

**105th MEETING OF STATE LEVEL BANKERS' COMMITTEE, KERALA
AGENDA AND BACKGROUND NOTES**

Date : 22.12.2011 (Thursday)
Time : 10.30 a.m.
Venue: Hotel Residency Tower
Govt. Press Road, Trivandrum

1. ADOPTION OF MINUTES

The minutes of the 104th Meeting of SLBC, Kerala held on 30th September, 2011 has already been forwarded to the members vide Convener's letter TLB/35/1641/2011/KRA dated 25.10.2011.

The House may adopt the said minutes.

2. ISSUES DECIDED BY THE SUB-COMMITTEE OF SLBC PLACED FOR APPROVAL

2.1. PRIMARY SECTOR

2.1.1. Finance for Estate purchase to be classified as Agricultural advance (Suggested by State Bank of Travancore)

Kerala is a small state with peculiarity of limited agricultural land extent and fragmented holdings. Plantation is a vital sector in agricultural economy of Kerala. Almost 80% of the area is under Plantation and Horticulture crops. Maximum potential in this sector could be utilized only by intensive cultivation in the available cultivable land. Some of the Plantation/estates remain neglected and in abandoned stage. The major reason for this is the lack of interest of the owners in the agricultural field due to the lower profitability and increasing cost.

In Kerala Plantation activities are now getting momentum due to increased profitability and various other favourable factors. More and more new entrants are interested to come to this field. A large number of expatriates after returning from abroad prefer to settle down in Agriculture. Most of the aspirants happen to be our erstwhile NRI clientele. To promote this trend and encourage such viable activities we have to support them with financial assistance. In Kerala majority of the plantation area is concentrated to the eastern parts of the state and High ranges where we have good presence. The major crops are rubber, cardamom, tea, coffee etc.

However in terms of the Reserve Bank of India guidelines lending for purchase of estates does not come under Agricultural finance and Priority sector advance. This has proved to be one of the key factors, which adversely affect the growth of Agricultural Loan portfolio.

It is requested to include the above as agenda item in the SLBC meeting in order to take up with Reserve Bank of India.

In the Sub-Committee meeting of SLBC, Kerala on Primary Sector held on 10.11.2011 it was informed that RBI is not in favour of considering the proposal. However, the sub-committee suggested that SLBC may make a representation to RBI Central Office, Mumbai.

2.1.2. Considering loans for beekeeping purpose as agricultural purpose loans
(Suggested by State Horticulture Mission, Kerala)

State Horticulture Mission – Kerala is an agency functioning in the State for the implementation of two Centrally Sponsored Schemes viz., National Horticulture Mission and National Mission on Medicinal Plants. ‘Pollination support through beekeeping’ is an important component under NHM programme. The programme aims at increasing horticultural production by enhancing pollination of horticultural crops using honeybees. Kerala State Horticulture Products Development Corporation is the State Designated Agency implementing the scheme in Kerala. Development and multiplication of nucleus stock, distribution of bee colonies, hives and equipments are the activities coming under Pollination support through bee keeping. Bee keeping being an agricultural activity, loans for bee keeping may be considered as agricultural purpose loans.

*The Sub-Committee of SLBC, Kerala on Primary Sector that met on 10.11.2011 at Canara Bank, Circle Office, Trivandrum and observed that loans for bee keeping is already being considered as agriculture loans. Hence the item may be **dropped**.*

2.1.3. Extending the period to cover 100% of the farmers with Agriculture credit
(Suggested by Syndicate Bank)

The branches are requesting for more time to achieve 100% coverage of farmers with agriculture credit.

The matter was examined by the Sub-Committee of SLBC, Kerala on Primary Sector that met on 10.11.2011 which suggested recommending extension of time upto 31st March 2012.

It was revealed that the list of farmers have been provided in Malappuram and Alappuzha Districts. The committee requested SLBC to collect reliable data from Co-operative Sector also for assessing the extent of coverage.

The sub-committee requested the representative from Agriculture Department to issue necessary instructions for providing full name, address and phone number etc. of farmers to LDMs which would help in easy access to these people.

2.1.4. Agenda items suggested by Directorate of Animal Husbandry

2.1.4.1. The rate of interest is very high for the Schemes implemented in Animal Husbandry Sector. Hence interest rate may be reduced and provide the same at par with Agriculture.

*The Sub-Committee of SLBC, Kerala on Primary Sector that met on 10.11.2011 suggested that being term loans the rate of interest cannot be treated at par with that of short term credit and that several factors are taken into account in fixing the rate of interest for term loans. The request cannot be considered and hence recommended to be **dropped**.*

2.1.4.2. Physical and Financial Target and Achievements of Milch Cow Distribution Scheme for which Bank have provided assistance

*Members of the Sub-Committee of SLBC, Kerala felt that culling out such type of data from the existing system may not be possible as such they requested the sponsoring agencies to keep track of the developments/progress in the implementation of such schemes. Hence the sub-committee recommended for **dropping** the item.*

2.1.4.3. Food Security Scheme (Details of 5 schemes placed for information and approval)

Details of 5 schemes to be implemented in the State provided by the Directorate of Animal Husbandry is shown as **Annexure – 9.54.**

The Sub-Committee of SLBC, Kerala on Primary Sector that met on 10.11.2011 suggested placing the schemes in the SLBC for information of banks.

2.1.5. CISS – AMIGS – Fisheries Schemes - Submission of documents (Suggested by NABARD)

In the Regional Committee meeting held on 19 August 2011 at NABARD, Kerala RO, regarding deficiencies in the submission of documents by banks along with the subsidy application for fisheries schemes under AMIGS, the following decisions were taken.

- (i) All fishing boats above 20 meter in length (OAL) and operating beyond territorial waters of the State have to be registered with Mercantile Marine Department, Cochin only, as the State Government is not registering these boats. No license is needed for such boats from the State Government.
- (ii) All fishing boats of up to 20 meter length have to be registered with the Fisheries

- Department, Government of Kerala and they have to obtain license for fishing in territorial waters of the State from Department of Fisheries, Government of Kerala.
- (iii) Mechanized/Traditional Fishing Boats operating within the Territorial Waters of the State, will have to be registered with Fisheries Department, Government of Kerala and obtain fishing license from Department of Fisheries, Government of Kerala.

The above decisions have already been conveyed to the controlling offices of all banks vide our letter No.NB.Kerala/ICD/3921/ICD-79(X)/2010-11 dated 20 October 2011.

All the banks may be advised to comply with the above conditions while sending subsidy application for fisheries schemes under AMIGS.

The Sub-Committee of SLBC, Kerala on Primary Sector that met on 10.11.2011 decided to place the matter before SLBC for information of banks.

2.1.6. Capital Subsidy-cum-Refinance Scheme for Solar Off-grid (Photo-Voltaic & Thermal) & decentralized applications – Bank-wise/district-wise target (Suggested by NABARD)

In order to tap the huge potential in solar power for providing affordable, adequate and uninterrupted power supply to domestic and other consumers, the Ministry of New and Renewable Energy (MNRE), Government of India has introduced a “Capital Subsidy - cum - Refinance Scheme for installation of solar off-grid (photovoltaic & thermal) and Decentralized Applications” to enable the banking system (Commercial Banks and RRBs) to avail of the financial resources including the subsidies, through NABARD, on behalf of their borrowers for creation of relative assets.

Detailed guidelines of the scheme along with the annexures have already been sent to all the controlling offices of the banks vide our letter No.NB.Kerala/ICD/3439/ICD-94/2010-11 dated 26 September 2011.

The gist of the above schemes is as under:

Subsidy cum Refinance Scheme – Solar Photo-Voltaic (Home-lighting systems)

- Capital Subsidy – 30% of TFO
- Margin – 20%
- Bank Loan – 50% of TFO @ 5% interest
- Refinance available for 100% of bank loan at 2 %
- No either or option - refinance compulsory
- NABARD is the fund channelizing agency (Capital subsidy & Refinance)
- Security : As per RBI guidelines
- Insurance : Borrowers to ensure that the units are insured
- Coverage - all parts of India -irrespective of urban or rural divide

- Banks can finance only MNRE approved models (9 models) under the above scheme.
- Repayment of loans to banks : Maximum 5 years with a lock in period of 3 years
- Submission of utilization certificate

Solar Water Heater

- Two models are eligible.
 - Flat Plate Collector (FPC) based system (Unit cost:Rs:22000/-)
 - Evacuated Tubular Collector (EPC) based system (Unit cost :Rs.20000/-)
- Assistance for FPC & ETC
 - (i) Margin at 20%
 - (ii) either subsidy @ (30%) - no subsidized bank loan available - bank loan will have normal interest rate or
Bank Loan at 80% of unit cost at 5% rate of interest p.a -No subsidy available.
Can draw Refinance @ 2% from NABARD
- FPC and/or EPC models to be specified while submitting subsidy proposals.

Banks may ensure compliance with guidelines while submitting subsidy applications in respect of the above schemes.

Detailed guidelines of the above schemes are available for download at www.nabard.org.

Bank wise target

A target of 6000 Home-lighting Systems and 600 Water-heater Systems has been fixed for the current year for the State. Accordingly, the bank-wise and district-wise targets for 2011-12 in respect of Solar Water Heaters and Solar Home Lighting Systems, which were finalized in consultation with LDMS, major banks, nodal department of the State Government were worked out.

Bank-wise district-wise targets under the above JNNSM schemes is already communicated by NABARD to all the banks. The same may be shown as **Annexure – 9.47**.

The Sub-Committee of SLBC, Kerala on Primary Sector that met on 10.11.2011 decided to place the matter before SLBC for information of banks.

2.1.7. Allocation of Agri. Term Loan - Agency-wise target - 2011-12 (Suggested by NABARD)

Hon'ble Union Finance Minister, in his budget speech for 2011-12 has set Ground Level Credit (GLC) target for Term Loan for Agriculture & Allied Activities as Rs 1,95,000 crore. Accordingly, GoI has allocated the agency-wise and purpose-wise target for GLC for agri. Term loan Sector for the current year as under:

(Rs. in crore)

Agency	Term Loan
Commercial Banks	1,70,000
Cooperative Banks	12,500
Regional Rural Banks	12,500
Total	1,95,000

Based on the above, the State-wise target has been worked and for the State of Kerala, the GLC for ATL has been set as **Rs. 12,405 crore** for the current year.

SLBC is advised to allocate the revised target for term loan agency-wise. The suggested allocation is as under:

(Rs. in crore)

Agency	Term Loan (As per ACP)	Term Loan (Proposed)
Commercial Banks	2794	10253
Cooperative Banks	1351	1351
Regional Rural Banks	225	801
Total	4370	12405

The above may please be seen in the context of the low share of Agri Term loan in total agricultural loan which is a major area of concern.

The ratio between agri. crop loan and term loan is disproportionate. Whereas, the ratio was 78: 22 in 2008-09, it reduced to 83: 17 in 2009-10 and during 2010-11, the ratio of crop loan: term loan was 82: 18.

The low-level of credit flow to agriculture term loan indicates low asset creation in agriculture sector in the State.

In view of GoI's target, SLBC may revise the target for ATL and urge the banks to initiate steps to achieving the target by increasing the term loan component.

*In the Sub-Committee meeting of SLBC, Kerala on Primary Sector that met on 10.11.2011 it was informed that SLBC Cell had already allocated revised bank-wise term loan target to Controlling Offices of banks (provided as per **Annexure-9.46**) and requested them to initiate steps for achieving the target by increasing the term loan component.*

The Sub-committee requested LDMs to organize awareness campaigns in co-ordination with Department of Agriculture to create awareness of schemes. There was a general feeling that in view of the low interest rate for short term loans, farmers are diverting loans availed for short term purposes to meet their term loan requirements. Hence the slackness in flow of credit to term loan activities.

2.1.8. Doubling of Borrower's account (Suggested by NABARD)

It has been observed that though the quantum of Crop loan has been increasing, there has not been any appreciable growth in the number of loan accounts. Union Finance Minister has expressed concern, on this issue and has advised that the number of borrower accounts needs to be stepped up. There is urgent need to double the borrower accounts by March 2012. The low off-take of fresh loan by ADWDR 2008 beneficiaries is a matter of concern, which if properly explored will provide ample scope for increasing the number of borrower's account.

Banks may be advised to double the number of crop loan accounts during the current year.

*The Sub-Committee of SLBC, Kerala on Primary Sector that met on 10.11.2011 felt that this aspect will be taken care of while implementing the recent directive of the Ministry of Finance with regard to coverage of all farmers with agriculture credit. Hence the item may be **dropped**.*

2.1.9. Loan for Purchase of Fishing Inputs - Scheme implemented by Matsyafed (Suggested by Director of Fisheries)

Guidelines for Implementation of the Scheme

(1) Name of the Scheme: **Loan for Purchase of Fishing Inputs** (State Sponsored Scheme)

(2) **Scheme**

The scheme envisages subsidy for bank loans for the purchase of fishing inputs by traditional fishermen. 25% of the amount released as loan by the Nationalized Banks/financial Agencies will be released as subsidy by Matsyafed to the Banks on receiving intimation from them. The loans released from the Primary Fishermen Co-operatives to fishermen for the purchase of fishing inputs are also eligible for the subsidy.

(3) **Eligibility**

- (i) Traditional fishermen who are members of the primary fishermen Co-operatives
- (ii) The fishermen should participate in the Beach Level Auction conducted by the Primary Co-operatives.
- (iii) The subsidy under this scheme is eligible for fishermen who have not received subsidy under NCDC loan schemes.
- (iv) The fishing inputs other than Crafts purchased from Matsyafed Vyasa Stores only are eligible for subsidy.

(4) **Application**

- a. The beneficiary should furnish an application in the prescribed form

- b. The application should be recommended by the concerned Project Officer and the District Manager
- c. The Certificate from the Financial Agency regarding the loan amount released to the beneficiary
- d. The Certificate from the concerned Primary Co-operative showing the membership and auction participation details of the beneficiary
- e. The original/attested bill of purchase of fishing inputs purchased under Bank loan
- f. Attested copies of Registration Certificate

(5) Mode of Disbursal

The District Officer may forward the proposals for the subsidy to the Head Office for sanction of subsidy. The subsidy will be sanctioned to the eligible beneficiaries based on the availability of funds. The amount sanctioned to the beneficiaries will be forwarded to the concerned District Manager. The District Manager will disburse/adjust the amount to the loan accounts of the beneficiary in the concerned Financial Agency.

*The Sub-Committee of SLBC, Kerala on Primary Sector that met on 10.11.2011 decided to place the scheme before SLBC for **adoption**.*

2.1.10. Providing market intelligence to farmers of Kerala – Setting up of a market intelligence cell with financial assistance from the Banking Sector [NABARD]

Justification: The Union budget 2011 has been widely acclaimed as one that tilts towards the rural economy and the farm sector. A four pronged strategy of increasing agricultural production, reducing wastage and post harvest losses, providing credit support to farmers and thrust on food processing sector is adopted to address the issue of food inflation and to achieve a growth rate of 8.5 per cent in agriculture. Interest subvention scheme and enhanced targets for credit to farmers are measures where banks can effectively support the farming sector. While all these measures can enhance production, marketing is one area which though crucial has been neglected for long. Some initiatives in this sector is also seen in the present budget by way of infrastructure support for storage and post harvesting.

What is even more important but not given due emphasis in this era of globalization is the area of market intelligence. Nearby state of Tamil Nadu is doing good work in this area which is highly beneficial to farmers as well as to policy makers. Kerala agricultural University has also done some pioneering work with regard to perennial crops under the National Agriculture Innovation Project.

It is requested that the SLRM 2011 may kindly look into the feasibility of providing financial support to the setting up of a market intelligence cell in the State to conduct market intelligence studies with respect to major crops of our state and timely dissemination of the same to farmers enabling them to make well informed decisions with regard to crop choice as well as marketing.

The matter came up for discussion during the State Level Review Meeting of SLBC, Kerala held on 20th & 21st June 2011 as suggested by Agriculture Department, WTO Cell, Government of Kerala. The meeting suggested the following:

- The marketing intelligence set up under the Department of Agriculture in each District may be strengthened, so as to take up market intelligence studies in respect of major crops and timely dissemination of information to all stakeholders.
- A strong marketing infrastructure may be put in place in all Districts to ensure that the farmers get fair price for their produce. A tie up arrangement with Banks, marketing agencies and farmers may be introduced so that timely flow of credit and prompt repayment of Bank loans can be ensured. The functioning of VFPCK (Vegetable and Fruits Promotion Council, Kerala), HORTICORP etc. may be further strengthened to achieve the desired goals.
- A Marketing Intelligence Wing may be established under Kerala Agricultural University (KAU) in line with the one functioning in Tamil Nadu Agricultural University, which would go a long way in helping the farmers' cause.

The Special Officer, Agriculture (WTO Cell) Department, Government of Kerala vide letter dated 16.09.2011 offering the following comments and follow up measures.

- (i) The market intelligence set up under the Dept. of Agriculture may be strengthened.

On discussion with Deputy Directors of the Department of Agriculture, it is learnt that there is no market intelligence wing in the Department of Agriculture as of now and even if set up there wont be sufficient research capability to undertake market intelligence studies and dissemination to farmers. What is feasible and practical is to establish a market intelligence cell in the KAU with effective links to the DD Marketing, Dept of Agriculture so that timely dissemination of market intelligence to farmers can be ensured.

- (ii) A strong market infrastructure may be put in place in all districts to ensure fair price to farmers.

This is a very welcome and much needed intervention. At present there are six Agriculture Wholesale markets in the State. They are Anayara, Nedumangadu, Maradu, Muvattupuzha, Sulthan Bathery, Vengeri. Except Anayara all other markets started functioning two years back but they are yet constrained by inadequacy of staff, insufficiency of funds and general lack of awareness among the farmers. The Nedumangad market has got an effective tie up with SBT so that all market transactions are effected through the bank branch ensuring transparency and credibility. However the number of farmers covered under these markets is still very small and has to be enhanced so that more farmers can reap the benefits of doing away with intermediaries and get a better share of the consumer's rupee. HORTICORP is currently participating in all the auctions of these markets to ensure reasonable price to the

farmers' produce. Ways and means to enhance the effectiveness of the existing markets may be probed.

(iii) A market intelligence wing may be established under the Kerala Agricultural University with financial support from NABARD.

A concept note for the establishment of a Market Intelligence Cell under the Kerala Agricultural University at an approximate cost of Rs 40.50 lakhs has been prepared and given below. If agreed to, a detailed proposal shall be prepared and presented for discussion and approval.

Proposal for Establishing an Agricultural Market Intelligence Centre in Kerala Agricultural University

Indian agriculture has been more supply driven during the last 50 years in her preoccupation to steer the country to a self-sufficiency plank. The entire policies and programmes were focused at increasing the supply of food production in order to match the rising demand on account of the burgeoning population. Although food grain production quadrupled during the last 50 years, it failed to bring about a corresponding improvement in the standard of living of the vast majority of farm households, who depended on the agricultural sector for their livelihood security. This was mainly due to the failure of the agricultural marketing system, which provided no support to free the farmers from the clutches of the long middlemen chain in marketing his output to derive the full benefit production advantages. The outlay of funds earmarked for marketing research in most agricultural universities in India is less than one per cent of their total R&D outlay. Kerala Agricultural University is no exception.

