

**MINUTES OF THE 99<sup>th</sup> MEETING OF  
STATE LEVEL BANKERS' COMMITTEE, KERALA**

Held on 25.06.2009 (Thursday)  
At Hotel Residency Tower,  
Government Press Road, Trivandrum

The meeting commenced at 10.30 a.m. with **Sri. A. C. Mahajan**, Chairman & Managing 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 99<sup>th</sup> meeting of SLBC Kerala. He informed that the 99<sup>th</sup> 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 March 2009.

The SLBC forum has 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 continue 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 the State of Kerala. He 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 has turned out to be deeper and wider than anticipated. Many a times, the banks in India witnessed sequential announcements of rate cuts and stimulus measures from RBI. 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 like the announcement of economic stimulus packages by Government and Indian Banks' Association, free use of ATMs of any Bank by the customers from 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 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 commercial Banks.

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 supports the citizens of the State who suffered from the impact of economic downturn, opined the Convenor.

All the measures for countering the Financial down-turn devised by the Government and Reserve Bank of India have 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 28,548 Housing loans during the implementation period from December 2008 to May 2009 of which 17,442 loans fell under the category of Housing loans up to Rs. 5 lakhs. Similarly, working capital limits for 17,408 MSME units had been sanctioned by the Banks in the State during the six months period in which 9,655 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 19,475 beneficiaries during the package implementation.

The "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 also prepared to implement IT-Enabled Financial inclusion in the State with the introduction of Smart Cards supported Banking Correspondent model. Sri. Acharya informed that hectic activities in this 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. He informed that the project details had already been cleared by the Special Committee of SLBC formed for the purpose of implementation of the prestigious project and he expected more deliberations and suggestions.

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 March 2009, reviewed the Convenor.

In the state's march towards overall development, bank credit plays 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, the state was showing signs of sluggish credit growth which might be analyzed seriously, said the Convenor of SLBC.

The CD ratio, which was considered as the benchmark, had already surpassed the mandatory level of 60%. During the nine months after the first quarter of 2008-2009 fiscal, the CD ratio had registered a negative growth and this critical parameter shed a marked 7.85 percentage points to reach a level of 63.54 % by March 2009. On behalf of this august forum, he assured the government that banks 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 particularly under C D ratio.

The State had crossed many a milestone in the areas of good banking during the fourth quarter of the last fiscal. He pointed that it gave a lot of satisfaction as the performance of Commercial Banks in Kerala State during the fiscal of 2008-2009 was scanned at when it crossed Rupees One Lakh Thirty Thousand Crore mark under Deposits and Rupees Eighty Two Thousand Crore mark under Gross credit. Both the resource mobilization as well as credit deployment activities in the state are poised for enhanced growth and vigour during the current financial year also.

The overall performance under Annual Credit Plan in the State was satisfactory during the last fiscal as we crossed the targets under Primary and Tertiary sector comprising of Agriculture and services respectively. However, the performance of banks in the State under the Secondary sector needed a correction as the vital sector which includes micro and small enterprises showed a decelerated growth by achieving only 79% of its allotted target for the last financial year.

The State Credit Plan for 2009-2010 had been launched well in time which envisaged a growth rate of 12.61 % under Agricultural credit disbursement over the last year's budget and 5.65 % increase in the case of SME and 19.73% in respect of Tertiary Sector. He expressed hope for a better performance under the micro and small enterprises sector in Kerala during the current fiscal.

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. A. C. Mahajan**, Chairman & Managing Director, Canara Bank said that it was a great pleasure and privilege in attending the 99<sup>th</sup> meeting of SLBC, Kerala which was acclaimed for its vibrancy and proactive functioning.

He observed that Kerala State had been unique in many of its growth perspectives. The State had witnessed remarkable transformation in human development areas like literacy, healthcare, increased longevity of life and low infant mortality. The State's potential for economic development was implicit in its human development record. The nature of human resource development provides Kerala with a competitive advantage in the new growth sectors that are knowledge based such as Information Technology, Bio-Technology, Tele Communication, traditional medicine and tourism sectors which are all source based.

He said that the meeting was convened at a time when the economies of the whole world were gripped under the fear and turmoil of an economic slow down or recession. Though the impact of the global economic slow down was very much limited in India, there were experiences of slow down witnessed in many sectors like textile, real estate etc. which had been directly impacted the banking and financial sector also. However, he extended thanks to the timely action by Government of India in announcing stimulus package and RBI in relaxing adequate and plenty liquidity in the system. The impact of the economic slow down had been minimized to a large extent.

In this context, Sri. Mahajan expressed happiness and informed the members of the forum that the various measures taken by the Government, Reserve Bank of India and Indian Banks' Association under the different economic stimulus packages were successfully implemented by the banks in Kerala State. This could be possible with the able leadership and coordination by SLBC and the Regional Offices of RBI and NABARD along with the active and boundless support given by the State Government and its various officials. The Special Monthly SLBC meetings were conducted regularly as directed by the Ministry of Finance, Government of India and the reports were also submitted to the Ministry in time. On behalf of SLBC, Kerala he appreciated all the member banks, Government Departments, RBI and NABARD Regional Offices for the splendid support, positive response and co-operation extended in collectively implementing the Government decisions.

The banking sector in the State had been closely associating with the various developmental initiatives of the State Government. Infact, the deeply penetrating bank branch network in the State has facilitated both resource mobilization and its deployment for improving the living standards of the poor people as well as the economy of the State. The 4084 branch strong Commercial banks along with the widely networked co-operative banking system had ensured that banking services were accessible even at the remotest parts of the State.

Thereafter he took a look at the business trends and achievements of the banking sector in the State of Kerala for the quarter ended March 2009.

A cursory review of the deposit growth during the fourth quarter of the last fiscal 2008-2009 revealed that the total deposits of the Commercial Banks had grown by 23.57% to reach a level of Rs.1,30,350 crores as at March 2009 which was better than that of the corresponding quarter of the previous fiscal by 19.07%. There was an accretion of Rs. 24,862 crores of deposits by Commercial Banks in the State during the last financial year.

The share of domestic deposits had increased steadily reached a level of 72% of the total deposits of the Commercial Banks in the State of Kerala as at March 2009. The figure of domestic deposits reached Rs. 93,331 crores out of the total deposits of Rs. 130,350 crores and the momentum had picked up during the whole period of last financial year.

The Non-Resident deposits of Commercial Banks in Kerala added up a substantial amount of Rs. 2370 crores in the last quarter, recording a growth rate of about 7%. At Rs. 37,019 crores, the Non-Resident deposits of Commercial Banks in Kerala State were on a very good growth. He expressed happiness and extended appreciation to the Non-Resident Indians who had reposed their faith in their banks in Kerala which helped to reverse the declining trend of N R Deposits experienced since the second half-year of 2007-2008.

Sri. Mahajan was happy to note that the Credit Deposit Ratio of Commercial banks in the State as at March 2009 stood at 63.54% which was much above the mandatory minimum level of 60% fixed by RBI. However he noted that the C D Ratio had slipped from the December 2008 figure of 66.35% owing to imbalances in the growth pattern of deposits and advances. The declining trend of C D Ratio in the State could be explained with the trends of reduced pace of advances growth as compared to the growth of deposits, especially from non-resident deposits.

While analyzing the credit expansion and growth in the State, he observed that during the last quarter, the banks in Kerala had added only Rs. 1466 crores to the credit portfolio. The growth was only 10% compared to 17.16% during the corresponding period of previous fiscal. During the last quarter ended March 2009, Deposits of Commercial Banks grew by 6.30% whereas advances had grown by a meager figure of 1.80% only. This imbalance in pace of growth of assets and liabilities of banks in Kerala had truly reflected in the reduced C D Ratio of 63.54%. The most disturbing factor in the declining C D Ratio was the semi urban branches of banks which stood at 53.22% much below the statutory 60% ratio fixed by RBI. Sri. Mahajan exhorted the Controlling Offices of all banks present in the meeting to introspect into the causes of poor credit deployment by their branches in the State and find out pragmatic ways for correcting the slackening and reducing trend.

