lead bank should prepare a project report send it to the central Government through NIRD and a copy of the project report should to be endorsed to SLBC and RBI. But SLBC did not receive any such endorsements so far, informed the convener. He requested member banks, which had the lead bank responsibility, to comply with the above matter.

Sri. V. Sasidharan Pillai, Assistant General Manager, State Bank of Travancore stated that SLBC should ensure that RSETIs would be set up in all the 14 districts. SBT had submitted 4 applications to NIRD with a copy endorsed to SLBC. He stated that the request from SBT was to get sanction for all the 4 Nos.

Sri. S. Dinesh, Additional Development Commissioner for Rural Development, Government of Kerala informed that there was a Co-ordination Committee at State level co-chaired by the Principal Secretary, Local Self Government Department and SLBC Convenor. All the issues including allocation of land etc. could be sorted out at State Government level in the co-ordination committee, which would be convened within 15 days. The aim was to get funds from the agencies concerned and to acquire the status of the first State in the country having R-SETIs in all the districts.

Sri. K. N. Acharya, General Manager, Canara Bank and Convenor, SLBC, Kerala pointed out that Seven (7) RSETIs had already been set up in seven (7) districts and seven (7) more Lead Banks had to take initiatives to establish RSETIs in their districts.

Representative from **Andhra Bank** informed that they had one RSETI in Kasaragod district. They had conducted so many training programmes on entrepreneurial development to the entrepreneurs in Kasaragod.

Sri. K. N. Acharya, General Manager, Canara Bank and Convenor, SLBC, Kerala stated that the responsibility for establishing RSETIs was given to the Lead Bank in each district.

Sri. R. Radhakrishnan, General Manager, Indian Bank informed that in Kollam district Syndicate Bank had already set up an institute they had identified the land at a place called Kottiyam.

Sri. N. Narasareddy, General Manager, Canara Bank, Head Office pointed out that a view was taken in such a way that if existing institutes had already been functioning such districts would be allotted to that bank only and hence there would not be any second institute required. If more than one institute were functional, SLBC would allot a particular bank for that district. Secondly, a letter from State Government agreeing for allotting the

land should be obtained in a very simple format and each of the proposals should be submitted to NIRD.

Sri. K. N. Acharya, General Manager, Canara Bank and Convenor, SLBC, Kerala informed that in Thrissur District, Canara Bank had identified land allotted by district administration. Government of Kerala had given class room free of cost in Mannuthy where we had started the institute. Land had been identified and inspected and the only step pending was to get the land allotted to us by Rural Development Department, Government of Kerala, Trivandrum. The issue of allotting a free hold land or lease hold land is not an issue as the long term lease period also would be a matter of discussion at Government level.

Representative from **Indian Overseas Bank** informed that they had already got rented premises and the posting of Director was done and the R-SET institute would be opened in Trivandrum in a rented premises during the middle of May 2009.

(Action: Banks & LDMs concerned, SLBC & Dept. of Rural Development, GoK)

4.3.1.5. Model Scheme for Financial Literacy Counselling Centres (FLCCs)

The forum requested all the member banks to take note of the availability of Financial Inclusion Fund for funding FLCCs.

(Action: All the Banks)

4.3.2. Extension of financial services to the Service Centre Agencies under the Common Service Centre (CSC) Scheme (Suggested by NABARD)

The forum requested all member banks to take note of the background papers provided by NABARD on Common Service Centre Scheme.

(Action: All the Banks)

4.3.3. Overdue Investment in Kerala Industrial Revitalisation Board Fund Bonds (KIRBF) (Suggested by Dena Bank & Canara Bank)

4.3.3.1. Overdue Investment in 13.50 % Kerala Industrial Revitalisation Board Fund Bonds (KIRBF) Series - I (Suggested by Dena Bank) &

4.3.3.2. Investment in Bonds issued by Kerala Industrial Revitalisation Fund Board – 6.98% KIRFB Bonds (Suggested by Canara Bank)

The forum noted the assurance given by the Additional Secretary, Industries Department, Government of Kerala during his opening remarks that arrangements had been made to repay the bonds within the next 3 months. The Convenor of SLBC had also met the Principal Secretary, Finance and he had also assured that sufficient provision was made under the budget and the issue would be settled soon.