Even though the Government of Kerala had acknowledged this fact as early as in 2000, no concrete measures were taken up subsequently. According to the Economic Review 2000, "In the changing environment, the nature of marketing support required for safeguarding the interest of the small and marginal farmers is different. The protective regime under which the small farm segment was nurtured is gradually disappearing. A very efficient market intelligence service capable of monitoring the global trends and preparing the production front transformation in line with the emerging trend is perhaps the most important support that is needed in the present situation" (pp.72). It was in this context that the National Knowledge Commission (2009) aimed to foster generational change in the entire knowledge spectrum, including the agricultural research, education and extension systems. In such a scenario, the transformation from a supply driven agricultural system to a demand driven one, needs a transition from technology-rich agriculture to an information-rich agriculture. The need for a farmer friendly, regionally specific agricultural market intelligence system assumes significance in this context. It is against such a background that a proposal for "Establishing an Agricultural Market Intelligence Centre in Kerala Agricultural University" is being made at an approximate cost of Rs. 40.50 lakhs.

The Centre will function under a Director of the rank of a Professor/Associate Professor with specialization in Agricultural Marketing. It aims to make price forecasts of major crops in Kerala, and its dissemination through the print media, radio and the electronic media like TV. A brief summary of the financial implication is made in Table.1 and 2.

Table.1. Non- Recurring expenses

Sl. No.	Items	Units	Unit Cost (Rs)	Total (Rs. in lakhs)
1	Computers with accessories	4	0.50	2.00
2	Printer	2	0.30	0.60
3	UPS (with 4 hrs back up)	1	0.38	0.38
4	Laptop	3	0.45	1.35
5	Price analysis Software with LAN	3	-	5.00
6	Furniture and renovation of existing space	-	-	3.75
Total				13.08

Table.2. Recurring expenses

Sl. No.	Particulars	Amount (Rs. in lakhs)
1	Salary of 3 Assistant Professors to act as Commodity Analysts (Basic - 21600; AGP - 6000; DA (45%); HRA - 150)	13.49
2	Salary of 3 Field Officers for conducting farmers survey and market survey (Basic- 20740; DA (45%); HRA- 150)	10.88
3	Stationery including computer consumables	0.25
4	Purchase of Business Newspapers in English, regional language, on line subscription of data base and business materials	0.35
5	Propulsion charges and Travel Expenses	1.50
6	Postal, Fax and courier charges	0.10
7	Documentation charges	0.75
8	Miscellaneous	0.10
Total		27.42

If this concept note is approved, a detailed Project Proposal will be sent by identifying the crops and other modalities.

*The Sub-Committee of SLBC, Kerala on Primary Sector that met on 10.11.2011 suggested taking up the matter with NABARD. The DGM, NABARD clarified that Government can approach NABARD and that the programme could be covered under RIDF. She added that under RIDF there would be no provision to cover recurring expenditure whereas training, capacity buildup etc. could be covered. In light of the above, the committee suggested **dropping** the item.*

2.1.11. Status of credit absorption in farm sector (Suggested by RBI)

RBI suggested that a discussion on major crops and their yield and vis-à-vis status of credit absorption in farm sector may be held to bring out the correlation between these with specific reference to the State of Kerala.

*In the Sub-Committee meeting of SLBC, Kerala on Primary Sector that met on 10.11.2011, the representative from Agriculture Department informed that the Department of Economics & Statistics provide the data and is available with Agriculture Department. It was also informed that there may not be any direct correlation between credit, production and productivity. The meeting took a decision that for the time being we can rely on the data from Agriculture/Economic & Statistics Department, Government of Kerala and hence the matter may be **dropped**.*

2.2. SECONDARY SECTOR & GOVERNMENT SPONSORED SCHEMES

2.2.1. Executive Summary - Government Sponsored Schemes for poverty alleviation including MGNREGA (Suggested by Reserve Bank of India)

In the absence of qualitative analysis, it is not possible to draw any conclusion on the success of Government sponsored schemes for poverty alleviation. An in-depth discussion on the issue may be sought, including collection of data on rate of recovery, percentage of NPAs, periodic data on out standings and disbursals, details of number of accounts and amount to ascertain whether the purpose for disbursement of loans under the schemes has been fulfilled.

The Sub-Committee of SLBC, Kerala on Secondary Sector that met on 10.11.2011 recommended the following:

- *The qualitative improvement in programme implementation by the sponsor agency shall be ensured. Periodical analysis shall be done on disbursal, recovery etc.*
- *A common model has to be evolved for all Government sponsored programmes*
- *Ground level assessment shall be made and the models thus evolved shall be convergence of programmes*
- *Data on recovery has to be collected and placed in SLBC.*
- *Asset Management Committee may be constituted with Branch Manager, Department official and Technical representative to ensure creation of quality assets and its maintenance thereof. The committee shall jointly visit and counsel beneficiaries. The progress made by the beneficiary with the implementation of the programme may be reviewed once in 3 months.*
- *RSETIs to train the entrepreneurs and evaluate the units periodically.*
- *Sponsoring agency to take initiatives in identifying activities and need based training.*
- *The evaluation of scheme visit to be discussed at BLBC level.*

The recommendation is placed for adoption.

2.2.2. Introduction of a system of on-line application and tracking of MSE applications (Suggested by Reserve Bank of India)

RBI vide RPCD(T) No.LBS/270/02.04.05/2011-12 dated 13.10.2011 had instructed SLBC to ensure compliance of the action points by the Working Group on Rehabilitation of Sick MSME units which was advised vide our circular RPCD.SME&NFS.BC.No.102/06.04.01/2008-08 dated May 04, 2009. It was also stated that in a recent study conducted on the rejection pattern of MSME applications it was observed that bank branches are generally not maintaining loan application register and where such registers are maintained the details of loan applications rejected are not entered in the register. This makes tracking of MSME applications difficult. Hence it was advised that banks resort to introduction of a system of online application and tracking of MSE applications has detailed at action point 3 in the referred circular.

The Sub-Committee of SLBC, Kerala on Secondary Sector that met on 10.11.2011 decided to place the contents of the RBI Circular for adoption and uniform implementation.

2.2.3. MIS on Sick MSE units (Suggested by RBI)

Only a small percentage of sick MSE units have been identified as potentially viable and of this an abysmally small number have been placed under nursing. As timely monitoring and action for rehabilitation of sick units is critical to ensure proper functioning of the units, viability studies need to be taken up in a time bound manner and rehabilitation to be initiated in the incipient stage of sickness itself. In the SLBC meeting held on March 16, 2011 it was decided to form a sub- committee of SLBC for the purpose. A new format to monitor the progress has been forwarded to SLBC and the controlling offices of all banks operating in the State. (Letter D.O.RPCD.SME&NFS.No.14570/06.04.01/2010-11 dated June 14, 2011.)

Though a workshop was conducted to familiarize banks on the new reporting format in respect of sick MSME units, there has been no improvement in compliance of submission of consistent and timely data on sick units or addressing issues in rehabilitation of viable units. This issue may be discussed to devise ways to obtain timely and correct data.

The Sub-Committee of SLBC, Kerala on Secondary Sector that met on 10.11.2011 took the following decisions:

- *Need base finance is required for which attitude of the banks has to be changed.*
- *A joint visit to the units can be done by the representatives from both banks and Directorate of Industries & Commerce.*
- *It is mandatory to extend appropriate training/workshop to the identified beneficiaries once in 6 months by the Industries Department.*
- *Controlling Offices of banks also to extend training to the identified staff members for correct compilation of data.*

The committee decided to place the matter before SLBC for adoption and necessary action by banks.

2.2.4. Review on Rehabilitation of Sick but Viable MSME units

An analysis of data on sick MSE units as at the end of September 2010 revealed that the data has not been submitted by many of the bankers and the data submitted also was not adequate. As the data is significant for timely identifying and rehabilitating the sick units, the problems in submission of the data may be discussed in the SLBC to ensure timely submission of accurate data.

During the Steering Committee Meeting of the 103rd SLBC, Kerala held in Trivandrum, The Assistant General Manager, RBI informed that RBI is collecting the data on sick but viable MSME units for reviewing in the Empowered Committee on MSME convened by RBI. He informed that the data submitted by banks are inconsistent. Banks have to give more importance in submitting the data in time to RBI, RO, Trivandrum so as to enable them to report the same to RBI Central Office, Mumbai. He then enquired the following points.

- Whether viability study is undertaken by banks?
- What is the process adopted by banks for the identification of beneficiaries?

The Convenor, SLBC enquired the Deputy Director of Industries & Commerce to provide the Bank-wise/ District-wise data on sick but viable MSME units for placing in the SLBC meeting.

The Deputy Director of Industries & Commerce informed that they are updating the sick MSME units regularly and try to provide the Bank-wise/District-wise data in this regard.

The matter came up for discussion during the 103rd Meeting of SLBC, Kerala held on 16.03.2011 in Trivandrum. In the meeting, the Chairman of the forum pointed out that Regional Director of RBI had made a valid point in her address regarding issues of sick units. This has been a phenomenon witnessed in all States. After funding the SMEs, it was not possible to nurse them in time due to many inherent problems. Most of these units wither away due to non-rehabilitation of the units on time. Nursing of the units would depend on their viability. As bankers we have lend our precious money to SME, and hence we have the responsibility to nurse, handhold and bring them back to good health when they are in difficulties. He requested all banks to look into this issue with little more care and empathy so that these units would not become waste and thereby also ensuring that the precious money that we have lend would not turn into NPA and irrecoverable.

The Additional Director of Industries & Commerce informed that as per the data presented before the meeting, banks have identified 5520 sick units, out of which 1211 has been found as potentially viable sick units. Of this, 6 units were nursed (5 units by SBT and 1 unit by Catholic Syrian Bank). Once banks identify a unit as sick, they have the responsibility to nurse the unit. Industries Department is also having certain schemes to revive the sick units. He suggested that a joint programme by banks and Industries Department could be held.

Industries Department had put in their best to collect the details of sick units but had failed. Industries Department is ready to co-operate in all possible manners for a joint venture initiative between banks and Industries Department to resolve the issue.

The Chairman of the meeting suggested SLBC to look into the matter by forming a sub-committee.

Further, RBI in its agenda item had suggested that only a small percentage of sick MSE units have been identified as potentially viable and of this an abysmally small number have been placed under nursing. As timely monitoring and action for rehabilitation of sick units is critical to ensure proper functioning of the units, viability studies need to be taken up in a time bound manner and rehabilitation to be initiated in the incipient stage of sickness itself.

The Sub-Committee of SLBC thus constituted met on 01.06.2011 in Trivandrum. Sri. C. G. Nair, Deputy General Manager, Canara Bank, Sri. P. Thomas, Assistant General Manager, RBI, Sri. M. Abdul Majeed, Additional Director of Industries & Commerce, Representatives from NABARD, SIDBI and major banks were present. Pursuant to the discussions, the Sub-Committee recommended the following :

- (i) Data on sick units shall be maintained at District level. LDM/GM-DIC to ensure consistency of data. Sub-committee suggested starting the maintenance of data on manufacturing units initially.
- (ii) Data accuracy to be ensured by banks/Industries Department so as to avoid wide variation.
- (iii) District level awareness to be organized for branch level functionaries. One day workshops may be organized by Lead Bank/GM-DIC/SIDBI before the end of June 2011.

The matter again came up for discussion in the State Level Review Meeting of SLBC, Kerala held on 20th & 21st June 2011 in Trivandrum.

In the discussions, concern was expressed regarding the inaccuracy of the data furnished by Banks and agencies. The forum requested all the members to accord proper care while identifying the sick units. Once it is found potentially viable, there should not be any delay in nursing the unit.

Block-wise/District-wise awareness camp / workshop for bank officials and entrepreneurs to be conducted. Banks have to identify all eligible units for nursing. There should be coordination and cooperation between the Banks and DIC for identifying incipient sickness.

The need for proper and prompt reporting was also emphasized.

The Sub-Committee of SLBC, Kerala on Secondary Sector that met on 10.11.2011 decided to bring the matter to the notice of Controlling Offices of banks. The committee suggested the Directorate of Industries & Commerce also to conduct awareness campaigns for successful implementation of the programme.

2.3. TERTIARY SECTOR & OTHER MATTERS

2.3.1. Progress in extension of banking services through new banking channels in 127 villages (Suggested by Reserve Bank of India)

State has been declared as having provided a banking channel in all the villages under financial inclusion plan as at 30th September, 2011 as against the time stipulation of 31.03.2012. The progress in the related aspects of financial inclusion is to be periodically reviewed.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 suggested reviewing the progress in Financial Inclusion in a separate Meeting since the implementation is completed by all banks, much ahead of the deadline stipulated by Ministry.

2.3.2. Education Loan Issues

2.3.2.1. Performance of Education Loans portfolio of the banks (Suggested by Reserve Bank of India)

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 observed that the data on Education Loan is being provided by SLBC in its background notes.

2.3.2.2. Modification to the IBA Model Education Loan Scheme (Suggested by State Bank of Travancore)

Indian Banks Association has circulated the modified education loan scheme among banks for adoption and implementation. With a view to modify our existing scheme to be in line with the revised IBA model, the matter has been placed before the Managing Committee on 19.10.2011 and it was decided to place the subject before SLBC as an Agenda item.

The revised scheme had attempted to address the concerns expressed by Banks and the operational difficulties being faced by the branches. The salient aspects are:

- (i) Merit as the sole criteria for eligibility
- (ii) Admission under management quota kept outside the scope of the scheme
- (iii) The quantum of loan to be justified by the employment potential
- (iv) Extension of repayment period to reduce burden on the beneficiaries

Important changes in the scheme:-

i) Meritorious - The scheme aims at providing financial support to meritorious students for pursuing higher education in India and abroad. Parameter suggested for defining the term 'meritorious' is securing admission to an eligible course through a merit based selection process e.g. admission to professional and technical courses is through common entrance tests.

ii) Management Quota - Admission under Management quota/seat kept outside the scope of the scheme. Management quota/seat refers to the seats in private education institutions for which the management has discretion to give admission on factors other than merit. Out of permitted seats for the batch, a certain percentage is earmarked to be filled from state level merit list and the rest are allowed to be filled by the management at their discretion which do not qualify as meritorious. Banks are permitted to fix appropriate terms and conditions for such loans.

Considering demand for pursuing nursing courses, banks are free to consider loan for students getting admission through management quota also. However, the fee reimbursement is restricted to fee structure as approved by the state government or regulatory body. Banks may ensure that the student has financial resources to meet the funding gap.

iii) The quantum of loan to be justified by the employment potential

The model Education Loan Scheme was developed by the Indian Banks' Association to help meritorious students pursue higher education in technical and professional courses. As the focus is on development of human capital, repayment of the loan is expected to come from future earnings of the student after completion of education. Hence the assessment of the loan will be based on employability and earning potential of the student upon completion of the course and not the parental income/family wealth.

The fee structure varies with type of college/institution within the same State for a given course. The fees charged by the government colleges/ institutes are generally the lowest, with higher fees permitted in aided private colleges/institutions; fee structure being highest in unaided private colleges/institutes. Sometimes the difference between the lowest and highest fee structure levied for the same course by different colleges/institutions is too high to give comfort to a banker in taking credit decision as employment prospects remain same.

As practical approach, Banks may consider approved fee structure for merit quota seats in all colleges/institutions after satisfying about repayment prospects on employment

iv) Extension of repayment period - Repayment of the loan will be in equated monthly instalments for periods as under

For loans upto Rs.7.5 lacs - upto 10 years

For loans above Rs.7.5 lacs - upto 15 years

*The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 suggested placing the revised model IBA scheme on Education Loan for information and adoption by SLBC, Kerala. Model IBA scheme provided in **Annexure-9.52.***

2.3.3. Take over of Bhavanashree Housing loans – Reimbursement for pending loans (Suggested by Syndicate Bank)

There are requests for take over of the remaining Bhavanshree loans and reimbursement of the amount, as repayments are not forthcoming after the Government had taken over these loans.

In the Sub-Committee meeting of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 the representative of Kudumbasrhee informed that Government approval is required for reimbursement of pending claims under Bhavanashree Housing loans. The committee decided to have a cut off date for submitting the pending claims to Kudumbashree. Accordingly the date was fixed as 30.11.2011. It was also decided that further claims would not be entertained after the cut of date fixed. Communication in this regard has been sent to Controlling Offices of all banks from SLBC.

2.3.4. Agenda items suggested by Reserve Bank of India

2.3.4.1. Lending under DRI Scheme

Achievement of banks in lending under the DRI scheme has consistently remained static and much below the prescribed targets. SLBC forum may discuss ways and means to improve lending under DRI to achieve the stipulated target of 1%.

The Sub-Committee of SLBC constituted for DRI issues that met on 07.09.2011 recommended the following.

A. For immediate implementation

- (i) Banks to take special effort in granting loans under DRI Scheme
- (ii) Banks to finance minimum of 5 loans per month through its rural/semi urban branches.

B. For consideration of the forum

- (i) Income ceiling of beneficiaries to be included under DRI scheme to be enhanced to Rs. 64,000 (Basis for this recommendation is taken into account by computing the average wage pattern of the State for a duration of 25 days for period of 1 year – $175 \times 25 \times 12$)
- (ii) Quantum of Loan to be enhanced to Rs. 50000/- to enable the beneficiary to have livelihood, food security and economic security and to engage in a income generation activity.

- (iii) All banks to join for conducting awareness camps with Local Self Government Department/Oorukkoottam and specify targets.
- (iv) Group financing to be promoted
- (v) Documentation to be made uniform and simplified
- (vi) Beneficiaries of poverty alleviation schemes to be covered under the scheme.
- (vii) Formation of Asset Management Group in branches (Asset Management Group to comprise of Bank Officer, implementing Department Officer, Beneficiaries)
- (viii) Corporations to identify beneficiaries to be financed under DRI and forward to Banks.
- (ix) Encourage networking of activities- manufacturing/processing units to help them develop as promoters with support from Government Departments

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 noted the above recommendations advised Controlling Offices of all banks to ensure to improve lending under DRI scheme since it was under the consideration of Ministry. The Principal Secretary, SC/ST Development Department, Government of Kerala assured to provide the list of beneficiaries to the bank branches for consideration under DRI scheme.

2.3.4.2. Sanctioning OD facility in no-frill accounts opened as part of Financial Inclusion and credit offtake under GCC and KCC

RBI suggested to examine the reasons for not sanctioning OD in no-frills accounts opened as part of financial inclusion by banks. It also requested the forum to probe in to the reasons for the low credit off-take under GCC and KCC in identified model villages.

*The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 decided to recommend to **drop** the matter since loans under GCC is to be provided to non farm loanees.*

2.3.4.3. Status of revival of defunct SHGs

RBI suggested that the status of revival of defunct SHGs be reviewed in SLBC.