He noted that the overall achievement of Annual Credit Plan 2008-09 was satisfactory with Rs. 39,679 crores of priority sector advances disbursed during the last fiscal against the

annual target of Rs.36,193 crores registering an achievement of 110%, which was better than the achievement and performance made over the previous year. Under the Annual Credit plan performance, one of the significant notes was in the comparable improvement in the secondary sector comprising of MSE advances. It showed remarkable growth of 79.01% against the annual target of 27% higher than the previous year's target achievement. However, the slight decline seen in the percentage achievement of primary and tertiary sector targets which should be reviewed by banks and take corrective steps in the current fiscal.

He noted that the outstanding position of advances to priority sector was at Rs. 48,387 crores as at March 2009 giving banks a share of 58.42% of Adjusted Net Bank Credit (ANBC) which was much above 40% target fixed by RBI.

Agriculture advances had also shown a better performance at 19.27 % share of ANBC much above the 18% with the total figure of Rs. 15,959 crores.

Sri. Mahajan requested the bankers to ensure greater flow of credit to agriculture and in particular in extending fresh credit to all those farmers who were benefited under the Agriculture Debt Waiver & Debt Relief Scheme - 2008.

He informed the forum that the share of "Advances to Weaker Sections" to the total credit outstanding in the State had become 14.78% recording a level much higher than the minimum stipulation of 10% by RBI.

SME credit under priority sector comprising of Micro and Small enterprises showed an outstanding level of Rs. 8095 crores registering an year-on-year growth of 21.29% as at March 2009 as against the 20% fixed by Government of India. All the banking institutions in the State deserved appreciation for pushing the MSME sector up by pumping in more credit to the growing sector during the last financial year.

Commercial banks in Kerala had registered a robust growth under their advances to SC/ST beneficiaries during the third quarter of 2008-2009 whereas there was a sudden fall for the same during the last quarter ended March 2009. Banks have shed Rs. 1012 crores during the last quarter bringing down the outstanding advances to SCs/STs to Rs. 2204 crores from a high level of Rs. 3215 crores as at December 2008. Sri. Mahajan observed that this might have occurred due to the mistake in the calculation and such a sharp fall in the figure was neither possible nor desired. He requested Controlling Officers of all the banks to immediately reconcile the data on this very important parameter submitted to SLBC so as to enable the State level forum to present accurate and correct information in its next meeting.

He noted that DRI advances showed a satisfactory performance in the State touching a figure of Rs. 211.82 crores taking its share to 0.26% of last year's total credit against the most desired ratio of 1%. But 0.26 % achieved in the Kerala State perhaps much better than the achievement made by the commercial banks elsewhere, he informed.

On a review of performance under the various Government Sponsored Schemes implemented in the State, he observed that the banks in the State actively took part in the implementation of various Central and State Government sponsored schemes in association with the respective nodal agencies and Government departments.

In the case of SGSY Scheme, banks in Kerala have humbled the annual credit target of Rs. 8293.37 lakhs by March 2009. The overall performance by the banking system under SGSY was 106% during the last fiscal. Similarly, under SJSRY Scheme also, banks in Kerala had performed well during the last financial year. Though there were no targets fixed for performance under the scheme, 25,232 SJSRY loans were sanctioned by banks in the State during 2008-2009. While appreciating the banks for their timely action and good performance, Sri. Mahajan requested them to complete the disbursement of pending cases also at their earliest.

The desired momentum had not yet been achieved in the case of PMEGP. He made a request to KVIC, the national nodal agency and other implementing agencies like KVIB and DIC to have a co-ordinated approach in mobilizing loan applications, screening of routing them to banks through the district level task force committees.

Micro credit movement, which had gained greater pace and adaptability in the State during the past few years, had been supported strongly by the divergent initiatives taken by the State Government under "Kudumbashree" - the poverty eradication mission of the State. The credit linkage of Self Help Groups in the State had shown a very good progress with the active involvement of banks. The handholding support available from "Kudumbashree" was highly appreciable. As at March 2009, banks in the State credit linked 2.61 lakh Self Help Groups with the co-ordination and support from Kudumbashree Mission. In Kerala, 3.07 lakhs Self Help Groups had already opened Savings Bank Accounts with banks and 90% of them were formed exclusively by women, he said.

Education Loans had become the livewires of the higher education system in and out of Kerala and the students of this State had been benefited much out of the benevolence of Education loans extended by banks, he said.

The Banks in the State should ensure opening of RSETI type of training institutes and also opening Farmers Credit Counseling Centres in their lead districts at the earliest as desired by Reserve Bank of India and Ministry of Rural Development, Government of India.

He said that banking in Kerala should focus the area of extending 2<sup>nd</sup> phase of financial services to those who had opened no frill accounts. This could be done in a better way by extending banking programmes deploying suitably information communication technology also by engaging business facilitators and business correspondents.

Sri. Mahajan requested all banks in Kerala to come forward to associate with all the programmes initiated by the State Government and to align with its policy decisions in the

areas of financial development. He expressed happiness that the Banks in the State were in unison and aligned fully with the various Government Departments and other developmental agencies in effective implementation of all the developmental schemes and poverty elimination programmes. He requested the nodal agencies to support the banks in recovery and bringing down the overdues by conducting joint recovery drives and campaigns periodically.

In conclusion, on behalf of the member banks of SLBC, Kerala in general and Canara Bank in particular Sri. Mahajan reassured the State Government that banks would always stand by their programme and policies with a socio-economic perspective.

In her address, **Smt. Neela Gangadharan IAS**, Chief Secretary, Government of Kerala expressed great pleasure in participating in the SLBC meeting. She stated that though she had attended earlier SLBC meetings, it was the first meeting she attended as Chief Secretary. Then she made the following points.

- Despite the downfall in terms of deposits, the economic review of Government of Kerala revealed that banking sector had done good performance. While quoting the committee which had set up years back under the Chairmanship of Mr. Thorat to look into the low Credit Deposit Ratio in Kerala, it was pointed out that still there were problems regarding CD Ratio. Some districts in the State are still lagging behind in achieving CD Ratio. But these issues became very critical in the current scenario of recession and economic downturn. All of them should see as to how public policy and public investment along with credit infusion could revive the economy. Government of Kerala had implemented several schemes. Quoting the agriculture crash in Indonesia during the recession period, she said that more thrust should be given for reviving the agriculture sector and more concentration should be given to the productive sectors. She hoped that the SLBC meeting would look into these issues in detail with a focused approach to some of the core areas in the sector.
- The issues of stimulus package consist of employment generation programme and skill developments were reviewed by the Cabinet Secretary of Government of India. The issues of major stimulus packages were timely reviewed by the Government of Kerala with a focused approach in this area.
- While quoting the Financial Inclusion, she informed that Government had introduced transparent systems of transferring funds in many areas. Government had introduced smart cards and opened accounts for people, so that both in terms of administrative cause and transparency Government would be able to release subsidies and other grants to the poor. She added that the effectiveness of the implementation of no frill accounts in the State would be discussed by the forum in detail.
- Regarding Educational skill development she informed that Kerala was one of the human resource potential in skill development for which Government had started lot of ITIs and introduced several other schemes. The efforts of private, public participation in the skill development would definitely become very important in the revival phase of the economy.
- Infrastructure needs were abundant in Kerala. Government had been devising new

instrument through which they could get credit from institutional finance for infrastructure development. She expressed happiness and informed that banks had been active in some of these projects but partnership to be strengthened for infrastructure development.

- MSME sector was one of the core areas in the State of Kerala. Extending support to the small and medium enterprises was critical. Therefore, Banks and Government could play an important role to go into the details and review regarding the kinds of enterprises to be supported.
- The issues pending with administrative decision from the Government had been placed before the department concerned for necessary action. Annual Credit Plan had been implemented successfully during the last fiscal but CD Ratio had declined. It is to be ensured to keep some kind of check for consistently increasing the CD Ratio so as to use the liquidity with the banks for social purpose thereby ensuring adequate injection of funds into the economic activities.
- EMS Housing Scheme had been pending decision with RBI. The way of Government functions and institutional functions have been changed and in the changing environment and thinking, some rethink could be done on these regulations and some innovative idea could be supported with certain amount of relaxing of norms. Government of Kerala had taken up the scheme with RBI and Government of India. The focus of Government of Kerala was the economically and socially weaker sections because of the focus both in the growth path and downturn path. She requested RBI to look into the matter.
- Government had lot of schemes, where social mobilization had been successful. Kudumbashree and other such innovative programmes, which bank could very effectively used to advance funds. As a policy point of view Government could sort out all the pending issues.