(Action: Dept. of Finance & Dept. of Industries and Commerce, GoK)

4.3.4. Levying of Service Charges by Banks for NREG/NOAP transactions
(Suggested by Government of India, Ministry of Finance, Department of Financial Services, New Delhi)

LDM, Alappuzha informed that they were not charging for NREG cheques. But some times it so happened that the cheques when handed over to a particular bank other than the one where the funds were kept, then it would sent the instrument for collection to the drawee bank. In such cases charges could have taken levied. When it was brought to the notice of LDM, they had taken up with those branches for reversal. Every bank had been advised not to collect any charges for NREG transactions.

(Action: All the Banks)

4.3.5. Agenda item suggested by National Housing Bank

The forum requested RRBs to take note of the above for information.

Sri. G. N. Somdev, Regional Manager, National Housing Bank informed that Kerala and Karnataka regions were coming under the jurisdiction of the Regional Office of NHB in Bangalore. Regarding the Rural Housing Fund, he informed that they had not received any applications from RRBs in Kerala. He added that the time limit had been exhausted by 31.03.2009.

(Action: All the Banks)

4.4. INFORMATION NOTE

4.4.1. 100% Financial Inclusion – Evaluation by external agencies – Broad Findings

The forum noted the contents for information.

4.4.2. Modification in the Credit Guarantee Scheme (CGS)

- Note by MSME Development Institute, Thrissur

The forum requested member banks to take note of the modification in the Credit Guarantee Scheme for information.

4.4.3. Agri-clinics and Agri-business Training Programme

– Information Note by Kerala Agricultural University

The forum noted the contents for information.

4.4.4. Prime Ministers Employment Generation Programme (PMEGP)

- Information Note from KVIC, State office, Trivandrum

Sri. K. N. Acharya, General Manager, Canara Bank and Convenor, SLBC, Kerala observed that though a target of 1770 loans had been given to banks under PMEGP, the sanctions were very few. But the fact remained that banks had received the loan

applications only during the month of March in the Financial Year, which was quite evident from the fact that KVIC had requested for extension of time limit for sanction of these loans. He made a request that member banks would process the pending applications as fast as possible subject to the extension of time permitted.

Sri. K. Mohanraju, State Director, KVIC stated that KVIC had already circulated to all banks regarding extension of time, informing that whatever applications were sanctioned upto 31.03.2009 their claims for margin money could be settled up to 30.06.2009. In the case of applications which were sanctioned on 1st April, 2009 they could be covered in the current financial year ie, 2009-10. KVIC had not yet received the target for the current financial year. While quoting the overall performance of the scheme he said that the decision for constituting the Task Force Committees for selection of beneficiaries under PMEGP was in December 2008 and the constitution of the Committees were in the middle of January and February 2009. However they could generate good number of applications with involvement of margin money at around Rs. 26 crores for the approved cases. He admitted that they had communicated the selection by task force committee to banks and forwarding of screened applications in the middle of March 2009 with inordinate delay which was a fact. A good number of applications were pending with banks and if sanctioned, KVIC would be in a position to settle a minimum of Rs. 15 crores towards margin money claims during the current year. KVIC had got 1500 applications in hand but they could not convene the Task Force Committee because of code of conduct declared due to General Election. Once Task Force Committee would be commenced, they would be in a position to sponsor sufficient number of applications for the current financial year. He added that as per the experience in REGP and PMRY schemes implementation, they expect to achieve 140% against the target every year. The target under PMEGP for the last year was only Rs. 21 crores (Financial). So there was no problem for achieving current year 2009-10 targets with the co-operation of banks in considering the projects well ahead of time.

Sri. V. Damodaran, General Manager, Federal Bank informed that they had given a target of 119 Nos. He informed that they had written a letter to KVIC requesting them to inform regarding the modalities of drawing subsidy and so far they had not received any communication from KVIC.

Sri. K. Mohanraju, State Director, KVIC informed that as per the directions from the Ministry, they could not open or operate separate account for Co-operative banks. Therefore the system for operating margin money claims insisted that service banks had to send their claim to the respective agencies ie. KVIC, KVIB & DIC and in turn they would process such applications and release the margin money directly to the service bank.