*The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 observed that since SLBC is providing the data on SHGs in 3 categories (i) Financing SHGs directly by banks (ii) Financing SHGs directly with the facilitation of NGOs (iii) Financing SHGs through the medium of NGOs, the committee opined that there is no relevance for collection of data on defunct SHGs at present and decided to recommend to **drop** the item.*

2.3.4.4. Meaningful financial inclusion in Ernakulum District

As fall out of outreach programme conducted by RBI in Vengoor West Village, it was decided to proceed with ensuring meaningful financial inclusion in Ernakulum district. Union Bank of India – the Lead Bank of the District and Federal Bank are the major players

in the task. The Status report is required to be submitted by the Lead bank of the district viz. Union Bank of India and Federal Bank Ltd. on Vengoor (west) village.

*The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 opined that the district level progress on Financial Inclusion could be reviewed in DLRCs of respective districts and recommended to **drop** the item.*

2.3.5. Recovery in Government sponsored schemes

Recovery performance under Government sponsored schemes shall be placed for information in the SLBC.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 observed that the recovery performance under Government Sponsored Schemes is provided in the background note of SLBC meetings.

2.3.6. Interest Subsidy Scheme for Housing the Urban Poor [ISHUP] (Suggested by Kudumbashree)

2.3.6.1. Claiming of subsidy by Banks under ISHUP

In ISHUP Scheme Banks are not claiming the subsidy whereas the beneficiaries are bound to pay the full EMI amount. Until the participating banks claim their subsidy upfront, the beneficiaries are depositing the full EMI. Therefore it is requested to fix a time limit of 10-15 days for claiming the subsidy from HUDCO or NHB.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 after due examination of the issue suggested the following for adoption. That :

- *The subsidy shall be claimed within one month from the date of last disbursement.*
- *EMI to be re-fixed after receipt of subsidy in all loans under the scheme.*

2.3.6.2. Banks are not accepting the applications forwarded to them after screening by the ULB level ISHUP Committee

The applications are received by the ULB, and after the initial processing and screening of the applications they are forwarded to the Banks. The Banks are putting restrictions by accepting a limited number of applications because of the time required for processing the applications which delays the sanctions and disbursements.

The conversion of applications to sanction is only 3%. As of 27th of July 2011 applications collected by CDS is 20,730 and forwarded to bank is 11107 and number of loan sanctioned is only 369.

Even after so many deliberations at different levels, still the Bank Managers are yet to get clear-cut instructions from their respective head offices regarding various decisions taken at Central and State Level.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 suggested requesting the Controlling Offices of banks to take note of the deficiencies pointed out and to instruct their branches to consider applications under ISHUP scheme on priority basis.

2.3.7. According sanction of loans to applications sponsored by the SC & ST Development Department (Suggested by SC & ST Development (A) Department, Government of Kerala)

The SC & ST Development (A) Department, Government of Kerala has informed that an amount of Rs. 24.21 crores has been allotted for promoting self employment ventures to the SC/ST beneficiaries during the current financial year. They sought the co-operation of the banks and requested them to sanction the loan for self employment ventures so that the amount could be booked during the current financial year itself.

In the Sub-Committee meeting of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 the Principal Secretary, SC/ST Development Department, Government of Kerala highlighted the following points:

- *The purpose of the scheme is to have income generating activity*
- *Loans for micro enterprises should have more focused attention.*
- *An amount equal to 1/3rd of the project cost with a ceiling of Rs. 1 lakh is available as subsidy.*
- *Bank can sponsor cases and sanctions are to be communicated to the officials of SC Department/Tribal officers of the respective districts.*
- *For the time being only fresh loans sanctioned would be considered under the subject scheme.*

2.3.8. Intervention of Civil Courts in the proceedings under SARFAESI Act jeopardizing the purpose of the legislation (Suggested by Federal bank Ltd)

Actions envisaged under SARFAESI Act are the major tool used by the banks in the NPA recovery mechanism. The Act itself provides that any person aggrieved by the proceedings under the Act should first prefer appeal/application before the DRT. Civil Courts have no jurisdiction in this connection. There are several decisions of SC/High courts preventing intervention of Civil Courts in the proceedings.

However we observe that High Courts are still entertaining Writ petitions filed by the parties against the SARFAESI Act proceedings and issuing stay orders etc. It will in fact jeopardize the purpose of the legislation. The recovery proceedings are considerably delayed due to the

intervention of High Courts. As such we feel that it is high time to bring the matter to the notice of SLBC, for taking up the matter with IBA/Govt. of India, so as to avoid unwarranted interference of High Courts/Civil Courts to meet the interest of this special legislation.

The registrar of the respective High Courts can return the Writ Petitions filed against SARFAESI Act actions on the ground of the provision in the Act itself. If such matters are returned in the filing stage itself, accumulation of cases in High Court also will be reduced. A proper analysis in this regard has to be conducted and appropriate decisions have to taken, bringing the issue before the High Courts / Supreme Court.

We may give below certain decisions establishing our stand in the matter.

First appeal to DRT is discussed in *Punjab National Bank Vs. O. C. Krishnan [2001] 107 Com Case 20; AIR 2001 SC 3208 ; K .R. Subbiah Vs. Indian Bank [2005] Vol.124 Comp. Cases 328 (Mad.) wherein it is held that there is hierarchy of appeal provided in the Act, namely, filing of appeal under Sec.17 of SARFAESI Act and this fast track procedure cannot be allowed to be derailed either by taking recourse to proceedings under Art.226 and 227 of the Constitution or filing civil suit which is expressly barred. Even though a provision under an Act cannot expressly oust the jurisdiction of the court under article 226 and 227 of the Constitution, nevertheless when there is an alternative remedy available, judicial procedure demands that the court refrain from exercising its jurisdiction under the said constitutional provisions.*

Supreme Court in 2010, in *United Bank of India Vs.Satyavathi Tandon (CDJ 2010 651)* held that Courts shall not interfere in SARFAESI matters. Similar finding is made by the SC in *Kanyalalchand & others Vs. State of Maharashtra (CDJ2011 SC 110)*. Civil courts have no jurisdiction to grant injunction in respect of matters coming within the purview of DRT/DRAT (2011(I) KLT 567).

Based on the foregoing, it is requested to take up with appropriate authority to avoid unwarranted interference of High Courts / Civil courts to meet the interest of special legislation.

The Steering Committee of SLBC suggested placing the matter in SLBC and to refer the matter to IBA.

*The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 opined that since jurisdiction of the Court cannot be considered by SLBC, the issue needs to be taken forward and hence recommended to **drop** it.*

2.3.9. Indira Awas Yojana – Top up loan from Banks under DRI Scheme – Proposal for waiver of Equitable Mortgage by Banks in the State (Suggested by Canara Bank)

Housing Loans under DRI Scheme to beneficiaries under Indira Awas Yojana (IAY) was tabled in the 99th Meeting held on 25.06.2009 in Trivandrum and SLBC has requested Controlling Offices of banks to implement the scheme. But on analysis the following points emerged as reasons for the poor performance under the scheme:

- (i) Majority of the Banks are not aware of the provision of extending DRI loans for IAY beneficiaries as top up loans.
- (ii) As per the scheme Equitable Mortgage of Landed property where the house is proposed to be built/ being built is necessary for sanctioning the loan. Considering the work involved in the preparation of Land Documents for Legal Scrutiny, advocate fee and the meager loan amount of Rs. 20000/- the beneficiaries are not coming forward. Therefore the loan under DRI may be sanctioned as security free as in the case of other DRI loans.
- (iii) If the waiver of EM is difficult, banks may obtain the available title deeds along with other relevant revenue records from the customer with an undertaking that in case of demand from the Bank mortgage will be created in future and documents will be not be sought from the bank till the closure of loan. With such an undertaking and obtention of documents from the party the loan can be granted easily.
- (iv) Some of the other SLBCs like SLBC, Tamil Nadu has waived the condition of creation of mortgage for this type of loans and the scheme has taken off well in the State.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 decided to take up the matter before SLBC for approval.

2.3.10. Finalizing Service Area Plan for all the Districts/State of Kerala (Suggested by Department of Financial Services, Ministry of Finance, Government of India)

Government of India, Ministry of Finance has instructed the following action points to be implemented by the Banks.

- (i) A plan has to be prepared for each district in the State of Kerala as per the format given below. This plan needs to be put in place and approved by the DCC and SLBC. The outer time limit given was 20.09.2011.
- (ii) A special SLBC meeting may be convened for approval of the service plan at District level and State level at the earliest.
- (iii) Each non-defaulter farmer is to be given Kisan Credit Card. The list of farmers in each village is available with the local census office on a CD. The LDM of each district must work through the DCC and get this list made available for each village to the branch which are in its service area. This will apply to all commercial banks whether private sector or public sector operating in the State.

- (iv) Each Bank will work out a scheme, if none exists, for giving Saving-cum-OD Account to other facilities which do not have any land and live in the rural areas. This account should have on OD limit of up to Rs. 10,000 against the personal guarantee of the villager and the villager should be able to use the bank account for savings or for meeting the requirements of consumption purposes on a need base basis and use the OD.

Action Taken Report - *The matter was discussed in the Sub-committee of SLBC, Kerala. Some banks have started providing such facilities.*

- (v) The Finance Secretary, Ministry of Finance, Government of India would be reviewing the performance of achievement as per Action Plan for each district and Kerala State as a whole.

Service Area Plan of District

State: Kerala

Name of Block:

Place of Village of 2000 (2001 Census) Population	BR/BC/ATM	Name of Bank	Name of Gram Panchayat	Name of Revenue Village	Population of Revenue Village (2001 Census)	Post Office/Sub Post Office Yes/No
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>

Col.1: Name of each town and village in the block having population of 2000 or more (2001 Census) be given

Col.2: Please indicate if there is a bank branch there or a bank branch is to be opened and give the date and year of the proposed opening. If there is an existing BC, then write BC and if it is proposed, then month and year of appointment be given.

ATM: if there is an existing off site ATM, the same may be indicated and if it is proposed to open one, month and year of installation be indicated.

Col.3: Name of the bank which has a branch or intend to set up a branch, who has appointed a BC or who intend to appoint a BC, who has an ATM or intend to set up an ATM be given.

Col.4: Each commercial bank will have one or more gram panchayat as a part of service area.

Each BC will also have one or more gram panchayat assigned to him so that the BC is aware of the area of operation and works for financial inclusion. The area of BC should be compact with adjoining gram panchayat should only be given.

In the Sub-Committee meeting of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 it was informed that SLBC Cell had requested LDMs to provide the details for submitting to Ministry of Finance. The details submitted by the LDMs have been consolidated and submitted to the Ministry. As per the Ministry directives respective LDMs have been instructed to upload the details in the website of NIC in their respective districts.

2.3.11. Difficulties faced by the Banks in the Kasaragod and Wayanad Districts in recovery of Bank dues : False propaganda and organized resistance by Indian Farmers Union (INFU) against legitimate recovery measures adopted by the Banks

Requirement

To ensure safe and congenial work atmosphere for Banks, activities by the above groups or similar groups should be resented by all concerned and the District Administration may be requested to take strong action against such activities.

Suggestion

Government should extend support to prune the vindictive action against Banks by certain organizations like INFU with vested interest putting hurdles in legitimate recovery measures taken by the Banks.

Discussed in Which Forum

The agenda item came up for discussion during the State Level Review Meeting of SLBC, Kerala held on 20th & 21st June 2011 in Trivandrum.

INFU is leading organized movement against the Banks in the Kasaragod District and bringing hurdles in the way of recovering the legitimate dues of the Banks. In the recent past there has been an incidence in NMGB, Ramnagar Branch, in Kasaragod District, where the activist of INFU took forcible repossession of the house which was legitimately taken possession of, under the provisions of SARFAESI Act. This was followed by a mass propaganda against the said Bank by organizing their cadre in a mass rally organized on 19th March 2011 in front of the branch premises.

It is felt by all the banks in the District that there should be some concerted action against such organizations on the vindictive action against Banks in the State by such vested groups, clarifying the matter in clear terms that recovery action by the Banks are perfectly legitimate and very much required for the banking system to survive.

The meeting recommended that such activities by the above groups or similar groups should be resented by all concerned and the District Administration should take strong action against such activities. The meeting suggested taking up the issue with the Government of Kerala/Home Department seeking protection for banks and to extent assistance in the recovery of loans.

SLBC Convenor had taken up the matter with the Additional Chief Secretary, Home Department, Government of Kerala, vide its letter SLBC 38 1305 2011 KRA dated 17.08.2011, requesting to look into the same and do the needful for ensuring safe and congenial working environment for banks in the State especially in high incident prone Districts like Wayanad and Kasaragod.

In the meeting of the Sub-Committee of SLBC, Kerala to examine old pending issues with the Government held at 3 p.m. on 12.10.2011 in the Chamber of the Secretary, Finance Department, Government of Kerala, Sri. V. P. Joy IAS, Secretary, Finance Department, Government of Kerala suggested *seeking police protection under such circumstances. However he felt that the matter may be brought to the notice of Government.*

Subsequently it was reported that SBT, Kalpetta Branch had arranged for a Bank Adalath on the 20th of September 2011. A few minutes after the Adalath had started, a group of people under the banner of Indian National Youth Congress came in and disrupted the adalath stating that the quantum of sacrifice has to be announced before the adalath starts and disrupted the proceedings and sent back all those who came to attend the proceedings. It was only a splinter group trying for political gains. They insisted on stopping all recovery proceedings in Wayanad District and to declare it as **“No SARFAESI District”** and **“No RR District”** and threatened to blockade the branch on 26.09.2011, if their demands are not met by the bank. The adalath could not take place that day.

The Assistant General Manager of the Region along with the Chief Manager of Kalpetta branch met the District Collector and Superintendent of Police apprised them of the developments and requested them to provide protection to the bank and the staff. However as threatened, a group of people led by Sri. Binu Jacob gathered in front of the branch on 26.09.2011 and disrupted normal banking functions. Clearing House also did not function, the Chief Manager who was kept captive for more than 4 hours was released only after the AGM reached the branch. The AGM and LDM were forced to sign a letter confirming that the bank will not intensify the recovery drive. This has been a regular feature at Wayanad.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 at suggested SLBC forum to recommend the Government of Kerala to hold a meeting of all stakeholders to discuss the issue. Principal Secretary, SC/ST Development Department, Government of Kerala suggested that the real reason and basic data on the organized agitation would be collected from respective LDMs and have a meeting with Hon’ble Chief Minister and Finance Minister of the State so as to sort out the matter.

In the Special SLBC Meeting held on 23.11.2011, the issue was brought to the notice of Hon’ble Chief Minister of Kerala and he had assured to provide all support for the smooth and proper functioning of the banks in the State of Kerala.

2.3.12. Extending loan facilities for Rehabilitation of Gulf returnees

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

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

The matter came up for discussion in the 101st meeting of SLBC, Kerala held on 30.03.2010 in Trivandrum. The following suggestions of the Steering Committee of SLBC were noted by the forum.

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

The representative from Kerala Financial Corporation informed that KFC had a separate scheme for Gulf Returnees offered at 7% interest rate for the entire loan period. Despite wide publicity/advertisement, only few takers were there for the loan and hence unable to achieve the target. Only 63 loans could be disbursed. He added that the scheme details have been provided to the Director, NORKA Department through e-mail.

Representative of State Bank of Travancore informed that from June 2009 onwards SBT had implemented a scheme for Gulf Returnees and the response was poor.

The meeting requested KFC to provide the details to SLBC. It was also decided to constitute a sub-committee of SLBC wherein the scheme details, terms and conditions etc. could be evolved. The meeting also decided to invite KFC for the Sub-Committee meeting.

The matter again came up for discussion in the State Level Review Meeting of SLBC, Kerala held on 16th & 17th September 2010 in Trivandrum and it was decided to convene the Sub-Committee meeting once the details are received from SBT & KFC and come up with appropriate recommendations.

The agenda item again came up for discussion during the 102nd meeting of SLBC, Kerala held on 15.12.2010 in Trivandrum. On the loan facilities for Rehabilitation of Gulf Returnees

Convenor SLBC, replied that a subcommittee would be formed for formulating the scheme under the Chairmanship of Secretary NORKA.

The Secretary, NORKA, Government of Kerala informed that Department is not having any system for collecting the statistics on remittances from non resident Keralites. The data would be of much use in knowing the major centres of remittance, amount involved and in formulating various welfare schemes for them. He requested RBI and SLBC to extend support for collecting the exact figures regarding foreign remittance to the State of Kerala from Keralites.

Responding to that, the Regional Director, Reserve Bank of India said that Kerala is one of the States with lowest intensity in using electronic mode of payment. RBI has been advocating that people should be using electronic mode of payment so as to make available more records. Moreover, RBI had given direction to banks for providing source and details of remittance in pass books of customers.

Further Secretary NORKA added that Government had arranged many publicity and awareness campaigns on the problems faced by women in the state in the process of migration and the need for proper documents for the same. He expressed willingness to include the importance to switching over to electronic remittance to non residents in such campaigns. To this, the Regional Director, Reserve Bank of India suggested that Secretary, NORKA Department can contact Sri. M. V. Anilkumar, AGM, RBI at any time and fix a mutually convenient date to enable him to give a presentation to the employees of the NORKA Department.

The Sub-Committee met on 07.02.2011 in Trivandrum decided to convene a group of sub-committee consisting of SBT, Canara Bank, Syndicate Bank, SMGB, KFC and NORKA to finalize the operational guideline on scheme. The Sub-Committee is yet to meet. However, the matter may be discussed in the Group and recommendations to be submitted to the forum.

The matter again came up for discussion during the State Level Review Meeting of SLBC, Kerala held on 20th & 21st June 2011 in Trivandrum.

In the Group discussion, it was felt that the existing scheme of banks can adequately cover the requirements of the Gulf returnees and any new scheme without any Government subsidy is not a feasible option. For e.g. Schemes of SBT and KFC had not had the expected response from Gulf returnees.

However Secretary, NORKA requested for one more sitting of the subcommittee and assured to take up with the Government on the possibility of extending subsidy if any to the returnees, if a suitable scheme is formulated. The forum decided to have another subcommittee meeting to finalize the matter.

SLBC Convenor had taken up the matter with the Secretary, NORKA Department, Government of Kerala, vide its letter SLBC 38 1302 2011 KRA dated 17.08.2011, requesting to formulate a scheme and forwarded the same for approval of SLBC. A draft Scheme for returning Non-Resident Keralites (NRKs) prepared by SLBC according to the deliberations in earlier subcommittee along with additional requirements sought from Government of Kerala was also provided to the NORKA Department.

*The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 decided to recommend to **drop** the item since there was no response from the concerned Government Department.*

2.3.13. Clarification regarding eligible courses under the scheme of Interest Subsidy on Education Loan

The matter came up for discussion during the State Level Review Meeting (SLRM) of SLBC, Kerala held on 20th & 21st June 2011 in Trivandrum.