In conclusion she looked forward to successful deliberations in the day's meeting and assured all supports from Government as well as she expected wholehearted co-operation from banks.

**Sri. K. N. Acharya**, General Manager, Canara Bank & Convenor SLBC informed that the rate of growth of advances in the State was not increasing proportionately with the growth of deposits which ultimately resulted in to a depleted Credit Deposit Ratio. On behalf of the forum he assured the Chief Secretary that all the issues raised could be sorted out by both Government and banks together.

**Sri. S. Ramaswamy**, Regional Director, Reserve Bank of India in his opening remarks pointed out that an overview of the banking developments had already been given by the Chairman of the meeting and the Convenor, SLBC wherein they had expressed the concern regarding the declining trend in the CD Ratio. All of them were focusing the ways and manners for further stepping up the Credit Deposit Ratio in the State through credit to the productive sector of the economy.

He requested that concerted efforts be taken by banks to step up the CD ratio. He said that

the Lead Bank Scheme (LBS) was introduced in December 1969 and subsequently the scheme was revised last in 1981. The SLBC forum came into being in 1977 and since then, the forum had played a major role in the coordination between the banks and Government, in the formulation and implementation of Annual Credit Plan and implementation of Government schemes. SLBC, Kerala had also risen to the occasion in the achievement of financial inclusion, implementation of ADWDR Scheme, economic stimulus package, restructuring of SMEs, etc.,

In this context, he referred to the High Level Committee on Lead Banks Scheme set up by RBI chaired by Smt. Usha Thorat, Deputy Governor, RBI. The focus of the Committee was the comprehensive review of the whole gamut of the Lead Bank Scheme. The draft report had been placed in the website of RBI. He shared some of the highlights of the report.

He said that the principal recommendations of the Committee were to strengthen the SLBC and lead banks in the State / district with adequate staff and infrastructural support, identify enablers and impeters in the implementation of Lead Bank Scheme, priority sector advances and Government sponsored Schemes, promote inclusive growth with a renewed thrust on financial inclusion and preparation of one time banking development plans by the lead banks for all districts.

Also, the implementation of IT enabled financial inclusion in the identified districts viz. Wayanad, Idukki and Kollam of the State had been taken up by RBI and SLBC in Kerala with support from the State Government. However, the process had to be carried forward more vigorously.

The following five objectives of the focal areas of the expansion of the Lead Bank Scheme had been highlighted in the review report of the Lead Bank Scheme.

- (i) Extension of banking outreach programmes
- (ii) Synergy of various bodies working for financial inclusion
- (iii) Financial literacy
- (iv) Credit Counseling
- (v) Creation of an active feedback mechanism.

Regional Director emphasized that the achievement of 100% financial inclusion had to be carried forward. The banking outreach and penetration should be widened and deepened with greater synergies from all the stake holders especially in respect of credit facilities, setting up of Credit Counselling Centres (CCCs), financial literacy and financial education campaigns, conduct of banking awareness programmes and also establishing a proper and vibrant feedback mechanism. Active participation of banks and State Government was required in activating the no frills accounts, sanctioning of General Credit Cards (GCCs), setting up of more Credit Counselling Centres, setting up of Rural Self Employment Training Institutes (RSETIs) in the remaining seven districts etc.,

Referring to the MSME sector, he informed that Regional Office of RBI had conducted

MSE Seminars / Workshops in Ernakulam and Kozhikode districts. It was well received by the entrepreneurs, representatives from industrial clusters, industry associations, banks, SIDBI, NABARD and Government. The direct interaction with these members had brought out a lot of issues and suggestions in augmenting credit flow to the sector and related issues. These seminars would be held in all the districts and all the issues/suggestions would be consolidated and forwarded for policy inputs.

He informed the forum about the new Working Group on BPLR set up by the Reserve Bank of India. The basic thrust of the working group would be to review all aspects of the BPLR and which could be made very transparent and effective tool of bringing together the borrowers and the lenders as well as banking concerned.

Regional Director informed the forum that the Platinum Jubilee Celebrations of RBI had been initiated and the Regional Office had commenced new programmes on financial literacy and financial education. RBI had recently conducted an essay competition for school children on the aspect of financial inclusion for which great deal of participation from the school children in the State. Painting Competition on banking subjects for School Children were conducted in five districts viz., Thrissur, Kozhikode, Thiruvananthapuram, Kollam and Idukki. It has also seen tremendous enthusiasm from school children as far as spreading the message of financial inclusion is concerned. The competition would be conducted in the remaining districts also and would conclude with a State Level Exhibition of the prize winning paintings.

He also requested the State Government for the inclusion of a lesson on banking in the text books for the benefit of school children as part of the financial literacy programme.

Sri. S. Ramaswamy commented the good co-operation and co-ordination among the RBI, State Government, SLBC, NABARD, banks and Government departments in the State. He called upon SLBC Convenor to update its website on an on-going basis to make it a more useful website. Also, he requested that the minutes of the SLBC meeting need to be translated into Malayalam and placed in the website of SLBC so as to have wider possible outreach.

He concluded his opening remarks with an emphasis on data integrity and submission of proper, prompt and accurate data to SLBC which was vital for proper monitoring of banking sector developments and providing inputs for policy formulation. In this context, he also suggested that a more analytical framework of the SLBC data be prepared.

Responding to the Regional Director, RBI, **Sri. K. N. Acharya**, General Manager, Canara Bank & Convenor SLBC assured the forum that the website of SLBC would be updated on an on going basis and the minutes of the SLBC meetings would be translated into Malayalam during the 99<sup>th</sup> meeting onwards. Regarding data integrity, he requested all banks to furnish proper, accurate and prompt data to SLBC Convenor so as to enable to provide the correct statistics in the meeting.

**Sri. Joseph S. Pynadath**, General Manager, NABARD in his address said that he was attending the meeting to share the perceptions of NABARD on the banking sector developments in the State. He then made the following points.

- Despite the recession in the global scenario as per the estimate of World Bank, India was going to be one of the fastest growing economies of the world which estimated around 8% growth and even surpassed China. But the fact that inflation on the basis of on sight price index was presently in the negative regime. It was not yet reflected in the retail price index and the prices of essential commodities particularly commodities like cereals, millets, fish, meet, milk were on the obscene. Moreover, it was observed that the south west monsoon was partly delayed and it was going to be deficient as well. This was definitely going to affect the crop prospects of the country which accounts about 60% of the food grain production. This was again going to have an impact on the essential commodity prices. Despite that there were obviously positive features that agriculture had much bitter of silence in the context of such crisis.
- In the Kerala scenario during the year 2008-09, the credit to the priority sector around Rs. 39800 crores and banking sector was strong enough in getting enough of deposits, but CD Ratio was an area of major concern. Infact many of the banking areas, there were no takers for viable credit which was a matter of serious concern. Bankers were keen to finance, but viable investment activities and the investment atmosphere were not very conducive. Bankers would definitely take this as a challenge and go ahead with finance of the desired development sector.
- Potential Linked Credit Plans (PLPs) for the districts had been prepared by NABARD through collecting the field level data, co-ordinating of the line departments and banking sector in the districts so as to consolidate the State level plan which worked out about Rs. 45,500 crores for the year 2009-2010. District Credit Plans have also been prepared and the Annual Credit Plan for the State worked out around Rs. 42000 crores which by and large matched with the Potential Linked Credit Plans.

In the context of credit offtake under Infrastructure, he made the following points.