LDM, Kozhikode pointed out that the problem as explained above was faced by all the LDMs. Subsequently after including the participation of private sector banks in the PMEGP programme, there was no prescribed modalities communicated for claiming of subsidy. We should find a solution to this immediately and the same should be communicated in writing. Now KVIC Central Office had issued a circular dated 06.04.09

which informed that It had been approved by the Ministry of MSME, Government of India that for PMEGP loan applications received upto 2nd March 2009 and sanctioned by the financing branches of the bank upto 31.03.2009, the period of disbursement of loan and sanction of settlement of margin money claim would be extended beyond 31.03.2009 and upto 30.06.2009. It had to be clarified whether the loans sanctioned only upto 31.03.2009 were eligible for inclusion under 2008-09 scheme. It was not clarified whether the loan applications pending with the banks received during the last year could be carried over to 2009-10 scheme. He requested that some written clarification in this regard was needed which may be circulated among the member participating banks. We have to request again to the Government to get the extension of date for both sanction and disbursement cases, he suggested.

LDM, Alappuzha sated that even after the receipt of loan applications by banks with undue delay, they could be able to achieve much more than what was reported to the SLBC by the national nodal agency of KVIC.

Sri. K. N. Acharya, General Manager, Canara Bank and Convenor, SLBC, Kerala made a request to KVIC to provide clarification in writing on the issue of extension of time and consideration of last year's loan applications for the current year which in turn may be communicated to all the member banks.

Sri. K. Mohanraju, State Director, KVIC assured the forum that he would communicate the details of clarification to all the banks in writing. He informed that as per the report made available by the nodal agencies KVIC/KVIB/DIC as on 17.04.2009 there were about 338 applications sanctioned by banks with an involvement of amount worth Rs. 610 lakhs.

Sri. K. Rajendran, Deputy Director, National Commission for Scheduled Castes stated that as per the statement presented on PMEGP, there was no mention about SC/ST details of beneficiaries. As the guidelines of PMEGP stipulated 22.5% of the beneficiaries from the SC/ST category, the details should be furnished separately by the nodal agency.

Responding to the Deputy Director, National Commission for SCs, **Sri. K. Mohanraju**, State Director, KVIC informed that until and unless the claims for settling margin money were received by KVIC from banks, they might not be able to get the list of category wise beneficiaries.

Sri. K. N. Acharya, General Manager, Canara Bank and Convenor, SLBC, Kerala also requested the State director of KVIC to provide category wise details so as to enable SLBC to furnish the same in the background papers. He expressed his hope that during the next SLBC meeting KVIC would be in a position to give a more clear picture and also give clarifications sought by member banks regarding various aspects of PMEGP.

(Action: KVIC)

4.4.5. Credit Guarantee Fund Trust for Micro And Small Enterprises: Bank-wise position – Information Note

The forum noted the contents for information.

4.4.6. Details of Project Pending with Bank for Availing Loan – Note by SFAC

The forum noted the details of projects pending with banks for availing loans. Member banks having these proposals were required to process papers further so that release of venture capital assistance would be in place.

Table Item

4.4.7. Establishment of Credit Monitoring Cell in the Office of the Development Commissioner (MSME) – Suggested by SLBC Convenor

The forum noted the contents for information.

- 5. Review of Performance under Priority Sector Advances,**
- 6. Review of Performance under Special Focus Programmes,**
- 7. Review of Performance under Government Sponsored Schemes and**
- 8. Review of Performance of the Banking Sector**

The meeting went through the review of performance under various sectors and suggested that if any observations were to be made, that could be made in the next SLBC meeting.

9. Any other matter with the Permission of Chair

Sri. V. Damodaran, General Manager, Federal Bank wanted a clarification from Reserve Bank of India regarding advances given to SME units for exports can be treated as priority sector.

Representative from **Higher Education Department**, Government of Kerala pointed out that inordinate delay was observed in releasing loan amount to students who were availing Education Loans due to the existing procedure and formalities. At present the loan amount sanctioned to the student is being given to the Educational Institution and they were crediting it in their account and then the amount would be transferred to the students credit. If loanee students were allowed to start a zero balance account in any branch near his residence, the amount could be released easily and the delay could be minimised.