Under the scheme, Bank is suggesting that in order to overcome the operational difficulties faced by the branches clear guidelines regarding the courses eligible under the scheme should be communicated by SLBC to the implementing banks. One of the issue regarding this is that there is a mention in the guidelines that a pass of plus two is the minimum qualification to be eligible for the subsidy. Since students are admitted for courses like *General Nursing* and *Diploma Courses in Engineering* after matriculation, some banks had interpreted that these courses are not eligible under the scheme. But here also a question arises that if a student is admitted to such professional courses after passing plus two examinations whether he is eligible for the subsidy. This is a very relevant point and the interpretation of various banks is of different nature and hence branches are facing a lot of problems in dealing with the queries of their customers. Hence SLBC should take up the issue with appropriate authorities and circulate the exact position in this regard so as to have uniform implementation by all banks.

During the Group discussion session, it was opined that all higher education loans given either for degree/diploma courses after Plus 2 under IBA Education Loan scheme is eligible for interest scheme subsidy.

SLRM concurred with these views. However it was decided to take up the matter with IBA requesting to furnish the list of eligible courses under the scheme.

SLBC Convenor had taken up the matter with the Indian Banks' Association, vide its letter SLBC 38 1347 2011 KRA dated 19.08.2011.

*The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 decided to recommend **dropping** of the item in view of the revised IBA guidelines.*

2.3.14. Education Loan - Extending 2 years moratorium period for Nursing courses

The agenda item came up for discussion during the 103rd meeting of SLBC, Kerala held on 16.03.2011 in Trivandrum.

In the meeting, the LDM, Idukki informed that as per the IBA scheme on Education Loan, present moratorium period is 1 year or 6 months after getting job, whichever is earlier. However, for nursing courses, students have to undergo 2 years internship programme. Hence the moratorium period has to be extended to 2 years, as the same was creating lot of problems in repayment in all Districts particularly for nursing courses. After the deliberations the forum decided to take up with IBA for extending 2 years moratorium period for nursing courses.

SLBC Convenor had taken up the matter with the Indian Bank's Association (IBA), vide its letter SLBC 35 650 2011 KRA dated 23.04.2011, requesting to examine the proposal and take necessary action.

Vide letter No.SB/10-21/3174 dated 16.05.2011, Indian Banks' Association informed that they propose to place the matter before the IBA Working Group on Education Loan Scheme at its next meeting and shall revert in the matter shortly.

The matter again came up for discussion during the State Level Review Meeting of SLBC, Kerala held on 20th & 21st June 2011. The meeting decided to pursue the matter with IBA.

SLBC Convenor had followed up the matter with the Indian Bank's Association (IBA), vide its letter SLBC 38 1151 2011 KRA dated 15.07.2011 and their decision in this regard is awaited.

*The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 decided to recommend **dropping** of the item in view of the revised IBA guidelines.*

2.3.15. Non sanctioning of loans by banks against the stock of Cardamom in Idukki District

In the State Level Review Meeting of SLBC, Kerala held on 20th & 21st June 2011 at Trivandrum, Sri. Oommen Chandy, Hon'ble Chief Minister of Kerala pointed out that specific complaints were received from Udumbanchola in Idukki District against Union Bank of India that Cardamom farmers were not extended loans against pledge of their Cardamom stock. He informed that earlier Banks used to extend such loans whenever the prices of cardamom tends to come down. He requested Union Bank of India to examine this aspect and issue necessary instructions to their branches for resolving the matter.

SLBC Convenor vide letter No. SLBC 38 1301 2011 KRA dated 17.08.2011 had taken up the matter with Union Bank of India for which the following reply is received:

- (i) The Regional Head of Union Bank of India visited their Puttadi Branch in Idukki District to make an on the spot assessment of the issue. He also visited Spices Park, Puttadi and Auction Centres, Spices Board Office/Warehouse, with their officials.
- (ii) It was learnt that the Cardamom was not appearing in the approved commodity for financing against Warehouse Receipts. Accordingly, steps were initiated immediately to include “Cardamom” also in the approved list. The matter was apprised to the Spices Board Office at Puttadi and their Head Office at Kochi.
- (iii) Necessary instructions have also been passed on to the Puttadi Branch to consider all bonafide cases for financing “Cardamom against Warehouse Receipts”.
- (iv) Further, as per the discussions between officials of Spices Board and Union Bank of India aiming to promote Warehouse financing, a suitable system is put in place at the Puttadi Branch to ensure prompt financing of cardamom farmers against Warehouse Receipts of Cardamom.

*The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 decided to recommend **dropping** the item since the matter was resolved by Union Bank of India.*

3. ISSUES RAISED IN SLBC WHERE DECISION IS PENDING

3.1. PRIMARY SECTOR

3.1.1. Issue on non availability of land title to avail agriculture credit by farmers in Idukki District (Suggested by LDM, Idukki)

In Idukki District majority of the farmers are doing their farming activities in lands without having any title. As such many of them are finding it difficult to avail agricultural credit for their farming requirements since they are unable to produce any title records for the properties possessed by them. This is one of the reasons why the KCC could not be provided to all farmers in the district.

It is suggested if that the farmer is having such and such area under cultivation and the Agricultural Officers of the local Panchayat may be directed to issue a certificate to that effect stating the details of the crops cultivated by the farmer. The Banks may also be directed to provide agricultural credit on the strength of the certificate issued by the Department of Agriculture. This will solve the problems of majority of the farmers in the district.

In the Sub-Committee meeting of SLBC, Kerala on Primary Sector that met on 10.11.2011, Agriculture Department had agreed to examine the issue and provide a reply within 15 days.

The committee decided to proceed further on receipt of the reply from Agriculture Department.

Response from Agriculture Department is awaited.

3.1.2. KCC to all eligible farmers- Promotion of JLGs/SHG- KCC linkage (Suggested by NABARD)

GoI has been stressing on improving agriculture credit flow through KCC to all eligible farmers. Ministry of Agriculture in its letter written to the Chief Secretaries of all States has advised to review progress in issue of KCC to all eligible farmers, to formulate detailed action plan for promotion of JLGs/SHGs- KCC linkage programme and to have substantially higher targets of number of farmers /accounts to be covered by the banks. In view of the above, a time bound decentralized campaign to cover all eligible farmers under KCC Scheme need to be launched. A detailed action plan has to be formulated for promotion of JLGs/SHGs – KCC linkage programme so as to cover Oral lessees, land less farmers and tenant farmers.

SLBC may work out the targets for implementation by the banks and the progress may be reviewed regularly.

In the Sub-Committee meeting of SLBC, Kerala on Primary Sector that met on 10.11.2011 it was informed that SLBC Cell has been collecting JLG data separately and that the same is provided in the agenda and background notes of SLBC. The committee requested NABARD to provide the incentive Circular on JLGs for placing in the SLBC for information of banks.

3.1.3. Incentives to farmers for prompt repayment under utilization (Suggested by NABARD)

Incentive of 3% is available to farmers for prompt repayment of their loan. It is reported that this facility is not being availed/received by many farmers and the utilization there under had been marginal. Obviously, this is an area of concern.

SLBC may advise all the banks to submit information on the availment of this facility by farmers and also advise banks to take steps to make this incentive scheme successful.

The Sub-Committee of SLBC, Kerala on Primary Sector that met on 10.11.2011 noted that RBI Circular regarding the incentives of 3% to be provided to farmers for prompt repayment of their loan is yet to be circularized. The committee suggested placing the matter for collection of bank wise particulars after issuance of circular/notification by RBI.

3.1.4. Moratorium on loans granted to Fishermen (Suggested by State Bank of India)

"Loans to Fishermen should either be taken over by State Government or Government should lift the ban on recovery process and Banks be allowed to start RR proceedings/ recovery proceedings on NPA accounts in respect of Fishermen loans"

In the Sub-Committee meeting of SLBC, Kerala on Primary Sector the members suggested taking up the matter of retaining these assets where moratorium is declared as standard with RBI. However, it was informed that the matter had earlier been taken up with RBI and declined. The committee again suggested taking up this issue with RBI once again and also to bring to the notice of Government of Kerala the concern of increase of NPA in this segment and the fact that further finance to this segment will also get restricted.

Further it was also suggested to recommend to the Government to restrict the moratorium to activities for fishing purposes rather than the blanket restrictions to all loans availed by fishermen community as stated in the Government Order.

3.1.5. Restrictions imposed by RBI for classifying loans sanctioned to Central/State Co-operative Marketing Federations and State Civil Supplies Corporations under Indirect Finance to Agriculture as per Master Circular of RBI dated 01.07.2011 (Suggested by Federal bank Ltd)

We invite your kind attention to RBI Master Circular on Lending to Priority Sector, RBI/ 2010-11/107/ RPCD. CO. Plan BC 10/ 04.09.01/ 2011-12 dated 01.07.2011, wherein the following types of loans are made not eligible to be classified under direct or indirect finance to agriculture (vide clauses no. 1.4.3 and 1.4.4):

1.4.3. Loans sanctioned to Central / State Co-operative Marketing Federations and State Civil Supplies Corporations.

1.4.4. Loans sanctioned to corporate / private companies/ sugar companies for financing of receivables of farmers / vendors / traders against their supplies of agricultural produce to such corporate / private companies / sugar companies.

Hitherto these loans are classified under Agriculture and concessional rate of interest is allowed in tune with benefits available to Agricultural Lending.

Consequent to the restrictions imposed by RBI with effect from 01.07.2011, the banks are not in a position to classify such accounts under Agriculture and the banks have to withdraw concession allowed, applicable to Agricultural Lending. This may put the borrowers/ agriculturists in hardship.

Please note that Central/State Co-operative Marketing Federations and State Civil Supplies Corporations procure Agricultural produces from farmers and ultimate benefits go to the farmers. Moreover they play a pivotal role in ensuring Minimum Support Price.

In most of the Contract Farming cases, the Banks used to finance the Corporates/Sugar Companies and they lend to farmers / supply inputs required for the farming community. While taking back produces from such farmers by the Corporates, they deduct the dues to the Company and the balance only paid to the farmers. This has been a very successful and beneficial form of extending credit to farmers.

In the above circumstances, it is felt that such accounts could be classified as Agricultural finance as the Bank Finance will benefit the farmers. The matter may be taken up with RBI for removal of restrictions imposed vide clauses no. 1.4.3 and 1.4.4 of Master Circular, RBI/2010- 11/ 107/ RPCD. CO. Plan BC 10/ 04.09.01/ 2011-12 dated 01.07.2011.

In the Sub-Committee meeting of SLBC, Kerala on Primary Sector that met on 10.11.2011 after the deliberations it was decided to take up the matter with Reserve Bank of India once again.

3.1.6. Issues relating to Interest Subvention

In the Group discussion of the State Level Review Meeting of SLBC, Kerala held on 20th & 21st June 2011 in Trivandrum, the following issues were raised in the forum.

- The benefit of interest subvention for short term loans may be made applicable to all Banks including Private Sector Banks.
- Interest Subvention may be made available for term loans also.

The forum accepted the suggestion put forth and requested SLBC to take up the matter with Government of India/RBI.

SLBC Convenor had taken up the matter with the Reserve Bank of India, vide its letter SLBC 38 1304 2011 KRA dated 17.08.2011, requesting to place it before the appropriate authorities for a decision.

Vide letter RPCD(T).No.LBS/207/03.02.02/2011-12 dated 26.09.2011, RBI, RPCD, Trivandrum informed that the affected banks/Government of Kerala may take up the matter directly with Government of India as the interest subvention scheme was formulated by Government of India.

The matter was again referred by South Indian Bank.

The Sub-Committee of SLBC, Kerala on Primary Sector that met on 10.11.2011 decided to make out a case through SLBC and take up with Government of India duly keeping IBA informed.

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

Action Taken Report by SLBC, Kerala:

Sl. No.	Issues	Progress
1	SLBC was assigned the task of printing vernacular version of application form and distribute it to all the 152 Assistant Directors of the State for onward transmission to Krishibhavans.	<i>Two lakh copies of Malayalam version of KCC loan application were printed and distributed to the offices of Assistant Directors as decided.</i>
2	It was decided to give advertisement in FM radio on cost sharing basis between SLBC/GOVT/NABARD.	<i>Accordingly the advertisement in vernacular was recorded and aired in all the popular FM radio channels from 20.09.2011 to 30.09.2011.</i>
3	It was decided to give a publication of KCC in “Kerala Karshakan” a publication of Farm Information Bureau of State Government	<i>The article on KCC aimed to create awareness will be published in the ensuing release of the publication which is awaited.</i> <i>Director of Agriculture to apprise the position.</i>
4	It was also decided to give adequate publicity through Doordarshan also.	<i>A documentary feature of KCC will be recorded shortly for airing the same.</i>
5	Agriculture Officers of Krishi Bahavans were directed to compulsorily attend the BLBC/DCC/DLRC meetings which will enable these forums to sort out the grass root level issues.	<i>In the meeting convened by Agricultural Production Commissioner on 24.09.2011, Department of Agriculture assured to give necessary directions in this regard to their Agricultural Officers.</i> <i>Director of Agriculture to apprise the position.</i>
6	To ensure enlisting of support from the village panchayats - APC suggested issuing necessary directions to the panchayat staff at grass root level through Local self Government Department (LSGD).	<i>Agriculture Department assured to take up the matter with LSGD for issuing appropriate orders.</i> <i>Director of Agriculture to apprise the position.</i>
7	Sensitization of Branch functionaries – It was decided to reiterate the directions already issued by Banks considering the urgency so that there is good co- ordination between Bank branches and Agricultural officers.	<i>Most of the Controlling offices of Banks have already initiated steps for sensitization of branch functionaries. SLBC in its agenda & background papers of SLRM held on 20th & 21st June 2011 provided the salient features of Kisan Credit Card for information of Controlling Offices of Banks and for penetration to the field level functionaries.</i>

Sl. No.	Issues	Progress
8	APC assured that he would explore the possibilities of conducting a meeting of Principal Agricultural Officers (PAOs) of all the Districts of the State immediately.	<i>A meeting was held on 24.09.2011 where in SLBC Convenor was also invited. In the meeting the details of KCC scheme was explained to all the PAOs and a copy of the posters and pamphlets prepared on the scheme were distributed by SLBC Cell. The SLBC representative sought maximum co-operation for sourcing of loan applications through Krishi Bhavans. Department of Agriculture offered their help in sourcing maximum applications. The subsequent developments to be apprised by Agriculture Department.</i>

The Sub-Committee of SLBC, Kerala on Primary Sector that met on 10.11.2011 decided to place the progress in the SLBC.

3.1.8. Progress on issues raised by Ministry of Finance, Government of India

Sl. No.	Issues	Progress
1	Finalization of a common format for crop loan which will be applicable to all banks	<i>The Sub-committee of SLBC, Kerala had devised a Common application format to be used by all banks uniformly both in English & Malayalam. The soft copies of this had been provided to the Controlling Offices of all Banks and LDMS. Printed copies of Malayalam version was also supplied to the Assistance Director of Agriculture in the 152 Blocks of the State of Kerala.</i>
2	Centralized Printing of the Format	<i>SLBC had undertaken printing of Malayalam version of the Common format which had been dispatched to 152 Block level Assistant Director of Agriculture.</i>
3	Assignment of a group of villages to various field functionaries for collection of application form for crop loan (Includes functionaries of rural development, agriculture department, co-operative department, panchayat department and sugarcane department etc to name a few)	<i>As per the sub-committee decision banks were instructed to adopt the Service Area Approach for financing farmers and LDMS were requested to specifically allocate areas to banks. This has also been complied.</i>

Sl. No.	Issues	Progress
4	Application to be submitted to each bank in whose “service area” the village falls	<i>As per the sub-committee decision Farmers have been given the option to submit the applications directly to banks or to the Agricultural Officers of the Krishi Bhavans in their area. Controlling Offices of banks/Agriculture Department may apprise the position.</i>
5	No Bank to charge any fees for crop loan which include documentation fee, inspection, advocate, processing and renewal.	<i>The Sub-Committee examined the issue and recommended to Controlling Offices of all Banks to comply with the requirements. Compliance to be confirmed to SLBC by member banks.</i>
6	Bank to sanction a permanent cash credit limit to be renewed each year on the verification of land holding. Since land records have been put online, this will be verified by the Bank themselves.	<i>The Sub-Committee recommended providing Kisan Credit Card to all the farmers who complies with the requirements stated in the issue. Controlling Offices of banks may apprise the position.</i>
7	There will be no requirement of getting no dues certificate from other Banks. It is the responsibility of other banks to inform the bank having the village in the service area to inform of any dues outstanding.	<i>The Sub-Committee decided that there will be no requirement for getting no due certificate from other banks. It is the responsibility of other participating banks to inform the financing bank about any dues outstanding. Member banks to confirm compliance.</i>
8	All Lead district offices to conduct special DCC meetings by 20.09.2011 to discuss the modalities for extending crop loans covering all the farmers in the state. Similarly extending KCC loans to non-defaulter farmers by 15.10.2011, without fail.	<i>All Lead Bank Offices have conducted special DCCs and confirmed to SLBC.</i>
9	Each Bank in the State to work out a scheme, if none exists for giving savings – cum – OD account to other families which do not have any land and live in the rural areas. This account should have an OD limit of up to Rs.10,000/- against the personal guarantee of the villager and the villager should be able to use the bank account for savings or for meeting the requirements of consumption purposes on a need base basis and use the OD.	<i>The matter has been placed as an agenda item in the 104th SLBC meeting for compliance of banks. Member banks to apprise the position.</i>

Sl. No.	Issues	Progress
10	E-payments especially of MGNREGA through Banks as per letter No. 31/3/2011-BO.11 dated 11th August 2011 (circular No. 1/2011).	<i>Convenor, SLBC met Chief Secretary of Kerala State and had a discussion on the matter. Chief Secretary informed that the Government is seized of the matter and will do the needful shortly. Meeting of Government and Banks would be held shortly.</i>
11	All the Lead Districts to ensure that all the payments made by the Government Departments in future shall be through electronic mode only	<i>SLBC had advised LDMs in this regard and had placed the item for discussion in the 104th SLBC. The allocation of panchyats to banks will be done only after the formal meeting is held with the State Government.</i>
12	Development of a plan for service area and sub-service area for each branch, BC and POS.	<i>The issue has been placed in the 104th SLBC as an agenda item for discussion and adoption/implementation. The Service Area Plan thus prepared is being posted in the respective district website hosted by NIC.</i>

3.2. SECONDARY SECTOR & GOVERNMENT SPONSORED SCHEMES

3.2.1. Self Employment Scheme for Educated Youth (Suggested by Directorate of Industries & Commerce and Planning & Economic Affairs Department)

Introduction:

Unemployment of the youth is a major stumbling block to growing social disequilibria leading to economic disorder and poverty of the society .The interim social balance sheet describes the energy and vibrancy of the youth as the asset and also the liability of the nation if not handled intelligently. The concern has to be addressed by appropriate employment strategy programme. The evolutionary theory of developing entrepreneurship has assumed relevance where basic attributes and mental set of young job creators has to be transplanted and nurtured carefully.