- NABARD was now in the 15<sup>th</sup> tranche of the RIDF and from tranche 1 to 14<sup>th</sup>, 3006 projects had been sanctioned to the State Government in various sectors with a total loan component of Rs. 2570 crores of which the credit offtake had been about Rs. 1530 crores so far and 1939 projects had been successfully completed by the State Government. This year the allocation was around Rs. 300 crores and the drawal expected was Rs. 420 crores.
- Apart from the efforts by the State Government it was also imperative that efforts were to be made by the private sector, the public sector and the Government sector for creation of infrastructure by availing of Government of India subsidy under various programmes viz. Agricultural market infrastructure scheme, Rural Godown scheme, Organic input scheme. Under the above schemes substantial quantum of subsidy upto Rs. 50 lakhs per projects was available starting from an individual to the Government. NABARD would make a total advantage of such these facilities and all these schemes were continuing during the current year as well.

He then made certain potential areas under agriculture sector.

- There was not much impact in India's economy due to the global slow down. It was not fully true, because commodities like coffee, tea and any other export oriented commodities were impacted. At the same time there was lot of scope for investment credit in some of the sectors like plantation, crop, Animal Husbandry, poultry, fisheries, MSME, services sector and Tourism.
- The policy framework should be facilitated in the Kerala context in which the survival of the investment should be ensured so as to make the unit/enterprise of an entrepreneur self sustainable and viable.

**Sri. L. C. Goyal, IAS**, Principal Secretary, Finance Department, Government of Kerala flagged out the following points.

- The total financial inclusion was announced in the State of Kerala during 2007. The meeting should look into the effectiveness of the financial inclusion at ground level and see that as to how many no frill accounts, which were opened as part of the campaign, to continue to become operative. A road map should be drawn up for practical and meaningful financial inclusion.
- NREGA and Kudumbashree were 2 interventions from Government of Kerala which were totally banking oriented. All the payments under NREGA and micro finance with Kudumbashree were through bank accounts. Government had a plan to bring the pension of 5 lakh agricultural workers also through the banking system which would be rolled out soon by Social Welfare Department and Local Self Government Department.
- Regarding Electronic transfer of welfare payments, he opined that probably biometric identification would suffice but there would not be needed to spend money on Bio-metric Smart Card which was raised in the meeting Government had with the RBI Governor on 29.05.2009. This point should be looked into by banks.
- CD Ratio as at March 2003 was 45% and went up to 71.39 % as at March 2008 through the sustained efforts made by banks. But it was come down to 63.54% as at March 2009 with a decrease of nearly 8%. The CD Ratio in rural areas, urban areas and semi-urban areas stood at 80.40%, 79.69% and 53.22% respectively. It was surprising to note that in semi urban area Deposits was far below at 57.48% of the total deposits and NRI deposits was 68.27% of total NRI deposits. Banks should certainly underline the need to expand credit in semi-urban areas. There was tremendous scope in credit flow to the MSME sector in Kerala. Added that the rate of unemployment among the educated unemployed youth in Kerala was the highest. A meaningful engage to MSME should be needed thereby ensuing the creation of capital formation as well as employment so as to contribute to the GHDP. Today under GHDP, about 58% was coming from tertiary sector, remaining from primary sector and secondary sectors. Banks should come up with an action plan in this regard.
- The performance of Annual Credit Plan was satisfactory with an achievement of 110%. The primary sector accounted for 47.47% and tertiary sector accounted 46.29% and secondary sector accounted only 6.24% of the total disbursement under ACP. It was agreed that the primacy of adequate and timely flow to the primary sector in the

context of continuing economic slow down. But secondary sector was starving of funds. Though banks had done excellent work in achieving the targets more than 100% in terms of extending incremental working capital loan and restructuring of loan accounts for SME as per the fiscal stimulus package announced by the Government of India, we should go beyond that and extend further credit to MSME sector.

- Disaggregated data on MSME credit between urban area, semi urban area and rural areas should be provided so as to assess the performance of MSME in semi urban area.
- He pointed out that EMS Housing scheme was totally risk free and socially relevance scheme with adequate funds. The matter was constantly pursuing with Government of India and RBI for approval. He requested Regional Director, RBI to look into the matter.
- Government of India had come up with fiscal stimulus package for implementing in the State. There were State specific issues arising as a result of continuing economies slow down. For minimising the effect of the slow down in the State, state specific issues could be addressed by the forum.

**Sri. Teeka Ram Meena, IAS**, Secretary, Planning & Economic Affairs Department, Government of Kerala stated that the main task for the Planning Secretary was better coordination between the bankers and Government. He informed that basing on the importance of the SLBC meeting, Chief Secretary had suggested some of the senior secretaries should attend SLBC meeting.

On behalf of the State Government, he appreciated the Convenor of SLBC, Sri. K. N. Acharya and extended wholehearted welcome to the Chairman of the meeting Sri. A. C. Mahajan. He said that SLBC meetings had been conducted regularly with lively discussions so as to sort out the issues raised in the forum. Regarding the relationship between the bankers and State Government he informed that there was always prevailing good atmosphere. He hoped that the major concerns flagged out by the Chief Secretary and Finance Secretary in the meeting would be addressed in a very positive manner.

It gives an opportunity for the bankers to raise the issues, which they were confronting with various departments, in the presence of senior secretaries and officials in the forum. He requested the Secretaries of Government Departments also to speak on the issues, which they were having with the bankers. In conclusion he extended best wishes for successful deliberations in the day's meeting.

**Sri. S. M. Vijayanand, IAS**, Principal Secretary, Local Self Government Department, Government of Kerala highlighted the following points in the meeting.

- Government of Kerala had proposed to start the EMS Housing Programme in August 2009. There was no violation of RBI circular under the scheme that local Governments were not public sector entities and devolution to the local Government was not a budgetary grant. The scheme was absolutely viable with zero risk. The decision in this regard should be taken by the bankers themselves at the earliest.
- DRI component under Indira Awas Yojana (IAY) scheme was agreed by the

Government of India and RBI. Unfortunately even the States like Kerala there was not much of DRI advances due to some procedural problems. The agenda note on the scheme provided in the meeting should be discussed and sort it out.

- Government of India had announced two schemes in urban sector (1) Rajiv Awas Yojana (2) Interest subvention for credit linked schemes for poor, the details of which would be announced by the Central Government.
- There was considerable improvement in DRI advances He pointed out some of the linkage possibilities for achieving DRI advances beyond the mandatory level of 1%. (1) Linkage of all housing schemes in addition to IAY. (2) Linkage to the NREGS. He informed that NREGS could be already contributed about Rs. 180 crores to bank deposits which would have gone upto Rs. 500 crores during the current year. (3) Linkage to the Kudumbashree would also be possible.
- Kerala State was slipping the following things under NREGS. Kerala was one of the best in terms of quality of implementation, zero corruption, women/panchayat oriented etc. 7 lakh people were working under the scheme in Kerala. But unfortunately they were getting their wages after 3 weeks which was beyond the period guaranteed by the law. There were 3 sources of delay - Panchayat Secretary, the Engineer and bankers. The delay in this regard should be avoided with proper action by all.
- Regarding Fund flow he informed that Government of India had transferred funds with districts and across the panchayats during the last year. During the current year the funds would be transferred to the State employment guarantee fund from where the department would provide the same to the banks and panchayats so as to avoid problems. Karnataka State had come out with an automatic fund transferring system which could be implemented in the Kerala State also for which he requested to set up a sub-group with Mission Director, Commissioner for Rural Development and representatives from one or two banks so as to look into the matter immediately.
- Regarding Business correspondents model he informed that Kerala State was a well banked State with limited area of business correspondents at least in the case of NREGS. The business correspondent models were stuck at national level due to the exclusion of 2% transaction charges. There were discussions as how to build the 2 % in to other kind of things.
- Referring to the SGSY and SJSRY schemes, he informed that revised guidelines of SJSRY scheme had already issued and revised guidelines of SGSY would be issued within next 2 months. He made a request to SLBC Convenor to form a sub-group for working out the operational modalities within the State because of tremendous flexibility to the State Government. He pointed out that the SGSY and SJSRY scheme should be transparent through which all the beneficiaries should be aware about the rate of interest, capital, subsidy etc so as to avoid the confusion. He added that it was mandatory to provide all those details, if a beneficiary files an application under the RTI Act.
- Regarding Rural Self Employment Training Institutes (RSETIs) he informed that Department had identified lands for setting up of RSETIs in the State except in 2 districts. Department had got 7 proposals for setting up of RSETIs. He said that Detailed Project Reports (DPRs) with the building design and cost has to be forwarded to the NIRD with the recommendation of the State Government so as to get a funding

support of Rs. 1 crore. He requested those banks which have given the DPRs, to submit all the details. He added that Government had issued a Government Order in this regard saying that the land marked out by the District Collector would be used for RSETI.