Regarding establishment of RSETI in Kasaragod, **LDM, Kasaragod** informed that video conference held at Collectorate in December 2008 was attended by the Principal Secretary (Local Self Government Department), District Collector, Project Director (Poverty Alleviation) and LDM. In the meeting, the Principal Secretary asked District Collector whether the institute set up by Andhra Bank was a RUDSETI model or otherwise whether the bank was willing to take up the responsibility to convert the institute as one of the

RUDSETI model. In that meeting, it was expressed that Andhra Bank was not agreeable for making it a RUDSETI modal institute. Then the LDM, Kasargode was asked to set up RUDSETI model institute and he had already started the exercise and identified premises for R-SETI in the district. The sanction from the Bank was expected at any time, he said.

Responding to the above information, **Sri. K. N. Acharya**, General Manager, Canara Bank and Convenor, SLBC, Kerala said that specific cases for getting clarification from RBI should be reported to Reserve Bank of India. Regarding Education Loan he said that each member banks should implement the Education Loan scheme as per the norms prescribed by Indian Banks' Association. He further suggested that any specific issues of particular banks could be taken up with the concerned bank rather than discussing in SLBC. He requested Higher Education department to take up the matter with the concerned bank for any guidelines/clarification.

Sri. H. T. Suresh, Regional Chief, HUDCO informed that the Interest Subsidy Scheme for Housing to the Urban Poor (ISHUP) was launched in February 2009. Basically the scheme had been designed by the Ministry of Housing and Urban Poverty Alleviation as an additional instrument for addressing the housing needs of the Economically Weaker Section (EWS)/Low Income Group (LIG) segments in urban areas. The scheme envisaged the provision of interest subsidy in getting EWS and LIG segments to enable them to buy or construct houses.

Then he made a detailed power point presentation on the scheme which gave the following inputs for information.

Purpose of Scheme

- To provide home loan with Central Government Subsidy to EWS/LIG persons for acquisition/ construction of house in Urban Area
- 11th Five Year Plan Period - 2007 - 2012

Eligibility:

- EWS: Average Monthly income upto Rs. 3300/-
- LIG: Average Monthly income between Rs. 3301 to Rs 7300/-.

Loan Amount Admissible

- EWS Category: Subsidized loan upto Max. Amount of Rs 1,00,000/-.
- LIG Category: Loan upto Rs 1,60,000/- (subsidised interest restricted to Rs 1,00,000/-)
- Period of loan: Generally 15 to 20 years
- Rate of interest: will be fixed by lending banks adhering to RBI norms for loans less than Rs. 2 lakhs

Key Players and Respective Roles

(i) Steering Committee

- Under the Chairmanship of Secretary, MH&UPA, Government of India
- Deciding on operational instructions, monitoring the implementation of scheme
- Review and modify the mechanism/formulation of guidelines

- (ii) Central Government
 - Implementation/Review and Monitoring of scheme
 - Release of subsidy to Central Nodal Agencies on quarterly basis
 - Undertake wide media campaign and awareness programme
 - Develop MIS at National Level
- (iii) State Government/Urban Local Bodies
 - Identify of local level Nodal Agency to motivate and organize beneficiaries to seek loans
 - Make beneficiaries aware of procedures and paperwork of lending institutions, forward applications of beneficiaries to financing institutions etc.
 - Monitor data at city/district level-MIS to be developed and furnish returns to GOI on quarterly basis
- (iv) Central Nodal Agencies - National Housing Bank (NHB) and Housing & Urban Development Corporation (HUDCO)
 - Enlisting of lending agencies
 - Release of NPV based subsidy to lenders
 - Ensure obtaining Utilisation Certificates (UCs) from primary lending institutions & Provide Utilisation Certificates to GOI
 - Monitoring and Data Collection of NPV based subsidy funds for entire duration of Scheme.
 - Monitoring of construction of housing units by site visits
- (v) Primary Lending Institutions (i.e.Banks/Housing Finance Institutions)
 - Option of availing resources from NHB or HUDCO
 - Provide Utilisation Certificates to CNAs on half yearly basis
 - Make the beneficiary aware of subsidy scheme and its impact on loan repayment.
 - Explain the consequences of fixed and floating rate of interest