The PMRY a major self employment programme formulated by GOI was discontinued wef 2008-09.This scheme assisted 30000 to 35000 youths in Kerala per annum to start self employment ventures. A substitute scheme viz. PMEGP was launched from 2008-09. But the target for the state under this scheme is very low say only 1818 for the current financial year. This has demanded a new scheme for self employment. This Scheme for Self Employment for educated youth is yet another step to address the unemployment issues in the State.

Objective:

This Scheme intends to give assistance to young educated entrepreneurs preferably technically qualified and skilled youth to set up new micro and small enterprises having a total project cost upto Rs. 5.00 lakhs by availing credit finance through banks.

Target Group:

All educated unemployed youth who studied upto Xth Standard within the age group of 18-45 years. Preference shall be given to technically qualified and skilled persons with Engineering (BE or B.Tech)/Diploma or AIME/ITI/ITC or other technical qualifications or minimum six months Government approved skill development courses.

Assistance under the Scheme:

Margin money grant @ 20 % of the project cost limited to a maximum of Rs. 1.00 lakh will be given to set up new micro and small enterprises both for manufacturing and service enterprises (excluding trading) coming under the purview of MSMED Act 2006, having total project cost up to Rs. 5.00 lakhs by availing credit through banks.

Project Cost:

The project cost under this scheme shall include the following:

- (i) Cost of land and its development including documentation charges. The cost of land and its development shall not exceed 10 % of the project cost.
- (ii) Cost of building. This shall not exceed 25 % of the project cost.
- (iii) Plant & Machinery, equipments including all accessories, tools, jigs, fixtures, essential office equipments and furniture, lab equipments, pollution control devices, generators.
- (iv) Electrification both industrial and building.
- (v) Preliminary and pre-operative expenses which shall include Registration charges of the firm, engineering drawings, cost of the Project report, Technical know-how, cost of technical supervision during the implementation period. However, these Preliminary and pre-operative expenses shall not exceed 10 % of the project cost.
- (vi) Allowance for cost escalation (contingencies). The contingency allowance shall not exceed 10 % of the cost of the item for which it is meant.
- (vii) Working capital. The working capital shall not exceed 40 % of the project cost or cost for one working cycle, whichever is lower.

Project financing pattern:

Promoter's contribution : 10 % of the project cost

Bank finance : 70 % of the project cost

Government contribution : 20 % of the project cost

The Government contribution shall be by way of Margin money grant, on a pro-rata basis (proportionate to the release of loan by the financial institution).

Identification and selection of beneficiary:

The Industries Extension Officers shall identify the potential entrepreneurs in Block/Municipality level. The selection of the eligible entrepreneurs for the scheme shall be by a Dist level Task Force constituted for the purpose. The Task Force shall consist of the following members:

- (i) General Manager, District Industries Centre : Chairman
- (ii) Lead District Manager or his representative : Member
- (iii) Manager (Credit), District Industries Centre : Convenor
- (iv) Assistant District Industries Officer of the concerned Taluk : Member
- (v) Industries Extension Officer of the concerned Block/Municipality : Member

The Manager of the concerned bank branch will be a special invitee.

The Task Force shall select the beneficiaries for the scheme by taking into consideration the following factors:

- (i) Technical feasibility & economic viability of the project.
- (ii) Employment generation.
- (iii) Investment.
- (iv) Marketability of the product.
- (v) Capability of the entrepreneur.

Methodology for the implementation of the Scheme:

All Micro and small enterprises both in the manufacturing and service sector are covered under the scheme. After identification of the potential entrepreneurs, an application in the prescribed format duly filled by the applicant along with the project report and technical feasibility report and documents to prove the age, qualification, experience etc shall be filed with concerned taluk ADIOs. The ADIO shall process the application as regards the eligibility of the applicant as per rules and also its technical feasibility and commercial viability. He will also conduct a field verification. The applications so verified will be forwarded to the General Managers of the Dist concerned with report of verification. The General Manager will make a further scrutiny and will place it before Dist Level Task Force a decision. The approved projects are then forwarded by the General Manager, District Industries Centre to the concerned financial institution for sanctioning loan. After sanctioning the loan, all beneficiaries shall undergo a one day training programme. Bank/financial institution shall release the loan amount only on production of the training certificate of the District Industries Centre by the beneficiary. The General Manager, District Industries Centre shall release the Margin Money grant on pro rata basis to the loan account of the beneficiary in the concerned financial institution, on receipt of the sanction letter from the financial institution with regard to the loan sanctioned to the unit and certificate towards release of the same to the beneficiary and after the beneficiary executes an agreement in this regard with the Department. The beneficiary shall be bound to run the enterprises for a period of not less than three years from date of release of grant/first instalment of margin

money grant by the Department, failing which the entire amount shall be refunded with interest @ 14%. In no case the margin money grant shall be released without the order of release of loan by the financial institution.

Implementing agencies:

The agency to implement the Scheme shall be the Directorate of Industries & Commerce along with the District Industries Centres and Taluk Industries Offices.

Implementation:

Implementation of the scheme involves beneficiary identification, project selection, identification of the support system required by the beneficiary, escort service and close liaison with the banks/other local agencies linked to the industry sector. The following persons shall be responsible for the implementation of this scheme:

- | | | |
|--------|---|--------------|
| (ii) | Identification of the beneficiary | : IEO/ADIO |
| (iii) | Beneficiary selection | : Task Force |
| (iv) | Project report preparation | : IEO/ADIO |
| (v) | Preparation of Technical Feasibility Report | : IEO/ADIO |
| (vi) | Recommendation of application to banks | : GM, DIC |
| (vii) | Follow up and liaisons with banks | : IEO/ADIO |
| (viii) | Sanctioning loans | : Banks |
| (ix) | Sanctioning Margin Money Grant | : GM, DIC |
| (x) | Escort service providers to beneficiary | : IEO/ADIO |

Monitoring:

The scheme will be monitored by Directorate of Industries & Commerce along with the District Industries Centres. The working of the units shall be monitored by the Industries Extension Officers/Assistant District Officers under the Taluk Industries Offices.

Target for the financial year 2011-12:

- | | |
|---------------------|--|
| Budgetary provision | : Rs. 150.00 lakhs |
| Minimum enterprises | : 150 numbers (@ Rs. 1.00 lakh per unit) |
| Maximum investment | : Rs. 750.00 lakhs (@ Rs. 5.00 lakh per project) |

The fund available to implement the scheme in the current financial year is Rs.150 lakhs under the head of account 2851-00-102-84.

The proposal is submitted before the Working Group for administrative sanction to implement the scheme in the current financial year at a total cost of Rs. 150 lakhs.

The Steering Committee of SLBC suggested placing the item for consideration of the SLBC but recommended the following amendment.

“The Government contribution by way of Margin money grant may be released in advance and not on a pro-rata basis (proportionate to the release of loan by the financial institution) as stipulated in the scheme.”

Vide letter No.FC2-8495/2011 dated 19.10.2011, the Director of Industries & Commerce clarified that “it may please be noted that there is some communication gap in this. What the Department meant is that the financial institution has to release the Margin Money Grant on a pro-rata basis to the loanee. i.e. in proportionate to the loan amount released. As and when communication regarding sanction of loan under Self Employment Scheme for Educated youth is received, the concerned General Manager will release the Margin Money Grant to the financial institution concerned.” It is understood from certain General Managers that banks are not accepting applications under this scheme due to the reason that the SLBC has not approved it. Hence it is requested to issue necessary directions to the LDMs/Controlling Offices of Banks based on the clarification in this regard.

The Sub-Committee of SLBC, Kerala on Secondary Sector that met on 10.11.2011 examined the scheme and sought for the following clarification.

- *Modification is required under the selection process*
- *Ensure that, whether the unit can be worked successfully without monitoring.*
- *Forward linkage to be considered and as far as possible it shall be vendor units*
- *Sub segment targets to be incorporated under the scheme.*

Industries Department may clarify the above for approval of the scheme for implementation.

3.2.2. Proposal to introduce penalty for delayed payment of premium for coverage under CGTMSE

As per the existing Rule of CGTMSE the borrowers or applicants have to pay premium amount on policies taken by them within a specified time and the policies will be cancelled by the lending institutions on delayed payments. In the SME Empowered Committee held on 09.12.2010 by Kottayam District Industries Centre, it was suggested that instead of cancelling the policy, it is advisable to charge penalty for delayed payments of premium.

The matter came up for discussion during the 103rd meeting of SLBC, Kerala held on 16.03.2011 at Trivandrum. The meeting decided to take up the matter with MSME Development Centre to explore the possibilities of implementing this suggestion.

The matter again came up for discussion during the State Level Review Meeting of SLBC, Kerala held on 20th & 21st June 2011 where it was recommended to pursue the matter.

SLBC Convenor had taken up the matter with the MSME Development Centre, Mumbai requesting to examine the proposal and inform the decision taken in this regard.

The Sub-Committee of SLBC, Kerala on Secondary Sector that met on 10.11.2011 decided to pursue the matter with MSME Development Centre, Mumbai.

3.2.3. Non-Receipt of subsidy for PMEGP loan

- (i) Federal Bank Ltd, Elanji Branch had sanctioned a loan of Rs.2.00 lac to Mr. Sibi Mathew, Karakudiyil House, Elanji P O on 27.08.2009. The activity was MOBILE MORTUARY and the project was for Rs.2.39 lacs. This was approved by the Task Force Committee and forwarded to the Bank. It consisted of two mobile mortuary units and two generators. No vehicle was part of the project. The eligible margin money was Rs. 0.60 lac. However the claim for subsidy was declined by KVIC on 07.12.2009, stating that the activity cannot be considered under PMEGP.
- (ii) KVIC reportedly have taken up the issue with their Head Office for clarification and they concurred with the decision taken by Regional Office.
- (iii) The issue was taken up in the State Level Monitoring Committee on PMEGP conducted by KVIC in August 2010.
- (iv) The borrower has stopped repaying the loan stating that unless subsidy is given, he will not pay back it. The account has turned NPA now.
- (v) The activity is not in the negative list of PMEGP.

The matter came up for discussion during the 103rd meeting of SLBC, Kerala held on 16.03.2011 at Trivandrum as suggested by LDM, Ernakulam.

The Convenor, SLBC informed that that it was a pending issue taken up by Federal Bank earlier and was referred back to be considered by DLRC/ DCC, Ernakulam. Now that it has been referred to SLBC again we may examine the facts and make recommendations to KVIC.

In the meeting, Director, KVIC informed that the matter has been referred to KVIC, Central Office recommending with all details and head office is expected to release the Margin Money subsidy within 10 days.

The matter again came up for discussion during the State Level Review Meeting of SLBC, Kerala held on 20th & 21st June 2011. The meeting decided that the issue has to be pursued till its logical conclusion.

SLBC Convenor had followed up the matter with the KVIC, vide its letter SLBC 38 1154 2011 KRA dated 13.07.2011, requesting to take immediate action for releasing the Margin Money and inform the developments in this regard.

The progress in this regard is yet to be informed by KVIC.

The Sub-Committee of SLBC, Kerala on Secondary Sector that met on 10.11.2011 decided to pursue the matter with KVIC.

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

The matter came up for discussion during the State Level Review Meeting (SLRM) of SLBC, Kerala held on 27th and 28th August 2009 in Trivandrum.

In the meeting, LDM, Thrissur informed that Subsidy on PMRY loans were yet to be released to various banks by the Government. Obviously the Borrowers of PMRY loans have to pay interest on the claimed subsidy portion also till it is received by Banks. He informed that Thrissur District is having 12 and 108 pending subsidy cases for the year 2006-07 and 2007-08 respectively. In view of the above, he requested SLBC forum to recommend to RBI to speed up the process of releasing the pending subsidy.

During the meeting, the Assistant General Manager, RBI informed that Kerala Regional Office of RBI was not directly dealing with the matter and it was centralized at Mumbai.

The matter again came up for discussion during the 100th meeting of SLBC, Kerala held on 21.12.2009 in Trivandrum. The Chairman of the meeting informed that SLBC have received communication from RBI, Regional Office stating that RBI, Central Office was in the process of finalizing the PMRY subsidy for the year 2006-07 and 2007-08 in consultation with the Government of India and as soon as it was finalized, the subsidy would be passed on to the implementing banks.

During the 101st meeting of SLBC, Kerala held on 30.03.2010, the Deputy General Manager, RBI informed that so far RBI had not received any clarification from Government of India in this regard.

RBI vide letter RPCD (T) No.LBS/2022/03.02.02/2009-10 dated 11.05.2010 informed that *“RBI Central Office is in the process of finalizing the PMRY subsidy for the year 2006-07 and 2007-08 in consultation with the Government of India and a final decision in the matter will be communicated in due course.”*

The matter again came up for discussion in the State Level Review Meeting of SLBC, Kerala held on 16th & 17th September 2010 in Trivandrum. During the Group Discussions, the Group recommended for following up the matter till a logical conclusion.

The matter again came up for discussion in the 102nd Meeting of SLBC, Kerala held on 15.12.2010 in Trivandrum.

During the meeting the Assistant General Manager, RBI informed that recently they have received a clarification from their Central Office, Mumbai that the matter of releasing the captioned subsidy has already been taken up with Government of India and after receipt of the subsidy from Government of India, the same would be allocated to implementing banks.

LDM, Thrissur informed that many PMRY accounts have turned to NPA. Though the lock in period for adjustment of subsidy is also over, in many cases subsidy is yet to be received affecting the recovery process. Hence he requested the forum to follow up the matter further till meaningful solution.

The forum took a decision to follow up the matter till it is resolved.

RBI, RPCD, Trivandrum vide letter RPCD (T) No.LBS/687/03.02.02/2010-11 dated 07.02.2011 informed that RBI Central Office has taken up the matter with Government of India and they shall revert to the subject as soon as a communication is received.

The matter again came up for discussion in the 103rd Meeting of SLBC, Kerala held on 16.03.2011 in Trivandrum and decided to pursue the matter with RBI.

Further SLBC is repeatedly getting representations/enquiries from many member Banks on the fate of PMRY subsidy from many Banks as the branches are finding it difficult to convince the customers and the loan accounts could not be closed for want of subsidy.

Vide letter RPCD (T) No.LBS/888/03.02.02/2010-11 dated 11.05.2011, RBI informed that their Central Office has taken up the matter with Government of India and a decision in this regard is awaited.

The matter again came up for discussion during the State Level Review Meeting of SLBC, Kerala held on 20th & 21st June 2011. The meeting decided that this long pending issue has to be pursued vigorously for an early settlement.

SLBC Convenor had followed up the matter with the Reserve Bank of India, vide its letter SLBC 38 1155 2011 KRA dated 15.07.2011.

Vide letter RPCD (T) No.LBS/172/03.02.02/2011-12 dated 07.09.2011, RBI informed that “RBI Central Office has taken the captioned issue with Government of India. They have informed that a proposal for augmentation of funds under backward and forward linkage component of Prime Minister’s Employment Generation Programme (PMEGP) for clearing residual liabilities of erstwhile Prime Minister’s Rozgar Yojana (PMRY) and Rural Employment Generation Programme (REGP) schemes under consideration for the approval of competent authority. The proposal for further release of funds can be considered only after the approval of the competent authority, subject to availability of budgetary provision”.

Many such instances are now being reported by various banks in the State.

The Sub-Committee of SLBC, Kerala on Secondary Sector that met on 10.11.2011 noted the above and decided to wait the final reply from Reserve Bank of India in this regard.

3.2.5. Non release of Margin Money by KVIC for the PMEGP Loan granted by Catholic Syrian Bank, Kodagara during in 2009-10 (Suggested by LDM, Thrissur)

LDM, Thrissur had reported that for the PMEGP loan disbursed by Catholic Syrian Bank, Kodagara Margin Money claim is pending since 11.02.2010 (KVIB is the implementing agency). The matter was taken up several times from the office of LDM Thrissur with KVIB and KVIC but yet to be resolved. SLBC Cell has also followed up the matter both with KVIC and KVIB. SLBC cell understand that the release of margin money is kept pending for want of some clarification from KVIC Central Office at Mumbai.

The matter is raised by the Catholic Syrian bank Ltd in every available forum and the Lead Bank, Thrissur is unable to give them any concrete reply in the matter. The aggrieved party also has sent many letters to the Bank expressing concern over the delay and consequent financial burden to him.

Lead bank, Thrissur has requested to place the matter as one of the agenda items for the ensuing SLBC.

The Sub-Committee of SLBC, Kerala on Secondary Sector that met on 10.11.2011 decided to follow up the matter with KVIC.

KVIC to inform the latest position.

3.3. TERTIARY SECTOR & OTHER MATTERS

3.3.1. Financial Inclusion - Progress made on the Guidelines/Directives of Ministry of Finance

Kerala became the first State in the Country to establish banking channels in all its 127 unbanked villages identified (120 with population above 2000 & 7 with less than 2000). The dedication of the banking channels was made in a grand function held at Trivandrum on 30.09.2011 by the Hon'ble Chief Minister Sri. Oommen Chandy in the presence of Sri. K. C. Joseph, Hon'ble Minister for Rural Development, Dr. P. Prabhakaran IAS, Chief Secretary and Sri. S. Raman, Chairman & Managing Director, Canara Bank. Top functionaries of RBI, NABARD, Ministry of Finance, Government Departments, Banks, LDMs, Business Correspondents, Technology Providers, RSETI Directors, FLCC Counselors and the common public graced the occasion. With this the State has laid strong foundation in its journey of inclusive growth. Having provided banking facilities in all the villages of the State it should be our endeavour to concentrate on the following matters in accordance with the directives of Finance Ministry/RBI/IBA.

- (i) **Adoption of Electronic Benefit Transfer (EBT)** for the transfer of NREGA payments, social security pensions, any other grants/subsidies given by the

Central/State Government without any manual intervention. Adoption of EBT would greatly enhance the efficiency of such transfers besides reducing the scope of malpractices

Action Taken: *SLBC Convenor had met Chief Secretary on the matter and it was assured to convene a meeting of Government Departments and banks to move forward in the matter. The meeting is likely to be convened shortly to sort out the implementation aspects.*

(ii) **Accelerating the opening of No frill account, issuance of Smart Cards and grant of small value credit**

An exclusive meeting of banks would be convened for reviewing the latest position shortly. The progress achieved by banks in the financial inclusion villages on the subject matter is placed as a table item for the information of the house.

(iii) **Finance Ministry's guidelines regarding the branch expansion plan and financial inclusion strategies (Refer Annexure-9.51)**

As per the guidelines brick & mortar branches are to be opened in those villages with more than 10000 population and without any bank branches in a vicinity of 5 km radius. In Kerala State 13 such villages have been identified and physical branches are proposed to be opened in these villages before September 2012. The responsibility of opening branches may be assigned to the same banks which are implementing financial inclusion roadmap in these villages at present. The forum may approve the allotment proposed vide Annexure-9.48.

(iv) **All Lead Districts to prepare a Service Area Plan** for the district by allocation of all villages/grama panchayats to the banks operating in the area. Service Area Approach would be adopted for the coverage of entire country for financial inclusion. The banks to which the villages/grama panchayats are allocated would be responsible for the financial inclusion activities in that area. It was also advised to host such plans in the website of NIC in respective districts.