- Government of Kerala had decided to give a considerable interest subsidy so that Kudumbashree people would get loan at very low interest rate of 4-5% for which procedure should be worked out. During the current year the Community Development Societies (CDS) would be revamped for getting linkage assistance. He added that CDS action plan had been prepared and the formats prepared in Malayalam would be shared with bankers for which an Appraisal Committee had been constituted at village panchayat level. He requested those relevant bankers to attend the CDS action plan finalization wherein banks could raise their concerns so as to make a realistic assessment of linkage loan.
- Credit flow to SC/ST sector was very low. Most of the SC/ST advances were sanctioned under Government Sponsored schemes. The desegregated data of SC/ST advances in which the purpose of utilisation should be provided. He informed that SC/ST commission from Central Government would be visiting the State on 29.06.2009 for taking the evidence of SC/ST Development as well as credit flow to SC/ST.
- In Kerala financial inclusion was very active. More than 7 lakhs people under NREGS had been opened accounts with huge deposits. Department had proposed to conduct a half day training programme for each of 2 lakh NHGs with the support of banks for which a module should be developed jointly by Kudumbashree, RBI and SLBC so as to reach out the message of financial inclusion to all the people.

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

- He reminded the assurance given by him during the previous SLBC meeting to sort out the issue regarding the overdue investment in Kerala Industrial Revitalisation Board Fund Bonds (KIRBF) represented by several banks. He informed that the issue was being monitored by him personally and assured the forum that Government would be able to sort out the issue within 30.06.2009.
- Regarding Government guarantees to PSUs he stated that information in this regard was not available with him.
- He requested all banks to extend more loans to MSME sector.
- He pointed out that more than 50% loan sanctioned cases under PMEGP were not disbursed so far. He requested all banks to give more concentration in this regard.

Regarding Education Loans, **Sri. Kuruvila John, IAS**, Principal Secretary, Higher Education Department pointed out that the loans for Higher Education were becoming less affordable to the common man particularly with the advent of self financing sector. He suggested that Education Loans would be liberal, hassle free with simplified procedures and affordable interest rate. At present the loan amount sanctioned to the student is being credited to the account of Educational Institution which created some problems. Therefore he suggested that the Education loan should be credited to the student's account itself so as

to avoid the problems. He added that the loan would not have confined to the fees which could also be used for purchasing books, computers and such other requirements for the development of Education.

**Smt. Sarada Muraleedharan, IAS**, Executive Director, Kudumbasree had made the following points in the meeting.

- Regarding SAMAGRA Projects under Kudumbasree, she informed that some of projects already took off during the previous year itself which would require the micro enterprises loans and lease land farming loans. She informed that usually the formats for lending to NHGs would be either through the linkage loan system or Joint Liability Groups. She requested that instructions in this regard should be given with a proactive approach especially in the context of getting more importance to the primary sector and food security programme. Department was looking that category of people who would require support. She added that under the Samagra project linkage of crop loans and other input supports would be ensured. She requested wholehearted support from banks in this regard.
- She then indicated the CDS action plan which was mentioned by Principal Secretary (Local Self Government) and the proposed interest subvention scheme. She expected that their linkage loans would be doubled during the current year. The assessment in the field was through this action plan for more farmer groups who were ready for availing loans. She stated that Department had excellent collaboration and co-operation from all and expected an exponential increase in this area. She informed that the digitalized repayment information system of the Department was almost ready. Department had linkage with CDAK, Government of India technical organization, for developing the module and which would be rolling out micro finance database entries immediately. She requested SLBC Convenor to provide an opportunity for presenting the details regarding the digitalised repayment information system once it would be ready.

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 98<sup>th</sup> Meeting of SLBC, Kerala held on 24<sup>th</sup> April, 2009, which was forwarded to the members, vide Convener's letter TLB/35/474/2009/SSK dated 25<sup>th</sup> May, 2009.

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

### **2.1. Agricultural Debt Waiver and Debt Relief Scheme (ADWDRS) – 2008 - Cut-off date for acceptance of grievances from farmers covered under the scheme**

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

*(Action: Banks)*

### **2.2. 100% Financial Inclusion – Evaluation by external agencies appointed by RBI**

## **– Broad Findings**

While pointing out the functioning of no frills accounts, **Smt. Sarada Muraleedharan, IAS**, Executive Director, Kudumbasree informed that they had a system of Community Development Societies (CDS) with Area Development Societies (ADS) and they had formed a sub-committee for looking into the area of micro finance. Department could organise meetings and awareness camps at Panchayat/Municipal levels along with banks so as to ensure proper awareness among women beneficiaries regarding no frill accounts. She made an offer to the banks that, the department would be able to mobilise this youth across panchayats in every single local self governments if any banks would be interested.

**Sri. L. C. Goyal, IAS**, Principal Secretary, Finance Department said that he was sure that every bank must be having some sort of action plan in this regard. He requested that all banks should take some concrete steps so as to make all these inoperative accounts fully functional.

**Sri. A. C. Mahajan**, Chairman & Managing Director of Canara Bank & Chairman of the meeting pointed out that as indicated by General Manager, Canara Bank, various banks were having their own schemes to lend money to the people those who had opened no frill accounts. As per RBI guidelines General Credit Cards were issued to the people by banks. He informed that Board of Directors Canara Bank had recently approved a scheme called Nayee Disha with a sum of Rs. 750 crores earmarked for lending to this category of the candidates all over India. He was sure that since RBI directive was in place for activating all such accounts, the Boards of various banks were in the process of forming such schemes. He requested Controllers of all banks to convey the concerns of SLBC in activating the inoperative accounts to all their branches.

While pointing out the statement on no frills accounts which was included in the agenda notes, **Sri. K. N. Acharya**, General Manager, Canara Bank & Convenor SLBC suggested that some remodelling/additional information may be required which would be taken care of by all banks.

*(Action: All the Banks)*

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

The forum noted the contents for information.

### **2.4. Jansankhya Sthirata Kosh (National Population Stabilization Fund) – JSK**

The forum noted that KSCARD Bank has become one of the members of the society and requested other banks to take necessary action in this regard and forward the details to SLBC Convenor for incorporating the same in the next SLBC meeting.

*(Action: Banks & other institutions)*

## 2.5. IT-enabled Financial Inclusion

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

**Lead District Manager, Kollam** informed that the matter had been discussed in the BLBC/DCC/DLRC meetings. The ground work was prepared and the details in this regard were provided to the Branch Managers. Once the final road map is to be prepared and approved by Reserve Bank of India, the short list of vendors would be released, of which bankers can select the vendors. He informed that they had not received any type of such communications of Business Correspondents so far. He added that there were problems regarding the sharing of cost with Government and RBI. All these things have been looked by the LDM. He stated that he would be in a position to implement the system once they would get necessary directions either from SLBC or RBI as regards Business Correspondents.

Regarding the bio-metric smart card distribution in Idukki district, **Lead District Manager, Idukki** informed that Union Bank of India had taken initiatives in this regard and started in Kattappana block and State Bank of Travancore had also started in Nedungandam. As per the decision from SLBC, the matter was discussed in the latest DLRC meeting wherein the members suggested that the social security pension payments should be through the system. Regarding cost sharing, the DLRC meeting requested the SLBC to take up the matter with the Government and RBI. He added that the MoU with the State Government and Union Bank of India was in progress.

**Lead District Manager, Wayanad** informed that they had conducted a special DCC meeting with bankers and NREGA Departments in this regard. They had chalked out the project during the last DLRC meeting and took a decision to implement the system in Sulthan Bathery block in the first phase followed by other two blocks in a time bound manner.