Terms for Loan and Subsidy Reimbursement

- Subsidy will be 5 % per annum on interest charged
- Net Present Value (NPV) of subsidy is based on notional discount rate of 9% p.a for period of loan and interest charged
- Loan repayment - Generally 15 to 20 years
- NPV of subsidy will be given by Govt to the lenders through CNA on quarterly basis

Terms for Loan and Subsidy Reimbursement

- Option for floating and fixed ROI
- For fixed ROI - 1 % p.a additional interest, which shall be reset after 5 years.
- Security: Mortgage of dwelling units as prime security.
- No Collateral/third party security for loans upto Rs 1.00 lakh.
- No levy of prepayment charges

Selection of Beneficiaries

- Borrower must belong to EWS/LIG category
- Should own land for construction
- Identification to be done by ULB and assist them in paper work of lending institution.

- Loan application to be forwarded by ULB or local nodal agency to lending institution.
- EWS : LIG ratio should be 70:30
- Lender will sanction the loan as per their own risk assessment and procedural requirements.
- In case of construction: Release of funds linked with pace of construction, preferable construction period being 1 year
- Group Housing societies/borrowers to be given preference.
- Preference in selection
 - ✓ Scheduled Caste
 - ✓ Scheduled Tribe
 - ✓ Minorities
 - ✓ Persons with Disabilities
 - ✓ Women beneficiaries

Impact of Subsidy Amount in Loan Amortisation

- Central Nodal Agency releases NPV based subsidy to Primary Lending Institutions (PLI) on upfront and quarterly basis
- NPV based subsidy are then passed on by PLI to borrower by deducting the amount from principal loan amount of borrower
- Interest is charged on the net principal amount only at agreed ROI

Impact of Subsidy Amount in Loan Amortisation

- Interest burden on borrower comes down to the effect of NPV Subsidy Amount
- Borrower has the benefit of payment of reduced EMI due to the impact of the subsidy.

With the above deliberations, the 98th meeting of SLBC, Kerala came to a halt.

Sri. K. R. Vadhyar, Deputy General Manager, Canara Bank proposed vote of thanks.

LIST OF PARTICIPANTS

CHAIRMAN OF THE MEETING

Sri. H. S. Upendra Kamath **Executive Director, Canara Bank**

GOVERNMENT OF INDIA/GOVT. OF KERALA/DEVELOPMENTAL AGENCIES

- | | |
|---------------------------------|--|
| 1. Dr. Rathan Kelkar, IAS | Director, Kerala State IT Mission |
| 2. Sri. K. S. Srinivas, IAS | Additional Secretary, Industries Department |
| 3. Sri. R. Krishnakumar | Additional Secretary, Planning & Economic Affairs Department |
| 4. Sri. A. Vikraman Nair | Additional Secretary, Animal Husbandry & Dairy Development |
| 5. Sri. S. Dinesh | Additional Development Commissioner for Rural Development |
| 6. Sri. A. K. Ramakrishnan | IG, Registration |
| 7. Smt. Lakshmi P. Menon | Joint Secretary, Taxes Department |
| 8. Smt. Baby Girija S | Joint Secretary, SC/ST Development Department |
| 9. Sri. M. M. Basheer | Joint Secretary, Higher Education Department |
| 10. Sri. K. R. Haridas | Under Secretary, IT Department |
| 11. Sri. K. Mohanraju | State Director, KVIC |
| 12. Sri. P. T. Surendran Pillai | Director, KVIB |
| 13. Sri. Shajan K. Alex | Director, Dairy Development |
| 14. Sri. Kunhimohammed K. T | Director, Kudumbashree |
| 15. Dr. R. Vijayakumar | Additional Director, Animal Husbandry Department |
| 16. Sri. R. Ajith Kumar | Additional Director, Agriculture Department |
| 17. Sri. Sam C. Ittycheria | Additional Director, Directorate of Industries & Commerce |
| 18. Sri. Abdul Majeed | Additional Director, Coir Development |
| 19. Sri. K. Rajendran | Deputy Director, National Commission for SC |
| 20. Sri. K. Viswanathan | Deputy Director, Directorate of Employment |
| 21. Sri. Devaprasad G. P | Deputy Registrar of Co-operative Societies |
| 22. Sri. P. Aravind | Assistant Registrar, Office of Registrar of Co-operative Societies |
| 23. Sri. V. R. Vinod | Assistant Director, MSME Development Institute |
| 24. Sri. H. T. Suresh | Regional Chief, HUDCO |
| 25. Smt. P. M. Geetha | JR/CC, Agriculture (PPM Cell) |
| 26. Sri. K. R. Pillai | Nodal Officer (PMEGP), KVIC |
| 27. Smt. Sabitha Narayan | Project Leader, SFAC |
| 28. Sri. K. Murugesan | MF, Team Leader, Kudumbashree |
| 29. Sri. Zanu Zacharias | General Manager, KFC |
| 30. Sri. V. Chacko | General Manager, KINFRA |
| 31. Sri. E. Erani | General Manager, SIDCO |
| 32. Sri. K. S. Rajeev | Assistant General Manager, KFC |
| 33. Sri. Joseph Philip K | Senior Project Officer, HUDCO |
| 34. Sri. S. Suresh Mohan | Superintending Hydrogeologist, Groundwater Department |
| 35. Sri. Koshy Varghese | Assistant Chief, HUDCO |
| 36. Smt. Rajasree J | Technical Assistant, State Horticulture Mission |