As per the guidelines all the LDMs had prepared the district Service Area Plan and the same is being hosted in the Website. All the LDMs have been requested to ensure compliance and minor aberrations in the plan already prepared may be rectified immediately by getting the same approved by respective DLRCs.

(v) **To prepare a comprehensive district financial service plan** - LDMs, DDMs and Nodal officers of Public Sector Insurance Companies (both life and nonlife) are directed to prepare a comprehensive district financial service plan covering banking, rural development, insurance etc. These officers to meet every month to review the progress and resolve inter agency issues.

All the stakeholders were advised to take note of this and LDMs shall constitute a sub-committee at district level for the formulation and monitoring of district financial service plan. Such plans prepared at district level are to be amalgamated as State plan and similar committee is also to be constituted at State level by SLBC. Not much progress has been made in the implementation of this directive.

- (vi) **Opening of FLCCs in the all the blocks of the State** - As per RBI guidelines FLCCs are to be opened first at District level under aegis of respective Lead Banks and the coverage to be expanded in a phased manner to Blocks/Panchayats.

Kerala is the first State to have established FLCCs in all the districts in the State. Instructions have been passed on to LDMs to discuss this as an agenda in DLRC meeting and assign the responsibility of establishing FLCCs at block level to the banks willing and inform the final allocation to SLBC. The progress achieved in this regard to be reviewed in all the subsequent DLRC meetings also.

- (vii) **Miscellaneous matters:**

- SLBC may think of framing strategies for opening of accounts for the migrant labourers.
- Banks should take immediate steps for revival of inoperative accounts by granting them KCC/GCC.
- One officer from the bank branch must visit BCs in villages of population of 2000 and above for follow up and monitoring which would ensure that customers get confidence in the BC agents

Controlling Offices of Banks to initiate appropriate Steps for early compliance of the directives.

3.3.2. Education Loan Issues

3.3.2.1. Due to deficiencies in CBS system, in many banks penal interest is levied in loan accounts, including Education loans, which are under moratorium period (Suggested by Reserve Bank of India)

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 suggested that Controlling Offices of all banks may examine the issue and provide a confirmation which may be placed as an information note in the SLBC.

3.3.2.2. Education Loan – Evolving uniform approach for all banks (Suggested by South Indian Bank)

The bank suggested that a model scheme for all banks may be devised by SLBC to have a uniform approach.

3.3.2.3. Communication of Government of Kerala approved tuition fees for Education Loan to all banks (Suggested by Syndicate Bank)

Communication of Government approved fee structure for professional courses in Kerala and adjacent states of Tamil Nadu, & Karnataka may be provided in order to enable the banks to sanction uniform loan amounts under Educational Loans.

3.3.2.4. Education Loan – BSc Nursing – Unhealthy practice of issuance of blank admission letters – M/s. National College of Nursing, Bangalore (Suggested by State Bank of Travancore)

It is reported that Vizhinjam Branch of SBT had come across a few instances of issuance of Blank Admission Letters by M/s. National College of Nursing, Yeshwanthapura Hobli, Hegganahalli Cross, Sunkadakatte, Vishwaneedam Post, via Magadi Road, Bangalore – 560091. (Copy provided as Annexure-9.55)

The admission letters are issued without undergoing any procedures/selection process where even the space for name of the student and date are kept blank.

Such blank admission letters are issued presumably through a network of agents to lure unsuspecting students, especially from the socially and economically backward rural areas of the district. As the practice is unhealthy and against the best interest of the society, the branch has taken a view not to consider such applications for education loans.

Now the parents of the students and some politically influential persons are threatening the branch and are exerting pressure on the Branch Manager to sanction loans on the basis of such admission letters.

It is requested to include the above as agenda items in the forthcoming SLBC meeting to protect the interest of the bank.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 took a decision to constitute a separate Sub-Committee to look into the issues relating to Education Loans. The committee shall examine all issues relating to Education Loan and submit its report/suggestions to SLBC.

3.3.3. Provision to monitor status of RR (Suggested by State Bank of Travancore)

RR filing in the State is now online. The control / view function should be made available to the Controlling offices of banks to enable them to monitor the status.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 decided to take up the matter with Revenue Department, Government of Kerala for enabling this facility to Controlling Offices of banks.

3.3.4. Objection of the sale of properties attached by Banks (Suggested by State Bank of Travancore)

Sub Registrar's Offices have been objecting to the sale of properties by Banks on the plea that subsequent attachment by private individuals exists. Necessary instruction to be given to SROs emphasizing the fact that the Bank's charge overrides all subsequent charges by private individuals.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 decided to take up the matter with the concerned Department of Government in this regard.

3.3.5. E-Collection of Kerala State Commercial Taxes (Suggested by Indian Overseas Bank)

RBI has already authorized Indian Overseas Bank along with six other banks to transact Kerala Government Business of e-payment of Commercial Tax, vide their letter dated 08.12.2010. Finance Department, Government of Kerala has also accredited Indian Overseas Bank to transact the business of e-payment of commercial tax vide their letter dated 21.12.2009.

The Secretary, Taxes Department, Government of Kerala has indicated that apparently no development has occurred in as much as the Government Treasury is yet to decide on the matter. The only bankers handling this business at present are SBI and SBT.

Since the issue is pending for a long time, it is requested to place this as an agenda item for discussion in the SLBC meeting.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 decided to take up the matter with the concerned Department of Government in this regard.

3.3.6. Exemption to Public Sector Undertakings etc. from producing Identity Card and Photo for registration of document in terms of Notification RR-4/5448/2003 dated 04.05.2007 of Registration Department (Suggested by Syndicate Bank)

Registration Department vide their notification RR-4/5448/2003 dated 04.05.2007 wherein certain categories of officers have been exempted from producing the identity card and photograph while executing documents in official capacity. Majority of the Sub-Registrars are not aware of the exemption and it is requested that Registration Department to issue a fresh direction to exempt Authorized Officers under SARFAESI Act from producing Identity Card and Photo while registering the property in the official capacity. At present Authorized Officers are executing document in a quasi-official capacity without seal and it is essential that Authorized Officers execute document in official capacity with seal.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 decided to take up the matter with Registration Department, Government of Kerala for doing the needful.

3.3.7. Agenda item suggested by the Secretary, Housing (C) Department & the Housing Commissioner, Housing Department, Government of Kerala

To ascertain quantitative shortage of Houses in the State and to assist the Government in Housing and Habitat Policy formulation, and furnishing housing statistics to Central Government and State Government, Planning Boards, availability of district wise details of number of houses sanctioned/constructed every year for each category viz.EWS/LIG/MIG/HIG (Economically Weaker Section, Lower Income Group, Middle Income Group, Higher Income Group) with loan assistance from each of the bank is highly essential.

In the above context, housing data collection from the bank as shown in the format furnished below may be considered as an agenda to be discussed in SLBC meeting.

District wise details of loans sanctioned/disbursed during the financial year from 01.04.2010 to 01.03.2011 by _____ Bank under _____ Scheme

(Amount in Rupees lakhs)

District	No of houses sanctioned during the year	Total amount sanctioned during the year	Financial achievement		Physical achievement
			Total amount disbursed during the year	No. of houses for which fund disbursed during the Year (houses under construction)	Total No. of houses completed during the year
1	2	3	4	5	6
Trivandrum					
Kollam					
Pathanamthitta					
Alappuzha					
Kottayam					
Idukki					
Ernakulam					
Thrissur					
Palakkad					
Malappuram					
Kozhikkode					
Wayanad					
Kannur					
Kasaragod					
Total					

Details of loans under IAY, ISHUP for EWS & LIG, & loans to Minorities and others shall be given in separate sheets

The Secretary, Housing (C) Department, Government of Kerala again vide letter No.2515/C2/2011/Hsg dated 28.10.2011 had stated that the Working Group on Housing for 12th Five Year Plan is attempting to submit its report to Government on quantum of investment that has gone to the Housing Sector during the current plan period. This is being analysed. Further Government is in the process of finalising a new Housing policy for the State for which the above details are required.

In the Sub-Committee meeting of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 it was informed that collection of disbursement/outstanding loan details from 2007 is not a practical proposition at this juncture since most of the data may not be available with the bank branches on account of CBS migration. The committee authorized SLBC Cell to collect the available details in this regard. Majority of the banks expressed difficulty in submitting the data as required by the Housing (C) Department.

3.3.8. Agenda items suggested by Reserve Bank of India

3.3.8.1. Operations through BCs

RBI desires to have a first hand information on the operations effected through BCs and suggested that banks may appraise the house on issues, if any.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 decided to review the progress on BCs separately in the Financial Inclusion review meeting.

3.3.8.2. Low level of transactions through Smart cards

Though financial inclusion phase II is in progress RBI observed that the transactions through Smart Cards are not happening in full swing. It was desired to call for the views from the bankers.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 decided to review the progress on smart card transactions separately in the Financial Inclusion review meeting.

3.3.8.3. Details of BCs and BFs operating in the State

RBI desires to have the number of BCs and BFs operating in the State (separately).

The Steering Committee of SLBC felt that the details of BCs and CSPs are provided by all banks in their data on financial inclusion. The data on BFs have not been collected till date.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 decided to review the progress on BCs and BFs operating in the State separately in the Financial Inclusion review meeting.

3.3.8.4. Credit facilities to women and SC/ST beneficiaries

RBI felt that the data provided in SLBC background paper shall reflect scheme wise disbursement of credit facilities to women and SC/ST beneficiaries also.

In the Sub-Committee meeting of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 the Principal Secretary, SC/ST Development Department, Government of Kerala suggested that periodical interaction between SLBC and SC/ST Development Department will be done regarding measure to develop income generation activities. The Committee decided the following:

- *SLBC Cell to collect activity wise data atleast from one bank in each district with details of women and SC/ST beneficiaries separately from next quarter.*
- *BLBC to study with LDM support in one bank branch in their block on a pilot basis and to submit a report to SLBC.*

3.3.9. Green Initiative – e-payment (Suggested by Department of Financial Services, Ministry of Finance, Government of India)

To enhance use of e-payments, it will be appropriate if all schemes of Government of India and the State Governments which are being administered by the State Governments are implemented by carrying out the following:

- (i) All payments to be made to beneficiaries are made by electronic fund transfer to the respective accounts of beneficiaries. The banks have been asked to open 'no frill' accounts.
- (ii) The Lead Bank of the area has been advised to ensure that no beneficiary has any difficulty in opening a bank account.

It was advised to review the progress by the departments so as to ensure that with effect from 1st October, 2011 no payments are made or received through cheque except from such institutions which do not have Core Banking Solutions or have no access to ECS payment facility (this includes certain Urban Co-operative Banks, Local Area Banks and State Co-operative Banks).

It was also suggested to hold a meeting and a plan worked out to give the details of the name of the Department and the schemes under which subsidy/loan/grant is given to the beneficiary by the Government Department or any authority/undertaking.

The Department of Financial Services, Ministry of Finance suggested placing the item in the agenda of the current meeting of SLBC.

The same issue has been raised by Corporation Bank also.

Action Taken Report – *Convenor, SLBC met Chief Secretary of the State and had a discussion on the matter. Chief Secretary informed that the Government is seized of the matter and will do the needful shortly. Meeting of Government and Banks would be held shortly.*

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 decided to pursue the matter with the Government.

3.3.10. Government proposal of declaring moratorium on recovery of loans availed by the people in Endosulphan affected areas

In a meeting chaired by the Hon'ble Chief Minister on 23.11.2010, it was decided that the Government would introduce a moratorium on recovery of loans availed by the people affected by the ill effects of Endosulfan in Kasaragod District. Total number of loanees under this category will be 640 and they have availed about Rs.5.4 crore as loan from Public Sector Banks (Survey conducted by ICDS is furnished below). Women and Children in this area were found to be worst affected with congenital anomalies, mental retardation, physical deformities, chronic ailments, cerebral palsy, re-productive disorders and many irreversible and difficult diseases to treat and they live in misery and their livelihood is deplorable. A large quantum of money was taken by the people as loan from Public Sector Banks, Co-operative Banks and money lenders to pull on their lives.

Moratorium on recovery of loans and revenue recovery proceedings is considered to be an indispensable option as the loanees are unable to repay the loan amount in the present situation. A positive response from the banking sector in this direction will be great relief to these people in deep distress. To mitigate the hardships of these people, it is requested to do the needful for including this item in the agenda items to be discussed in the SLBC.

The matter came up for discussion during the 103rd meeting of SLBC, Kerala held on 16.03.2011 in Trivandrum as suggested by the Principal Secretary Finance (Planning) Department, Government of Kerala.

During the meeting, the Officer on Special Duty, Finance (Resources), Government of Kerala informed that Government of Kerala had suggested that banks in the Endosulphan affected areas may consider granting at least one year moratorium on loans availed by the people affected by the ill effects of Endosulphan. The State Government had taken various measures for extending relief to those people who were actually distressed in these areas

under acute agony. He added that the affected people availed loans from various banks and is not in a position to repay such loans now. Hence, he requested the forum to take a favourable decision in line with the Government proposal.

The LDM, Kasaragod informed that the list forwarded by the District Administration does not furnish complete details of the victims of Endosulphan. Banks in the District were expressing difficulties in identifying the persons. As the District Administration had entrusted the task to Kudumbashree for collecting the details of the victims, he sought the assistance from Kudumbashree in this regard.

The forum requested Kudumbashree to provide the details of victims of Endosulphan as early as possible to examine the proposal of the Government. SLBC Convenor had taken up the matter with Kudumbashree, requesting to provide the details.

The matter again came up for discussion during the State Level Review Meeting of SLBC, Kerala held on 20th & 21st June 2011 in Trivandrum. It was reported that the responsibility of collating the data is now with ICDS. The meeting requested the LDM Kasargod to co-ordinate with ICDS and speed up the collection of required bank wise details including addresses.

SLBC Convenor had taken up the matter with the LDM, Kasaragod, vide its letter SLBC 38 1339 2011 KRA dated 19.08.2011 and the response is awaited. LDM, Kasaragod to inform the position.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 requested LDM, Kasaragod to provide the details for placing before the SLBC.

3.3.11. Establishing one more DRT for the State of Kerala and Union Territory of Lakshadweep

On a review of the cases pending before the DRT it has been observed that there is absolutely no progress in the Original applications filed by the Bank for recovery of its dues. The inordinate delay in the disposal of original applications filed by the bank as well as Securitization Applications filed by the defaulting borrowers/guarantors challenging actions taken by the Bank under the SARFAESI Act is hampering the recovery efforts taken by the Bank. There are a number of cases where the Bank is not able to get the stay orders, granted by the DRT against proceedings initiated by the Bank under SARFAESI Act, vacated.

As on 31.12.2000, a total number of 1333 Original Applications and 1301 Securitization Applications were pending before the DRT, Ernakulam for hearing and disposal. The year-wise break-up of the total number of Original Applications and Securitization Applications pending before the DRT, Ernakulam is as under:

(a) Original Applications :

Year	Filed during the year	Pending at the close of the year
2008	271	931
2009	297	1093
2010	543	1333

(b) Securitization Applications :

Year	Filed during the year	Pending at the close of the year
2008	257	343
2009	462	806
2010	807	1301

It is understand that the main reasons for the above are the increase in the work load of DRT as a result of the increasing number of Securitization Applications filed under section 17 of the SARFAESI Act and there being only one DRT in the State.

While the backlog of pending cases is increasing year after year, going by the present rate of disposal, the backlog of cases is likely to increase further in future. Hence, in the interest of the banking community as a whole, it is extremely necessary to have one more DRT for the State of Kerala and Lakshadweep. It is requested to take up the issue at the appropriate level through SLBC.

The matter came up for discussion in the 103rd Meeting of SLBC, Kerala held on 16.03.2011 in Trivandrum and decided to take up the matter with appropriate authority.

SLBC Convenor had taken up the matter with the Ministry of Finance, Government of India, vide its letter SLBC 35 630 2011 KRA dated 23.04.2011.

The matter again came up for discussion during the State Level Review Meeting of SLBC, Kerala held on 20th & 21st June 2011 in Trivandrum. *The meeting recommended SLBC to follow up the same.*

SLBC Convenor had followed up the matter with the Ministry of Finance, Government of India, vide its letter SLBC 38 1157 2011 KRA dated 15.07.2011, requesting to examine the matter and do the needful for setting up one more DRT for the State of Kerala and Lakshadweep.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 decided to pursue the matter with Ministry of Finance, Government of India. Their response is awaited.

3.3.12. Levying of Service Charges under SARFAESI

Requirement

The Government of Kerala vide GO (MS) No. 39/11/RD dated 20.01.2011 had ordered recovery of service charge @ 7.5% of the amount demanded from the borrower/guarantor under SARFAESI for which action under 14 of the Act is initiated.

Levying of Service charges under SARFAESI is not permissible under the present law. Hence it is suggested to waive Service Charges being levied by the Government for SARFAESI related cases.

Suggestion

To waive Service Charges being levied by the Government for SARFAESI related cases.

Discussed in Which Forum

The matter came up for discussion during the State Level Review Meeting (SLRM) of SLBC, Kerala held on 20th & 21st June 2011 in Trivandrum.

SLBC Convenor had taken up the matter with the Additional Chief Secretary, Revenue Department, Government of Kerala, vide its letter SLBC 38 1342 2011 KRA dated 19.08.2011, requesting to examine the matter and take appropriation action in this regard.

In the meeting of the Sub-Committee of SLBC, Kerala for looking into long pending issues with the Government held at 3 p.m. on 12.10.2011 in the Chamber of the Secretary, Finance Department, Government of Kerala, Sri. V. P. Joy IAS, Secretary, Finance Department, Government of Kerala informed that *an appropriate decision from the Government Department concerned is required in this regard. He requested Revenue Department to examine this aspect and put up the proposal.*

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 decided to pursue the matter with Revenue Department.

3.3.13. Computerization of Land Records

Requirement

To computerise land records as in States like Karnataka and Andhra Pradesh .This will enable financing banks to make online notings, regarding their lien and help to bring down the transaction cost for getting various certificates from village office.

Suggestion

To computerise land records in the state of Kerala.

Discussed in Which Forum

➤ SLRM of SLBC, Kerala during 2006, 2007 and 2008

The representative from the Revenue Department informed the forum that instructions had been issued to District Collectors to complete the process. SLBC, Kerala observed that the matter had been pending with the concerned department for a long time. In 99th meeting it is informed that the computerisation process is gaining momentum.

➤ SLRM 2009, SLRM 2010, 100th & 101st meeting of SLBC

It is informed that a centrally sponsored scheme namely NLRM system was being introduced during the year for computerization of land records and to be completed within 3 years.

In the meeting the Nodal Officer, State IT Cell, Revenue Department informed that in tune with the recommendation of the SLBC, the IT Department is exclusively revamping the land records for computerisation in Kerala which includes 4 steps.

(2) Resurvey process. This has been completed only in 768 villages out of 1500 villages in Kerala. The resurvey process would be completed through the Government programme called “BhoomiKerala”.