**Sri. K. N. Acharya**, General Manager, Canara Bank & Convenor SLBC noted that there was lot of improvement and further processing in the matter of IT-enabled financial inclusion which would be taken further before SLBC.

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

## 2.6. District-wise Credit Deposit 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 requested LDM, Pathanamthitta and bankers in the district to take necessary steps for improving the CD Ratio further.

Responding to the Principal Secretary (Finance), Government of Kerala regarding the mandatory level of 40%, **Lead District Manager, Pathanamthitta** informed that this was

a special benchmark fixed by Reserve Bank of India. He said that they had now crossed the mandatory level and initially it was only 13%. He informed that in Pathanamthitta district maximum remittances were coming from non residents. A sub-committee was set up for monitoring the CD Ratio. He informed that more than 50% area in Pathanamthitta district is forest as well as out of the total cropped area 50% is rubber crops. Most of the landholders in the district were NRIs. During the sub-committee meeting so many strategies were made including some new allied activity schemes for pravasi returns.

**Sri. A. C. Mahajan**, Chairman of the meeting requested LDM, Pathanamthitta to carry out a study through which they could find out the category of borrower people who were actually being denied credit. He requested the LDM to give proper education among the people regarding banking facilities.

**Lead District Manager, Pathanamthitta** informed that they had concentrated on such issues in the sub committee level also. He added that per capita credit of Pathanamthitta district was above the average per capita credit (7%) in the State. Moreover the population in the district was very low.

**Sri. D. Asainathan**, Assistant General Manger, RBI informed that the sub-committee on Credit Deposit Ratio in the Pathanamthitta district was very active and the mandatory special minimum level for Pathanamthitta was given by RBI since December 2007 and constantly maintaining the same.

*(Action: LDM, Pathanamthitta & Banks)*

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

The forum requested the respective banks to take note of the above for necessary action.

*(Action: Banks)*

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

The forum noted the contents for information.

**Sri. A. C. Mahajan**, Chairman of the meeting informed that all over India there were no takers under the scheme, but there were be some takers in Kerala and expressed happiness.

Regarding the data integrity under the scheme, **Sri. K. N. Acharya**, General Manager, Canara Bank & Convenor SLBC requested member banks to furnish correct data so as to give accurate picture in the next SLBC onwards.

*(Action: All the Banks)*

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

**Sri. A. C. Mahajan**, Chairman of the meeting requested the forum to deliberate the matter because the CGMSE scheme had been implemented by the banks in their own interest. It was necessary to cover all the eligible accounts under the CGMSE scheme. Now the amount eligible to be covered has been increased to Rs. 1 crores from Rs. 50 lakhs so that most of the borrowers would be coming under the scheme. As such, advances to taxis, advances to business etc. could be covered under the CGMSE scheme. He requested all banks to ensure that the branches under their control should implement the scheme extensively. He informed that the scheme has been discussed every time in FM meeting with Chief Executive officers. The scheme was one of the best schemes and collateral would not have needed to cover the accounts. He added that securing the advances was more important than having a collateral. He requested all banks to change their mindset in this regard. Moreover, something should be done for popularising the scheme. He requested Controlling Offices of all banks to issue necessary instructions in this regard.

**Smt. Sarada Muraleedharan, IAS**, Executive Director, Kudumbasree suggested that the data could be splited up to micro and small enterprises.

**Sri. A. C. Mahajan**, Chairman of the meeting informed that both type of the accounts were covered by the credit guarantee fund upto Rs. 1 crore.

**Sri. V. Damodaran**, General Manager, Federal Bank informed that CGMSE scheme did not cover SHG finance.

**Sri. A. C. Mahajan**, Chairman of the meeting assured the forum to take up the matter with SIDBI requesting to cover SHGs finance also under the scheme.

*(Action: Banks & SLBC Convenor)*

### **3. Follow up of Residual Issues**

#### **3.1. Creation of a position on the lines of “Director of Institutional Finance” in the State**

**Sri. L. C. Goyal, IAS**, Principal Secretary, Finance Department informed that actually Sri. T. R. Meena IAS, Secretary (Planning), Government of Kerala is having concurrent charge of the Secretary of Institutional Finance also. The post of Director of Institutional Finance would not be needed because the Secretary, Institutional Finance was higher than that envisaged. He added that Sri. Meena IAS should be more than suffice and facilitate coordinating between banks and Government.

**Sri. T. R. Meena IAS**, Secretary (Planning), Government of Kerala pointed out that while discussing the matter in earlier SLBCs, the assurance was given by him to examine the matter favourably. Now the Principal Secretary (Finance) had clarified the issue.

**Sri. A. C. Mahajan**, Chairman of the meeting pointed out that it was only a mindset problem of bankers because all other States were having such a particular post of Director of Institutional Finance for proper and more effective liaison between Government

Departments and banks. He observed that Sri. Meena was quite effectively coordinating between banks and Government.

As per the clarification from the Principal Secretary (Finance), Government of Kerala the forum decided to drop the matter from the pending issues.

*(Action: SLBC Convenor & Government of Kerala)*

### **3.2. ADWDRS – Waiver of RR collection charges**

**The Deputy Secretary**, Revenue Department, Government of Kerala informed that there was already a circular from the Revenue Department in this regard stating that there is no provision for waiver of collection charges.

**Sri. A. C. Mahajan**, Chairman of the meeting requested the Revenue Department to look into the matter favourably because Government of Kerala would be in a position to take an administrative decision regarding waiver of RR collection charges.

**Sri. L. C. Goyal, IAS**, Principal Secretary, Finance Department, Government of Kerala assured the forum to examine the matter in great detail.

*(Action: Finance Department, Government of Kerala)*

### **3.3. Non acceptance of RR requisitions**

It was decided in the meeting that the matter would be taken up with the Revenue Department for a favourable decision.

**Sri. L. C. Goyal, IAS**, Principal Secretary, Finance Department, Government of Kerala suggested that SLBC Convenor have to put a DO letter to the Secretary (Revenue) with a copy endorsed to Finance Department so as to enable him to follow up the matter.

*(Action: Revenue/Finance Department, Govt. of Kerala & SLBC Convenor)*

### **3.4. Computerisation of Land Records**

**The Deputy Secretary**, Revenue Department, Government of Kerala informed that the process of computerisation of land records was going on.

*(Action: Revenue Department, Govt. of Kerala)*

### **3.5. Waiver of Stamp duty on SHG loans**

**Sri. A. C. Mahajan**, Chairman of the meeting suggested that the Executive Director, Kudumbashree could take up the matter with the Department concerned because she would be able convince the Government more effectively than that of banks could do.

**The Additional Secretary**, Taxes Department, Government of Kerala informed that the matter was actively under consideration with the Department.

*(Action: Taxes Department, Government of Kerala)*

#### **4. FRESH ISSUES**

##### **4.1. AGRICULTURE/SGSY/SHG**

###### **4.1.1. Agenda items suggested by NABARD**

###### **4.1.1.1. Rural Infrastructure – Accelerating the flow of Ground Level Credit**

The forum noted the contents for information.

*(Action: Banks)*

###### **4.1.1.2. Ground Level disbursements: Focus to term loan lending**

The forum noted the contents for information.

*(Action: Banks)*

###### **4.1.1.3. Relief to Coffee Growers are under distress**

**Sri. A. C. Mahajan**, Chairman of the meeting noted that the letter had been addressed to the Chairmen of all the banks and proper instructions in this regard had already been given to the Controlling Officers of banks in different States. In Kerala banks were in the process of restructuring the loans of coffee growers which would be completed before 30.06.2009.

**Sri. Joseph S. Pynadath**, General Manager, NABARD informed that the entire coffee crop depends on the pre-blossom monsoon which had been failure in Kerala. Bankers were under the restructuring process.

**Sri. L. R. Ramachandran**, Assistant General Manager, NABARD pointed out as per RBI circular of July 2008, banks had been asked to take a decision regarding restructuring of loans of coffee growers. Instructions were already given to banks, but so far the data as to how many loans were being restructured was not available.