RESERVE BANK OF INDIA

- | | |
|---------------------------|------------------------|
| 1. Sri. S. Ramaswamy | Regional Director |
| 2. Sri. Ashok Kumar Mattu | Deputy General Manager |

- | | |
|-----------------------|---------------------------|
| 3. Sri. L. M. Ganesan | Assistant General Manager |
| 4. Sri. P. Ravindran | Assistant General Manager |
| 5. Sri. Suraj S. | Research Officer |

NABARD/SIDBI/NHB

- | | |
|----------------------------|---|
| 1. Sri. Joseph S. Pynadath | General Manager, NABARD |
| 2. Sri. C. T. Mohan | Deputy General Manager, NABARD |
| 3. Sri. L. R. Ramachandran | Assistant General Manager, NABARD |
| 4. Sri. G. N. Somdev | Regional Manager, National Housing Bank |
| 5. Smt. Rohini Varma | Manager, NABARD |
| 6. Sri. S. Ganesh | Manager, SIDBI |

STATE BANK GROUP

- | | |
|------------------------------|---|
| 1. Sri. N. Hari | Deputy General Manager, State Bank of India |
| 2. Sri. K. Krishna Kumar | Assistant General Manager, State Bank of India |
| 3. Sri. V. Sasidharan Pillai | Assistant General Manager, State Bank of Travancore |
| 4. Sri. R. Prabhakaran | Chief Manager, State Bank of Travancore |
| 5. Sri. M. Sreekumaran Nair | Deputy Manager, State Bank of Hyderabad |

PUBLIC SECTOR BANKS

- | | |
|---------------------------------|--|
| 1. Sri. R. Radhakrishnan | General Manager, Indian Bank |
| 2. Sri. K. Girish Kumar | Deputy General Manager, Bank of India |
| 3. Sri. T. S. Panicker | Assistant General Manager, Punjab National Bank |
| 4. Sri. N. R. Debnath | Assistant General Manager, Central Bank of India |
| 5. Sri. C. P. Balachandran Nair | Assistant General Manager, Syndicate Bank |
| 6. Sri. Ashwani K. Mago | Chief Manager, Bank of Baroda |
| 7. Sri. P. S. Ramakrishnan | Chief Manager, Corporation Bank |
| 8. Sri. Dominic J. P. | Chief Manager, Vijaya Bank |
| 9. Sri. V. M. Sundareswaran | Chief Manager, Oriental Bank of Commerce |
| 10. Sri. P. Balasundaran | Senior Manager, Indian Overseas Bank |
| 11. Sri. S. Uday Bhanu | Senior Manager, United Bank of India |
| 12. Sri. Anilkumar K | Manager, Dena Bank |
| 13. Smt. Beena L. S. | Assistant Manager, Andhra Bank |
| 14. Sri. N. S. Subramanian | Deputy Chief Officer, Central Bank of India |
| 15. Sri. Alfredculus | Deputy Chief Officer, UCO Bank |