(3) Completed the data entry process of 95% of the total resurvey records.

(4) Data revalidation process was going on in the villages.

(5) Data finalisation and data base updation is also going on. Out of the 768 resurveyed villages, the process have been completed in 206 villages and ported in the Website of Revenue Department. The process would be completed in the remaining villages soon.

➤ 102nd, 103rd meeting of SLBC & SLRM 2011

The agenda item again came up for discussion during the 102nd meeting of SLBC, Kerala held on 15.12.2010 in Trivandrum. In the meeting, the Assistant Commissioner, Revenue Department, Government of Kerala informed that Department had already computerized 305 villages in the State and had given details in the website www.revenuekerala.gov.in The computerization process has been done through the sponsorship of NLRM programme of Central Government and the process could be introduced only in resurveyed villages. There are 760 resurveyed villages in the State. In the first phase 576 villages were taken for computerization, of which 305 villages have been completed and the details are put in the website. Rest of the villages would be completed by the end of March 2011.

The matter again came up for discussion during the 103rd meeting of SLBC, Kerala held on 16.03.2011 in Trivandrum. In the meeting, Smt. Nivedita P Haran IAS, Additional Chief Secretary, Revenue Department, Government of Kerala informed that Computerization of land record was linked with the issue of Land Titling Bill. Land Titling Bill is actually a model act that has been approved by the Government of India. The basic requirement in the model act is two fold. (i) Ensure the Government to maintain verified Revenue records of all land holdings (ii) A common database is maintained by the revenue authorities and other Government authorities concerned. It is only a recommendatory act made by Central Government to the State Government and that the State Government has to implement this

act, for which some basic homework need to be done. The basic policy of the land records are known as the mirror principle and curtain principle. The mirror principle states that anything on the ground should mirror the revenue records and vice versa. ie the person who is the owner of the land on revenue records should be in possession of the land also. Curtain principle is that no land ownership can be challengeable in any court of law - civil or criminal. To reach this level of accuracy in revenue records, (i) It should be fully computerized and checked (ii) the Resurvey in the State should be completed. In Kerala also, the aim is to complete the computerization of Revenue records and the resurvey. Once this is done, the Land Titling Bill could be adopted or rejected by the State as per its discretion. She added that most of the States are very far from its implementation. As of now no decision has been taken by the Kerala State Government regarding adoption of the Bill.

In the light of the above clarification, the meeting decided to pursue the matter till logical conclusion.

Vide letter No.50085/G2/10/RD dated 12.04.2011, Additional Chief Secretary, Revenue (G) Department, Government of Kerala requested to drop the agenda item in view of the following reason.

“The basic provisions of the Land Titling Bill was explained in the 103rd SLBC. The computerization of Land Records and Resurvey work are in progress. Only after completing the process the possibility of adopting the Land Titling Bill will be relevant”

SLBC felt that the item need not be dropped but to be pursued with Government. It may be noted that most of the States had made considerable progress in computerization of the land records. As the benefits of the computerization is multi-fold benefiting the entire population of the State, Government is requested to speed up the process till reaching a logical solution.

In the meeting of the Sub-Committee of SLBC, Kerala to examine old pending issues with the Government held at 3 p.m. on 12.10.2011 in the Chamber of the Secretary, Finance Department, Government of Kerala, Sri. V. P. Joy IAS, Secretary, Finance Department, Government of Kerala reviewed the progress on the subject matter.

The Department officials informed the progress which is as follows :

- *The process for computerization of land records is in progress in 768 resurveyed villages out of 1500 villages in Kerala.*
- *573 villages in 9 districts viz. Kollam, Pathanamthitta, Alappuzha, Kottayam, Ernakulam, Thrissur, Palakkad, Wayanad and Kannur were resurveyed*
- *Land records were computerized, but sketches were not incorporated.*
- *23 certificates issued by Villages Offices through e-district project.*
- *Pokkuvaravu to be done online*

The meeting decided that Department has to issue a Government Order which includes the following:

- *Fair value to be fixed in 768 villages*
- *Sub-division wise details and Pokkuvaravu online will be completed by the year end March 2012.*

The sub-committee decided to pursue the matter.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 decided to pursue the matter.

3.3.14. Creation of a Central Registry titled National Mortgage Repository

Requirement

To create a National Mortgage Repository (NMR) in the Country that will function in a similar manner as vehicle registration where hypothecation is marked on the Registration Book of the owner or a Search made in Registrar of Companies Office to ascertain certain details pertaining to companies.

Suggestion

In order to bring in more transparency and prevent frauds on property transactions, creation of a Mortgage Repository in the State is suggested.

Discussed in Which Forum

- SLRM 2008 ,100th to 103rd SLBC Meetings & Annual SLRM Meetings

Decision in this regard is awaited from the Revenue Department. The meeting decided to take up the matter in the Sub-Committee of SLBC.

Vide letter No.50085/G2/10/RD dated 12.04.2011, Additional Chief Secretary, Revenue (G) Department, Government of Kerala requested to drop the agenda item in view of the following reason.

“The basic provisions of the Land Titling Bill was explained in the 103rd SLBC. The computerization of Land Records and Resurvey work are in progress. Only after completing the process the possibility of adopting the Land Titling Bill will be relevant”

Recently IBA at the instance of Central Government has incorporated a company under Section 25 of companies Act known as Central Registry of Securitization Asset Reconstruction and Security Interest of India (CERSAI). As per this Equitable mortgages

involving non agricultural properties created on or after 31.03.2011 are to be mandatorily registered with CERSAI and delay beyond 30 days will attract penalty.

The matter again came up for discussion during the State Level Review Meeting of SLBC, Kerala held on 20th & 21st June 2011 in Trivandrum. The Meeting requested the SLBC to pursue the matter with the Government of Kerala as the CERSAI takes care of only mortgages enforceable under SARFAESI and that mortgage for Agriculture loans are not covered under CERSAI.

In the meeting of the Sub-Committee of SLBC, Kerala held in the Chamber of the Secretary, Finance Department, Government of Kerala to examine the progress in the long pending issues on 12.10.2011 reviewed the progress on the subject matter. *The officials concerned informed that it may take time for implementation. However, Secretary, Finance Department suggested that after computerization of all Sub-Registrar offices, Registration Department can give a separate provision in the software for accessing data.*

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 decided to pursue the matter.

3.3.15.ADWDRS – Waiver of RR collection charges

Requirement

As per the Agricultural Debt Waiver and Debt Relief Scheme (ADWDRS 2008) Government of India has waived the overdue loans pertaining to small and marginal farmers (Based on the liability as at 31.12.2007). For other farmers OTS was permitted where in party need to pay only 75% of the overdue liability and balance 25% need to be waived by the Banks. The loans covered under the scheme include only agricultural advances with overdues and in the case of many such loans matter might have already been referred for Revenue Recovery actions.

It is requested that waiver of collection of RR charges may be permitted in respect of loan waiver for small and marginal farmers and other farmers eligible for relief under ADWDR Scheme-2008. The waiver may be permitted due to the following reasons.

- a) The scheme was formulated by the Government of India and banks had received money directly from the government. Demanding RR charges on the same is not justified.
- b) Actual recovery is not effected from the beneficiaries of the loan waiver scheme. Banks under the scheme have written off substantial amount including interest from 01.03.2008 till credits of Debt Waiver or Debt Relief assistance, inspection charges, legal charges etc.

Suggestion

To permit waiver of collection of RR charges in respect of loans waived for small and marginal farmers and other farmers wherever OTS is contemplated, as per the ADWDR Scheme - 2008.

Discussed in Which Forum

The matter was included in the 96th meeting of SLBC, Kerala held on 30.07.2008 in Trivandrum. The matter was discussed in all the subsequent SLBC meetings.

Revenue (H) Department, Government of Kerala vide letter No.63658/H3/09/RD dated 16.06.2010, informed that present system of levying collection charges at the rate specified in Rule 5 of KRR Act is to be continued and to waive collection charge while implementing ADWDR Scheme 2008 is not desirable under RR Act.

The matter again came up for discussion in the State Level Review Meeting of SLBC, Kerala held on 16th & 17th September 2010 in Trivandrum. During the Group discussions, the Group noted the contents in the background papers and suggested that while implementing ADWDRS all the banks have written off substantial amount being the balance portion and unapplied interest in all the eligible loans. Any further payment or remittance as RR collection charges would bring further financial burden to the banks. Hence, the forum suggested to the Government to review the decision.

Vide letter No.50188/H3/10/RD dated 14.12.2010, the Additional Chief Secretary, Revenue (H) Department, Government of Kerala informed that :

“This subject is under consideration of Government in file No.53131/H3/2008/RD. Levying of collection charge is at present under challenge before the Hon’ble Supreme Court.”

The matter again came up for discussion during the 103rd meeting of SLBC, Kerala held on 16.03.2011 in Trivandrum. In the meeting, Smt. Nivedita P Haran IAS, Additional Chief Secretary, Revenue Department, Government of Kerala clarified that collection charges is a statutory requirement and therefore waiver of RR, even wherein it is OTS is not permissible and decision has been taken at the right forum that it cannot be waived. So collection charges are payable whether it is OTS or regular RR

The LDM, Thrissur informed that the suggestion was to waive RR collection charges for the amount remitted by customers under ADWDRS and amount received from Government of India and not on other recoveries made through RR authorities or OTS. He added that for the payment made by the Government of India under ADWDRS also, RR collection charges are demanded by the State Government.

Vide letter No.50085/G2/10/RD dated 12.04.2011, Additional Chief Secretary, Revenue (G) Department, Government of Kerala requested to drop the agenda item in view of the following reason.

“Collection charges is based on statute and hence cannot be waived”.

However, SLBC had further taken up the matter with Revenue Department. As per the minutes of the meeting held in the Chamber of Additional Chief Secretary, Revenue Department on 24.05.2011, it is informed that Revenue Department will once again take up the issue in consultation with Finance Department.

The matter again came up for discussion during the State Level Review Meeting of SLBC, Kerala held on 20th & 21st June 2011 in Trivandrum. The meeting decided that SLBC may follow up the issue with Revenue authorities.

In the meeting of the Sub-Committee of SLBC, Kerala held in the Chamber of the Secretary, Finance Department, Government of Kerala to examine the progress in the long pending issues on 12.10.2011, the Secretary suggested that *a policy decision from Government side is required to resolve this issue. The Secretary, Finance Department requested the Revenue department to examine the matter.*

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 decided to pursue the matter.

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

Requirement

- 1) To reduce the stamp duty on Equitable Mortgage (EM) followed by “Registered Memorandum” with a monetary ceiling.
- 2) To make registration of Memorandum of Agreement relating to deposit of title deeds mandatory in the State instead of being optional.

Suggestion

To strengthen the present system of Equitable Mortgage (EM) in Kerala, it is necessary to reduce the stamp duty on Equitable Mortgage (EM) followed by “Registered Memorandum” with a monetary ceiling such as “Maximum Stamp duty” of Rs.5000/- and “Maximum registration charges” of Rs.1000/- irrespective of the loan amount as followed by Tamil Nadu State. If the charges for registered memorandum get reduced to such acceptable levels, we can make it compulsory for all Equitable Mortgages (EMs) to register its memorandum

thereby giving more strength to the mortgages and to increase the revenue to the State Government.

At present in Kerala for registered memorandum of Equitable Mortgage Transaction (EMT), the stamp duty applicable is 1.50% of the loan amount and the registration charge is 2 % of the loan amount, making it to a total of 3.50% of loan quantum, without any maximum ceiling. Presently banks are not insisting for the same to reduce the burden on borrowers.

In the amendment of the Kerala Stamp Act published in the Kerala Gazette extraordinary dated 30.03.2010 (**Notification of SRO No:336/2010**) it is specified in the explanatory note that the said amendment was considered in view of the request by the SLBC, to the Government to initiate measures to register the agreement relating to deposit of title deeds by way of equitable mortgage with nominal fees.

As per the above amendment the registration of equitable mortgage has become optional in the State of Kerala and the fee prescribed is as under:

For the registration of an agreement relating to deposit of title deeds, pawn or pledge described under article 6 (c) of the schedule to the Kerala stamp Act, 1959	Rupees 0.1 for every rupees 100 or part thereof for the amount secured
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It is also observed that there is no upper ceiling for payment of registration fee. This may cause difficulty in implementation, as not many borrowers may come forward for getting the agreement registered compulsorily, as it will increase the cost of loan to them.

Stamp duty and Registration fees for certain documents in the state of Tamil Nadu have been substantially reduced w.e.f. 12.02.2004, the details of a few pertaining to mortgages are as under:

Sl. No.	Articles in the Stamp Act	Particulars of Document	Changes from 12.02.2004	
			Stamp Duty with Maximum Limit	Registration fees with Maximum Limit
1	6(1) (a)	Agreement relating to deposit of Title Deed	0.5% on the value of the loan subject to a maximum of Rs. 5000/-	1% of the loan amount subject to maximum of Rs. 1000/-
2	40(b)	Mortgage when possession is not given	1% on the value of the amount secured subject to a maximum of Rs. 20,000/- (now amended as Rs. 40000/- vide Notfn. Dt. 08.07.2009)	1% on the secured amount subject to a maximum of Rs. 5000/- (now amended as Rs. 10000/- vide Notfn. Dt. 08.07.2009)

Though the registration of documents pertaining to creation of equitable mortgage is not mandatory in Tamil Nadu, there is an upper ceiling in the fee prescribed.

SLBC had written to the IG, Registration Department, Government of Kerala requesting to take necessary action in this regard. Though through an extra ordinary gazette No.5048/Leg.A2-2010/Law dated 28.07.2010 some modification had been suggested it was not sufficing the requirement of the suggestion put forth by SLBC. Hence it needs to be re-looked.

Discussed in Which Forum

- SLBC Kerala 94th meeting – Decided to take up the subject matter with the appropriate Government department for a favourable decision. Quoting the prevailing congenial conditions in the Tamil Nadu State, the then Hon'ble Union Minister of State for Finance Sri. Pawan Kumar Bansal, who chaired the meeting, opined that the above proposal would bring more comfort for both the bank and the customers. He suggested further that the “Registration charges” for registered memorandum for bank loans could be classified as a separate category and the charges for registration and stamp duty could be reduced for this category. A favourable decision in this regard would pave way for sustained comfort and safety in lending by banks so also in generation of additional revenue to the Government.
- SLRM 2008, 2009, 2010, 2011 & 100th to 103rd SLBC Meeting. Government is yet to come out with a decision in the matter. In 101st meeting Secretary, Planning & Economic Affairs Department, Government of Kerala suggested that to invite the Principal Secretary, Revenue Department, Government of Kerala in the Sub-Committee Meeting of SLBC and include all issues related to Revenue Department.

In the meeting of the Sub-Committee of SLBC, Kerala held in the Chamber of the Secretary, Finance Department, Government of Kerala to examine the progress in the long pending issues on 12.10.2011, Sri. V. P. Joy IAS, Secretary (Finance) instructed both Finance & Registration Department to study the impact and put up the case if acceptable.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 decided to pursue the matter.

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

Requirement

To permit practice of noting/recording the Equitable Mortgage (EM) transactions (ie. Mortgage by deposit of title deeds) in the revenue records of the Government by enacting the provisions for the same in the revenue regulations of the State of Kerala to minimise frauds.

Suggestion

The system of noting equitable mortgages in revenue records with nominal charges may be introduced in the state of Kerala.

With the growth in mortgage loans, banks have come across large number of fraudulent transactions where fake title deeds/documents were submitted for availing loans. Absence of a centralized arrangement for registering Equitable Mortgage transactions made it difficult to verify prior charges, resulting in multiple loans against a property. If the suggestion is introduced this would definitely help to augment the flow of credit to agriculture in the State, minimize frauds and transfer of mortgaged property to third party. People at large in Kerala would be benefited and banks would be more insured against risks on account of the mortgaged backed lending position.

Indian Banks' Association (IBA) had requested SLBC to take up with the State Government for setting up of similar registries/ arrangements in Kerala on the lines of measure taken by the Government of Tamil Nadu, Andhra Pradesh, Gujarat, Madhya Pradesh, Karnataka, Himachal Pradesh etc.

Discussed in Which Forum

- The matter has been in the regular agenda of SLBC since its 80th meeting (2003 onwards)
During the meeting of Secretaries to the Government of Kerala chaired by the Chief Secretary in 2003, it was agreed in principle to consider the suggestion and decided that Revenue Department would issue orders for implementation. Subsequently, during the meeting of Government Secretaries chaired by the Chief Secretary and convened by the Secretary (Planning) held in 2005, the Secretary (Taxes) pointed out that it would be better to record the equitable mortgage transactions in the Sub-Registrar's office as it would be more foolproof.

SLRM 2006, 2007 & 2008 decided to pursue the matter with the Taxes Department, Government of Kerala as no decisions were conveyed.

- Sub-Committee of the IBA on “Mortgages and Valuation of property” held recently also stressed the need for registration of “Equitable Mortgage (EM)” across the country. The members of the IBA Sub-Committee also felt it appropriate to have an online system for registration of mortgages.
- SLBC, April 2009 - The Additional Secretary, Planning & Economic Affairs Department, and Government of Kerala informed that SLBC recommendations had been forwarded to the Taxes Department on 08.05.2006 itself for implementation. The IG, Registration assured the forum that he would take up the matter with the concerned authority in the Government. He added that amendment of stamp act needed the concurrence from Central Government. The amendment of the stamp act was subject to the related amendment is to fee table prescribed under the Registration Act. He expected that a decision in this regard would be coming before the next meeting of SLBC.
- SLBC Kerala 100th, 101st, 102nd, 103rd Meeting

The meeting decided to pursue the matter with Planning/Registration Department and decided to place the matter in the Sub-Committee of SLBC

In the meeting of the Sub-Committee of SLBC, Kerala to examine old pending issues with the Government held at 3 p.m. on 12.10.2011 in the Chamber of the Secretary, Finance Department, Government of Kerala, Sri. V. P. Joy IAS, Secretary, Finance Department, Government of Kerala reviewed the issues. *It was felt that the above items could be considered together instead of discussing it separately.*

It was decided to make registration of Equitable Mortgages mandatory so as to facilitate and ensure recovery of loans. However, it was expressed that an Administrative decision was required from the Government to this effect. Taxes Department was requested to consider fixing up of a suitable rate for enabling registration of Equitable Mortgages. As these matters requires the concurrence and appropriate orders of the Government more time would be required to resolve these issues. The Secretary, Finance Department suggested the Taxes Department to take up the issue further.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 decided to pursue the matter.

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

Requirement

Encumbrance certificate issued by Sub-Registrar Office (SRO) should be without any disclaimer clause.

Suggestion

The format used by SRO's for issuing Encumbrance Certificates (EC) is to be modified and it should be without any "Disclaimer Clauses" as presently appearing in Note No:2 & 3 of EC format which is detrimental to the interest of the banks. This can be done by suitably amending Section 57 and Rule 165 (1) of the Registration Act.