**Sri. L. C. Goyal, IAS**, Principal Secretary, Finance Department, Government of Kerala requested the SLBC forum to provide the data in the next SLBC meeting.

**Sri. A. C. Mahajan**, Chairman of the meeting requested SLBC Convenor to collect the information in this regard including as how many customers were having loans, of which how many customers were under distress and how many accounts were restructured etc.

*(Action: Banks & SLBC Convenor)*

###### **4.1.2. Exclusion of Farmer-borrowers of Private Sector Banks in Govt. of India's scheme for Short Term Credit up to Rs. 3 lakhs to Farmers at 7% [Interest subvention for crop loans up to Rs. 3 lakhs] (Suggested by Federal Bank)**

**Sri. A. C. Mahajan**, Chairman of the meeting said that the matter had to be left with Government of India and SLBC could not interfere in this regard because the issue had been covered under the Act passed by the Parliament of India.

**Sri. V. Damodaran**, General Manager, Federal Bank pointed out that the benefit was given to the borrowers not to the bank and there was no justification for differentiation among the borrowers of private sector and public sector banks. The matter should be brought to the attention of the concerned authority.

**Sri. S. Ramaswamy**, Regional Director, Reserve Bank of India informed that the matter had taken up with the Central Government covering all the details and Government of India could take a decision in this regard. .

**Sri. A. C. Mahajan**, Chairman of the meeting pointed out that there were certain issues which could not be addressed by the banker.

*(Action: RBI/Banks Concerned)*

## **4.2. SME/PMEGP**

### **4.2.1. Rehabilitation of Sick Micro and Small Enterprises (MSEs) (Suggested by Reserve Bank of India)**

The forum noted the contents for information and requested State Government/SLBC Convenor to take necessary action.

*(Action: State Government/SLBC Convenor)*

### **4.2.2. CGFMSE Coverage for loans granted to SHGs (Suggested by DLRC, Thrissur)**

The forum requested SLBC Convenor to take up the matter with SIDBI for CGFMSE coverage for SME lending to SHGs.

*(Action: SLBC Convenor)*

### **4.2.3. Agenda items suggested by the Director of Coir Development**

#### **4.2.3.1. Setting up of defibering mills under Co-operative Sector and Private Sector**

The forum concurred with the suggestion that individual banks to finance the beneficiaries of defibering mills to be set up by Coir development in the State and requested SLBC Convenor to circulate the same to all banks.

*(Action: Banks & SLBC Convenor)*

#### **4.2.3.2. Debt Relief Scheme for Coir Workers, Small-scale Coir producers and Coir Co-operatives**

The forum noted the contents for information.

*(Action: Directorate of Coir Development)*

## **4.3. OTHERS**

### **4.3.1. Agenda items suggested by Reserve Bank of India**

#### **4.3.1.1. Effective utilization of “Lok Adalat” as an Alternative Dispute Resolution Mechanism for Bank Debt**

The forum noted that the Mega Lok Adalat conducted in the districts of Punjab and Haryana were successful in which a lot of cases had been settled. The Government of Kerala might also take pro-active action on the above lines. The forum requested SLBC Convenor to circulate the same to member banks instructing them to give wide publicity through DLRC/DCC meetings.

*(Action: Banks & SLBC Convenor)*

#### **4.3.1.2. Cautioning the public against fictitious offers of remitting cheap funds from abroad**

The forum noted the contents for information.

*(Action: All the banks)*

#### **4.3.1.3. Incentive Scheme for quicker adoption of Electronic Benefit Transfer for government payments**

The forum noted that Union Bank of India and State Bank of Travancore had started the electronic transfers and requested other banks also to follow suit.

**Sri. L. M. Ganesan**, Assistant General Manager, RBI pointed out that, during his remarks Sri. S. M. Vijayanand IAS, Principal Secretary (Local Self Government Dept) stating that no transaction fees should be charged by banks. He informed that the RBI communication clearly saying that Rs. 50 per card would be made by RBI to the implementing bank only on the basis of agreement between the State Government and implementing bank regarding cost sharing plus other aspects including payment of transaction charges. He added that earlier it was fixed at 2% by RBI and it was implemented on account of the problems faced in other States. So far 8 States had been implemented the relaxation. Instead of 2 % now it was left to the State Government as well as banks. He pointed out that the SLBC sub-committee which had set up in this regard had met 3-4 times wherein representatives from Government and Controlling Heads of banks were present. The scheme had become successful, wherever it implemented because of the active support from State Government. Therefore, he requested more active support from State Government to carry forward the scheme, otherwise Kerala State, which was the first major State to achieve Financial Inclusion in the first phase itself, would be lagging behind to other States.

**Sri. L. C. Goyal**, IAS, Principal Secretary, Finance Department informed that the issue was discussed in detail in the meeting with Governor, RBI wherein the Finance Secretary of Bihar State opined that there would be no need of Bio-metric smart card, but identification would be necessary. He made a request that the above aspect also should be discussed in detail by the sub-committee. He added that first of all to know whether there would be any scope to reduce the transaction cost on this item and who would be borne the cost.

*(Action: Banks, Reserve Bank of India & SLBC Convenor)*

**4.3.2. Uniform Interest rate and collateral free loan for Multipurpose Service Centres/Job Club Scheme** (Suggested by Secretary to the Government of Kerala, Labour & Rehabilitation Department)

**Sri. A. C. Mahajan**, Chairman of the meeting suggested that the bankers in the forum to take up the request of the State Government with their Head Quarters. He added that ultimately uniformity of Rate of Interest might not be possible in a deregulated environment.

*(Action: Controlling Office of Banks)*

**4.3.3. Launching of District Credit Plans (DCPs) by Lead Banks in time** (Suggested by SLBC Convenor)

The forum noted the contents and requested the LDMs concerned to take necessary action for avoiding the delay of launching the ACP.

*(Action: LDMs)*

**4.4. INFORMATION NOTE**

**4.4.1. Information Note on Implementation of Prime Minister's Employment Generation Programme (PMEGP)**

**Sri. V. Damodaran**, General Manager, Federal Bank pointed out that PMEGP applications were routed through certain branches only and they were not opening accounts with private sector banks. He reminded that Federal Bank has third highest target under PMRY in the State. KVIC could open accounts with private sector banks also without any problem.

**4.4.2. SGSY – Credit Mobilisation Target for 2009-2010**

The meeting noted the contents for information.

*(Action: LDMs)*

- 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.

With the above deliberations, the 99<sup>th</sup> meeting of SLBC, Kerala came to a halt.