CONVENOR BANK (CANARA BANK)

- | | |
|---------------------------|--|
| 1. Sri. K. N. Acharya | General Manager (Convener, SLBC, Kerala) |
| 2. Sri. N. Narasareddy | General Manager, Head Office |
| 3. Sri. K. R. Vadhyar | Deputy General Manager |
| 4. Sri. U. G. Pai | Deputy General Manager |
| 5. Sri. Thomas Thomas | Assistant General Manager |
| 6. Sri. E. Selvaraju | Divisional Manager |
| 7. Sri. S. Santhosh kumar | Senior Manager |
| 8. Sri. V. S. Santhosh | Manager |
| 9. Sri. R. Padmanabhan | Officer |

REGIONAL RURAL BANKS

- | | |
|---------------------------|-----------------------|
| 1. Sri. V. Sriramaprakash | Chairman, NMGB |
| 2. Sri. T. S. M. Nair | General Manager, SMGB |
| 3. Sri. P. Aravindan | Senior Manager, SMGB |
| 4. Sri. T. Mukundan | Senior Manager, NMGB |

PRIVATE SECTOR BANKS

- | | |
|---------------------------|---|
| 1. Sri. V. Damodaran | General Manager, Federal Bank |
| 2. Sri. John Thomas | Deputy General Manager, South Indian Bank |
| 3. Sri. P. Manikandan | Deputy General Manager, Dhanalakshmi Bank |
| 4. Sri. Ajith Prabhakar | Zonal Manager, Catholic Syrian Bank |
| 5. Sri. R. Kamalasekaran | Assistant General Manager, Lakshmi Vilas Bank |
| 6. Sri. James Vadakkan | Regional Head, ING Vysya Bank |
| 7. Sri. P. S. Nandakumar | Deputy Vice President, HDFC Bank |
| 8. Sri. Ajith Kumar C. H. | Senior Manager, Federal Bank |
| 9. Sri. P. K. Ambi | Senior Manager, Karur Vysya Bank |
| 10. Sri. T. Tamilalagan | Senior Manager, Tamilnad Mercantile Bank |
| 11. Sri. Praveen Kumar | Branch Manager, Karnataka Bank |
| 12. Sri. K. Varadharajan | Credit Relationship Manager, ICICI Bank |
| 13. Sri. Vinith V. J | Deputy Manager, Axis Bank |
| 14. Sri. P. S. Rajamohan | Assistant Manager, City Union Bank |

CO-OPERATIVE BANKS

- | | |
|--------------------------|--|
| 1. Smt. C. Jayalakshmi | Deputy General Manager, Kerala State Co-operative Bank |
| 2. Smt. Elizabeth George | Agricultural Officer, KSCARD Bank |

LEAD BANK OFFICES

- | | |
|--------------------------------|---|
| 1. Sri. Abraham Shaji John | LDM, Indian Overseas Bank, Trivandrum |
| 2. Sri. H. Chandrasekhara Iyer | LDM, Indian Bank, Kollam |
| 3. Sri. V. Anil Kumar | LDM, SBT, Alappuzha |
| 4. Sri. R. Vijayan Nair | LDM, SBT, Kottayam |
| 5. Sri. E. R. S. Pillai | LDM, Union Bank of India, Ernakulam |
| 6. Sri. R. Rajagopalan | LDM, Canara Bank, Thrissur |
| 7. Sri. O. Raveendran | LDM, Canara Bank, Palakkad |
| 8. Sri. P. Unnikrishnan | LDM, Canara Bank, Malappuram |
| 9. Sri. M. Balakrishnan | LDM, Canara Bank, Kozhikode |
| 10. Sri. K. Balan | LDM, Canara Bank, Wayanad |
| 11. Sri. C. K. Thulasidharan | LDM, Syndicate Bank, Kannur |
| 12. Sri. K. T. Shivadasa | LDM, Syndicate Bank, Kasaragod |
| 13. Sri. Satheeskumar K. G. | Assistant Manager, LBO, SBT, Pathanamthitta |