**Sri. M. Palaniappan**, Deputy General Manager, Canara Bank proposed vote of thanks.

## LIST OF PARTICIPANTS

### CHAIRMAN OF THE MEETING

**Sri. A. C. Mahajan**

**Chairman & Managing Director, Canara Bank**

### GOVERNMENT OF INDIA/GOVT. OF KERALA/DEVELOPMENTAL AGENCIES

- |                                    |  |
|------------------------------------|--|
| 1. Smt. Neela Gangadharan, IAS     | Chief Secretary, Government of Kerala                              |
| 2. Sri. T. Balakrishnan, IAS       | Principal Secretary, Industries & Commerce                         |
| 3. Sri. S. M. Vijayanand, IAS      | Principal Secretary, Local Self Government                         |
| 4. Sri. L. C. Goyal, IAS           | Principal Secretary, Finance Department                            |
| 5. Sri. Kuruvila John, IAS         | Principal Secretary, Higher Education Department                   |
| 6. Sri. P. K. Mohanty, IAS         | Principal Secretary, Agriculture Department                        |
| 7. Sri. Teeka Ram Meena, IAS       | Secretary, Planning & Economic Affairs Department                  |
| 8. Sri. Ajay Kumar, IAS            | Secretary, Information Technology Department                       |
| 9. Sri. M. N. Gunavardhanan, IAS   | Secretary, Water Resources Department                              |
| 10. Sri. T. O. Sooraj, IAS         | Director of Industries & Commerce                                  |
| 11. Smt. Sarada Muraleedharan, IAS | Executive Director, Kudumbashree                                   |
| 12. Smt. Tinku Biswal, IAS         | Director of Agriculture  |
| 13. Dr. Rathan Kelkar, IAS         | Director, Kerala State IT Mission                                  |
| 14. Sri. K. S. Srinivas, IAS       | Additional Secretary, Industries Department                        |
| 15. Sri. S. Vijayakumar            | Additional Secretary, Co-operation Department                      |
| 16. Smt. B. Sreedevi               | Additional Secretary, Taxes Department                             |
| 17. Sri. S. Dinesh                 | Additional Development Commissioner for Rural Development          |
| 18. Smt. Baby Girija S             | Joint Secretary, SC/ST Development Department                      |
| 19. Smt. V. V. Suseela             | Deputy Secretary, Revenue Department                               |
| 20. Sri. R. P. Sharma              | General Manager, SFAC  |
| 21. Sri. M. K. Rajendran           | Director, KVIB   |
| 22. Dr. K. G. Suma                 | Additional Director, Animal Husbandry Department                   |
| 23. Sri. R. Ajith Kumar            | Additional Director, Agriculture Department                        |
| 24. Sri. Abdul Majeed              | Additional Director, Coir Development                              |
| 25. Sri. K. G. Dinachandran        | Additional Director, Dairy Development                             |
| 26. Dr. A. R. Srinath              | Deputy Director, SFAC  |
| 27. Sri. K. Viswanathan            | Deputy Director, Directorate of Employment                         |
| 28. Sri. Devaprasad G. P           | Deputy Registrar of Co-operative Societies                         |
| 29. Sri. G. S. Prakash             | Deputy Director, MSME Development Institute                        |
| 30. Sri. P. K. S. Nair             | Assistant Director, KVIC   |
| 31. Sri. P. Aravind                | Assistant Registrar, Office of Registrar of Co-operative Societies |
| 32. Smt. Sabitha Narayan           | Project Leader, SFAC   |
| 33. Sri. S.S. Nair                 | Development Officer, KVIC  |
| 34. Sri. E. Erani                  | General Manager, SIDCO   |
| 35. Sri. K. S. Rajeev              | Assistant General Manager, KFC                                     |
| 36. Sri. K. Shankar                | Senior Financial Consultant, KINFRA                                |
| 37. Dr. Lal Thompson               | Junior Hydrogeologist, Groundwater Department                      |
| 38. Sri. A. Jothi Sathianess       | Project Economist, Agriculture (PPM Cell) Dept.                    |
| 39. Sri. P. N. Ajaya Kumar         | Technical Assistant, KVIB  |

## **RESERVE BANK OF INDIA**

- |                       |                           |
|-----------------------|---------------------------|
| 1. Sri. S. Ramaswamy  | Regional Director         |
| 2. Sri. K. D. Joseph  | Assistant General Manager |
| 3. Sri. L. M. Ganesan | Assistant General Manager |
| 4. Sri. D. Asainathan | Assistant General Manager |
| 5. Sri. P. Ravindran  | Assistant General Manager |
| 6. Sri. Suraj S.      | Research Officer          |

## **NABARD/NHB**

- |                            |   |
|----------------------------|---|
| 1. Sri. Joseph S. Pynadath | General Manager, NABARD                 |
| 2. Sri. K. R. Parameswaran | 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                         |

## **STATE BANK GROUP**

- |                              |   |
|------------------------------|---|
| 1. Sri. V. P. Singh          | General Manager, State Bank of Travancore           |
| 2. Sri. Samuel Ganesan       | Deputy General Manager, State Bank of India         |
| 3. Sri. V. Sasidharan Pillai | Assistant General Manager, State Bank of Travancore |
| 4. Sri. P. S. Rajamohan Nair | Chief Manager, State Bank of Travancore             |
| 5. Sri. S. Vijayakumar       | Branch 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. Xavier Thomas           | Deputy General Manager, Indian Overseas Bank     |
| 4. Sri. N. Devadas              | Deputy General Manager, Vijaya Bank              |
| 5. Sri. T. S. Panicker          | Assistant General Manager, Punjab National Bank  |
| 6. Sri. N. R. Debnath           | Assistant General Manager, Central Bank of India |
| 7. Sri. C. P. Balachandran Nair | Assistant General Manager, Syndicate Bank        |
| 8. Sri. K. Ajith Rao            | Assistant General Manager, Corporation Bank      |
| 9. Sri. Regunath M. Sarma       | Deputy Regional Manager, Dena Bank               |
| 10. Sri. K. P. Radhakrishnan    | Chief Manager, Bank of Baroda                    |
| 11. Sri. O. P. Oommen           | Chief Manager, Union Bank of India               |
| 12. Sri. V. M. Sundareswaran    | Chief Manager, Oriental Bank of Commerce         |
| 13. Sri. P. Balasundaran        | Senior Manager, Indian Overseas Bank             |
| 14. Sri. M. Narayana Naik       | Manager, Syndicate Bank                          |
| 15. Sri. S. S. Pillai           | Manager, Dena Bank                               |
| 16. Sri. Sebastian Thoma        | Senior Branch Manager, Andhra Bank               |
| 17. Sri. G. S. Nair             | Senior Branch Manager, Vijaya Bank               |
| 18. Sri. N. S. Subramanian      | Deputy Chief Officer, Central Bank of India      |
| 19. Sri. D. S. Rajagopalan      | 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. M. Palaniappan | Deputy General Manager                   |
| 5. Sri. Thomas Thomas  | Assistant General Manager                |
| 6. Sri. E. Selvaraju   | Divisional Manager                       |
| 7. Sri. R. Padmanabhan | Officer                                  |

### **REGIONAL RURAL BANKS**

- |                           |                      |
|---------------------------|----------------------|
| 1. Sri. V. Sriramaprakash | Chairman, NMGB       |
| 2. Sri. G. Pandurangan    | Chairman, 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. K. I. Varghese    | Deputy General Manager, Federal Bank         |
| 3. Sri. John Thomas       | Deputy General Manager, South Indian Bank    |
| 4. Sri. A. J. Joseph      | Zonal Manager, Catholic Syrian Bank          |
| 5. Sri. P. S. Nandakumar  | Deputy Vice President, HDFC Bank             |
| 6. Sri. Vijay Pillai      | Regional Head, ICICI Bank                    |
| 7. Sri. M. P. Sreekumar   | Chief Manager, Dhanalakshmi Bank             |
| 8. Sri. Ajith Kumar C. H. | Senior Manager, Federal Bank                 |
| 9. Sri. James Vadakkan    | Cluster Head, ING Vysya Bank                 |
| 10. Sri. Praveen Kumar    | Manager, Karnataka Bank                      |
| 11. Sri. K. Varadharajan  | Credit Relationship Manager, ICICI Bank      |
| 12. Sri. Paul Ben Abraham | Manager, Axis Bank                           |
| 13. Sri. R. Kannan        | Assistant Manager, Tamilnadu Mercantile Bank |

### **CO-OPERATIVE BANKS**

- |                        |  |
|------------------------|--|
| 1. Smt. C. Jayalakshmi | Deputy General Manager, Kerala State Co-operative 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. S. Sudharman           | LDM, SBT, Pathanamthitta              |
| 4. Sri. V. Anil Kumar          | LDM, SBT, Alappuzha                   |
| 5. Sri. R. Prabhakaran         | LDM, SBT, Kottayam                    |
| 6. Sri. V. Ramanathan          | LDM, Union Bank of India, Idukki      |
| 7. Sri. K. R. Jayaprakash      | LDM, Union Bank of India, Ernakulam   |
| 8. Sri. R. Rajagopalan         | LDM, Canara Bank, Thrissur            |
| 9. Sri. O. Raveendran          | LDM, Canara Bank, Palakkad            |
| 10. Sri. P. Unnikrishnan       | LDM, Canara Bank, Malappuram          |
| 11. Sri. J. R. Anilkumar       | LDM, Canara Bank, Kozhikode           |
| 12. Sri. K. Balan              | LDM, Canara Bank, Wayanad             |
| 13. Sri. C. K. Thulasidharan   | LDM, Syndicate Bank, Kannur           |
| 14. Sri. K. T. Shivadasa       | LDM, Syndicate Bank, Kasaragod        |