There are instances where the concerned SRO officials issued "Nil EC" in connivance and with malafide intentions, suppressing all the transactions/charges during the period of coverage of EC and later on taking shelter under the disclaimer clause in the EC format that "the department will not be responsible for any mistakes/omissions in the verification report furnished in the Encumbrance Certificate issued under their signature and seal". As EC is a very vital document relied heavily by banks for creating the mortgage the chances of such incidents getting repeated to be arrested.

Discussed in Which Forum

- SLBC May 2008, SLRM 2008 & 2009- Taken up with the Secretary, Planning & Economic Affairs, Government of Kerala for necessary modifications in the format for issuing EC by SRO officials. The IG of Registration Department informed that a suitable decision shall be taken only after a detailed study
- SLBC 100th Meeting - Principal Secretary, Taxes (E) Department, and Government of Kerala vide letter No.27532/E2/09/TD dated 18.01.2010 clarified that the modification in the EC format cannot be effected as suggested by SLBC. Since the issue would affect all banks, the meeting requested the State Government to have a re-look on the issue and to take up the matter once again with Taxes/Registration Department.

In the meeting of the Sub-Committee of SLBC, Kerala to examine old pending issues with the Government held at 3 p.m. on 12.10.2011 in the Chamber of the Secretary, Finance Department, Government of Kerala, Sri. V. P. Joy IAS, Secretary, Finance Department, Government of Kerala reviewed the matter. The officials of the Department expressed difficulty in effecting the changes in the existing format. However, the Secretary, Finance Department observed that the Department has to own responsibility since the information is

given based on records available. However, he requested the Taxes Department to examine the proposal put up by the bankers.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 decided to pursue the matter.

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

Requirement

To make suitable amendment in the Registration Rules and to empower the SROs to make an entry of possession of immovable properties under SARFAESI Act 2002 in their Book I as done in the case of property attachment made by Civil or Revenue courts.

Suggestion

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

Discussed in Which Forum

94th meeting of SLBC, SLRM 2008, 2009, 100th Meeting of SLBC - Decided to take up the matter with the Principal Secretary (Revenue) and Secretary (Taxes), Government of Kerala.

Principal Secretary, Taxes (E) Department, Government of Kerala informed that the exemption of surcharge for certificate of sale under SARFAESI Act/Rules 2002 and Amendment/notification in Kerala Registration Rules empowering the Sub-Registrar Office to make entry of possession of immovable properties by banks under SARFAESI Act, in Book 1, cannot be considered favourably – hence rejected.

- In the Sub-committee Meeting held on 27th March, 2010 Inspector General, Registration Department, Government of Kerala informed that unless suitable amendment is made in the Registration Act Section 89, empowering the SROs to make an entry of possession of immovable properties under SARFAESI Act 2002, Department could not do anything. The Additional Chief Secretary, Finance Department, Government of Kerala requested SLBC Convenor to further examine the matter at SLBC level and to take up the matter once again with the concerned Department if suitable modification / amendment were found necessary. In light of the decision of the 101st meeting of SLBC, Kerala held on 30.03.2010 the matter is once again referred to Taxes Department.
- SLBC Convenor had taken up the matter with the Secretary, Taxes/Registration Department, Government of Kerala, vide its letter SLBC 35 640 2011 KRA dated 23.04.2011, requesting to examine the above aspects and provide a favourable decision on the recommended lines at the earliest. The reply in this regard is awaited.
- The matter again came up for discussion during the State Level Review Meeting of SLBC, Kerala held on 20th & 21st June 2011 in Trivandrum. The meeting recommended formation of a Sub-Committee which includes the Taxes and Registration Departments of the Government for speedy resolution of the item.

In the meeting of the Sub-Committee of SLBC, Kerala to examine old pending issues with the Government held at 3 p.m. on 12.10.2011 in the Chamber of the Secretary, Finance Department, Government of Kerala, Sri. V. P. Joy IAS, Secretary, Finance Department, Government of Kerala suggested that the matter may be examined. He suggested Taxes Department that while considering the same, it shall be ensured that practical solution is suggested and that some reasonable charges are also levied for empowering the SROs to make entry of possession of immovable properties by banks under SARFAESI Act.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 decided to pursue the matter.

3.3.20.Exemption from appearance before the Sub-Registrar as per Sec.88(1) of the Registration Act to be made applicable to the Authorized Officer appointed by Bank under SARFAESI Act

Requirement

To exempt the Authorized Officer of Public Sector Banks from appearance before the SRO for registration of the Sale certificate issued under the SARFAESI Act.

Suggestion

As per Section 88 (1) of the Registration Act, the Authorized Officer of Public Sector Banks can be exempted from appearance before the SRO for registration of the Sale certificate issued under the Act.

Section 88 reads as follows:

“Registration of documents executed by Government officers or certain public functionaries

–

- (1) Notwithstanding anything contained in this Act, it shall not be necessary for
- (a) any officer of Government, or
 - (b) any Administrator General, Official Trustee or Official Assignee, or
 - (c) the Sheriff, Receiver or Registrar of a High Court, or
 - (d) the holder for the time being of such other public office as may be specified in a notification in the Official Gazette issued in that behalf by the State Government

to appear in person or by agent at any registration office in any proceeding connected with the registration of any instrument executed by him or in his favour in his official capacity, or to sign as provided in section 58.”

When the SROs were intimated of the said provision, it was informed that to avail benefit of the said section, notification in Official gazette by State Government has to be made as per the said provision. Hence the personal appearance of Authorized Officer is insisted upon in all cases where the auction sale is made under the SARFAESI.

As banks are conducting so many auction sales under SARFAESI Act all over Kerala, it is difficult for the Authorized Officer to appear before the SRO in every case for registration of the Certificate of Sale. Hence the exemption mentioned under Section 88 (1) of the Registration Act has to be made use of.

Discussed in Which Forum

The agenda item came up for discussion during the 102nd meeting of SLBC, Kerala held on 15.12.2010 in Trivandrum. In the meeting, the representative from Registration Department informed that they do not have any objection in the proposal and they in turn had given proposal to Department of Taxes.

The matter again came up for discussion during the 103rd meeting of SLBC, Kerala and in SLRM 2011 held at Trivandrum. The meetings decided to pursue the matter further with Taxes/Registration Department, Government of Kerala.

In the meeting of the Sub-Committee of SLBC, Kerala to examine old pending issues with the Government held at 3 p.m. on 12.10.2011 in the Chamber of the Secretary, Finance Department, Government of Kerala, Sri. V. P. Joy IAS, Secretary, Finance Department, Government of Kerala suggested considering the proposal along with other SARFAESI issues. He requested the Taxes Department to prepare a proposal for modifying the existing Government Order.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 decided to pursue the matter.

3.3.21. Waiver of Stamp duty on SHG loans

Requirement

To waive stamp duty on loans availed by SHGs so as to augment credit flow to SHGs

Suggestion

As done in other states like Andhra Pradesh, Chattisgarh, Karnataka and Maharashtra the stamp duty on loans availed by SHGs may be waived in Kerala also.

Discussed in Which Forum

➤ SLBC, Kerala 99th to 103rd & SLRM 2010 and SLRM 2011 Meetings

The matter was taken up by SLBC with the Secretary (Taxes), Government of Kerala, requesting to consider waiver of stamp duty on SHG loans on the lines extended by other State Governments. In the subcommittee meeting of SLBC held on 16.08.2010 it was informed that Government had sought for the assessment of financial implications of the suggestion with IG of Registration and reply in this regard is yet to be provided by the Registration Department.

SLBC has taken up the matter with Secretary of Taxes/Registration Department and reply in the matter is awaited.

In the meeting of the Sub-Committee of SLBC, Kerala for looking into long pending issues with the Government held at 3 p.m. on 12.10.2011 in the Chamber of the Secretary, Finance Department, Government of Kerala, Sri. V. P. Joy IAS, Secretary, Finance Department, Government of Kerala informed that a policy decision from the Government is required for waiving the stamp duty on SHG loans as there is financial implication on State's revenue. However, he suggested that the matter has to be dealt in depth and a decision arrived at after analyzing the financial implications.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 decided to pursue the matter.

3.3.22.Revamping of SAMIS under Lead Bank Scheme

In the SLRM held on 16th & 17th September 2010, it was suggested that SAMIS under Lead Bank Scheme required suitable amendments/modifications incorporating SME and rest of other priority sector segments separately. This is resulting in projecting a distorted picture under SME sector in light of the revised guidelines. The forum suggested taking this issue forward.

The agenda item came up for discussion during the 102nd meeting of SLBC, Kerala held on 15.12.2010 in Trivandrum. In the meeting, the Regional Director, Reserve Bank of India suggested that changes/amendments for revamping of SAMIS could be looked into by a sub-committee and the suggestions/recommendations of the sub-committee to be forwarded to RBI for onward transmission to RBI, Central Office, Mumbai. The sub-committee is to meet and finalize the proposal.

The matter again came up for discussion during the 103rd meeting of SLBC, Kerala held on 16.03.2011 in Trivandrum and decided to pursue the matter further with Reserve Bank of India.

Vide letter RPCD (T) No.LBS/886/03.02.02/2010-11 dated 11.05.2011, RBI informed that the LBR returns of SAMIS are under revision and the revised formats/guidelines will be issued shortly.

The matter again came up for discussion during the State Level Review Meeting of SLBC, Kerala held on 20th & 21st June 2011. In the meeting, the representative of RBI informed that revision of SAMIS under LBS is being finalized by RBI and would be made available to all banks shortly.

SLBC Convenor had again vide letter No. SLBC 38 1158 2011 KRA dated 15.07.2011 written to Reserve Bank of India to ascertain the further developments in the issue.

Vide letter RPCD(T)No.LBS/303/03.02.02.2010-11 dated 14.10.2011, RBI, RPCD, Trivandrum informed that since NABARD devised SAMIS returns for reporting various advances relating to priority sector extended by banks, the matter may be taken up with NABARD in the next meeting of the SLBC Steering Committee.

In the Sub-Committee meeting of SLBC, Kerala on Tertiary Sector that met on 11.11.2011 it was informed by NABARD that the matter had been taken up with the NABARD Head Office and a reply is awaited. The Committee decided to wait for a reply from NABARD.

4. Review of Performance under Priority Sector Advances

4.1. Review of Priority Sector Advances (Disbursement) as at September 2011 - ACP 2011-12 achievements (Refer Annexures 9.12 & 9.13)

The performance of banks with reference to the Annual Credit Plan 2011-2012 as at September 2011 with Bank wise and District wise break up is furnished in the annexure. The abstract of the performance as at September 2011 under ACP 2011-2012 is as follows.

(Rs. in Crores)

Bank / Banking Group	Primary Sector			Secondary sector			Tertiary Sector			Total Priority Sector Advances		
	Target	Ach.	% Ach.	Target	Ach.	% Ach.	Target	Ach.	% Ach.	Target	Ach.	% Ach.
State Bank Group	4055	2803	69.12	916	279	30.50	5405	2536	46.91	10376	5618	54.14
Nationalized Banks	6440	4697	72.94	1182	250	21.18	5355	1585	29.59	12977	6532	50.33
RRBs	2559	1420	55.49	155	33	21.51	1402	718	51.24	4116	2171	52.77
Private Sector Banks	4391	2728	62.14	934	239	25.62	4481	1356	30.26	9806	4323	44.09
Cooperatives	7711	3843	49.84	509	214	41.97	11059	7224	65.33	19279	11281	58.52
KFC	144	0	0	305	79	25.84	267	54	20.19	716	133	18.54
Total	25300	15492	61.23	4001	1095	27.37	27969	13473	48.17	57270	30060	52.49
% to Total Disbursement		51.54			3.64			44.82			100	

4.1.1. Overall Performance under Annual Credit Plan

The banking sector of the State has disbursed **Rs. 30060 crores** to the priority sector during the fiscal 2011-12 as at September 2011. This is **52.49 %** of the annual target of **Rs. 57270 crores**. There is an increase of **Rs. 3223 crores** in total disbursements over that achieved during the corresponding period of the last financial year.

Banking group wise analysis reveals that Cooperatives have disbursed the highest quantum of priority sector loans in the State during the fiscal (**Rs. 11281 crores**) followed by Nationalized Banks (**Rs. 6532 crores**). A comparison based on percentage achievement of target reveals that achievements of Nationalized Banks and Private Sector Banks were below that of the State's performance. Disbursement to secondary sector constituted only **3.64 %** of the total disbursement made by banks to the priority sector.

Bank wise analysis reveals that Kerala State Co-operative Bank has disbursed the highest quantum of priority sector loans (**Rs. 10855 crores**) followed by State Bank of Travancore (**Rs. 3435 crores**). Jammu and Kashmir Bank and Kotak Mahindra Bank have reported “NIL” disbursement to priority sector in the State during the period from 01.04.2011 to 30.09.2011, which needs immediate attention.

Among the Districts, Kollam district stood first in the quantum of priority sector loan disbursement (**Rs. 4026 crores**) followed by Thrissur district with a disbursement of **Rs. 3660 crores**. Kollam district was first in percentage achievement of target (**65.58%**) followed by Malappuram (**60.10%**), Kottayam (**59.61%**), Ernakulam (**55.86%**), Idukki (**55.63%**), Thrissur (**54.88%**) and Trivandrum (**54.21%**) Seven districts had achieved levels above the State’s average position. The performance of Kannur (**50.11%**), Palakkad (**47.34%**), Kozhikode (**46.57%**), Alappuzha (**46.02%**), Wayanad (**44.41%**) needs improvement. Pathanamthitta (**32.17%**) and Kasargode (**32.09%**) districts have registered poor performance under ACP achievement and both LDMs need to identify the field level issues and take immediate steps to reverse the trend in the remaining quarters.

4.1.2. Performance under Primary Sector

The primary sector, which comprises of the agriculture sector, accounted for **51.54%** of the total disbursements in priority sector. The sector achieved **61.23%** of the annual target as at September 2011. An amount of **Rs. 15492 crores** was disbursed to the sector as at September 2011 against the year-end target of **Rs. 25300 crores**. Compared to the disbursements during the corresponding period of the previous fiscal, the disbursement to primary sector recorded an increase of **Rs. 2901 crores**.

Nationalized Banks, by disbursing **Rs. 4698 crores**, accounted for more than one-fourth (**30.33%**) of the total disbursement to the sector. Co-operative Sector accounted for **24.81%** of the total disbursement to the primary sector of the State by disbursing **Rs. 3843 crores**. Private Sector Banks disbursed **Rs. 2728 crores**.

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

Highest disbursement to primary sector was reported in Kollam district (**Rs. 3130 crores**) followed by Thrissur (**Rs. 1672 crores**) and Trivandrum (**Rs. 1426 crores**) districts. Pathanamthitta, Wayand and Kasaragod were among the poor performing districts, with less than 40% achievement. These districts should redouble their efforts to improve the performance during the remaining part of the fiscal for achieving the annual target.

4.1.3. Performance under Secondary Sector

Under secondary sector, which includes the SME Sector, the banking sector of the State could achieve only **27.37%** of the annual target as at September 2011. Banks in the State have disbursed loans to the tune of **Rs. 1095 crores** till September 2011. Another disturbing fact is that the sector accounted for only **3.64%** of the disbursement to priority sector in the State.

When compared to the disbursements during the corresponding period of the previous fiscal, there is a fall in disbursements to the sector. Last fiscal during April 2010 to September 2010, the disbursement to the secondary sector was **Rs. 1315 crores** whereas during the same period this year banking sector in the State could disburse only Rs. 1095 crores, registering a fall of Rs.220 crores in disbursement.

State Bank group led in disbursements to the sector (**Rs. 279 crores**) followed by Nationalized Banks (**Rs. 251 crores**), Private Sector Bank (**Rs. 239 crores**) and Co-operative Sector (**Rs. 214 crores**). Kerala State Co-operative Bank led the disbursement in the Secondary sector with a figure of **Rs. 197 crores** followed by State Bank of India (**Rs. 136 crores**), State Bank of Travancore (**Rs. 128 crores**), HDFC Bank (**Rs.107 crores**), Canara Bank (**Rs. 80 crores**), Indian Overseas Bank (**Rs. 56 crores**), Indian Bank (**Rs. 29 crores**).

Among the districts, highest disbursement to secondary sector was reported in Ernakulam district (**Rs. 283 crores**) followed by Thrissur district (**Rs. 141 crores**). Alappuzha recorded the lowest achievement of **13.90%** followed by Wayanad with **14.41%**. These Districts should give more focus to the secondary sector during the remaining part of the financial year. Performance of eight districts was below the State average.

4.1.4. Performance under Tertiary Sector

Tertiary sector accounted for **44.82 %** of the total disbursement to the priority sector in the State. The total disbursement to the sector during the fiscal up to September 2011 was **Rs. 13473 crores** thereby achieving **48.17%** of the annual target. When compared to the disbursements during the corresponding period of the previous fiscal, there is an increase of **Rs.542 crores** in the disbursements to the sector. Last fiscal during April 2010 to September 2010, the disbursement to tertiary sector was **Rs. 12931 crores**.

Under quantum of loans disbursed during the current fiscal, Cooperatives lead other banking groups by disbursing **Rs. 7224 crores** and under percentage achievement (**65.33%**) of the target. State Bank Group, Nationalized Banks and Private Sector Banks should need to improve their performance under this sector.

Among Commercial Banks, State Bank of Travancore leads in disbursement to the sector (**Rs. 1300 crores**) followed by State Bank of India (**Rs. 1088 crores**), Federal Bank Ltd (**Rs. 634 crores**), Canara Bank (**Rs. 357 crores**) and South Indian Bank (**Rs. 287 crores**). J & K Bank and Kotak Mahindra Bank have reported 'NIL' disbursement to the Tertiary sector in the State.

District wise analysis reveals that Wayanad district has achieved **71.04 %** of the year-end target followed by Kottayam with **63.28%** and Idukki with **62.73%**. The performance of Alappuzha (**49.30 %**), Trivandrum (**49.00%**), Pathanamthitta (**29.93%**), Kozhikode (**29.80%**) and Kasaragod (**27.54%**) districts needs considerable improvement.

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

4.2. Review of Priority Sector Advances (Outstanding) as at September 2011 (Refer Annexure 9.4)

4.2.1. Performance versus National goals

(Figures in percentage)

Sl. No.	Parameter	Goal %	March 2008	March 2009	March 2010	Sept. 2010	March 2011	Sept. 2011	Variation	
									Mar.'11 To Sept.'11	Sept.'10 To Sept.'11
1	Priority Sector Advances to Total Credit	40	58.53	58.42	60.01	61.13	58.32	57.49	-0.83	-3.64
2	Agriculture Advances to Total Credit	18	21.23	19.27	22.46	24.67	22.49	22.24	-0.25	-2.43
3	Weaker Section Advances to Total Credit	10	12.91	14.78	16.16	17.29	18.39	16.54	-1.85	-0.75
4	DRI Advances to Total Credit	1	0.02	0.26	0.02	0.03	0.02	.03	0.01	0
5	Credit Deposit Ratio	60	71.39	63.54	67.63	70.82	75.50	76.52	1.02	5.70

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

The growth in outstanding advances under sub sectors of priority sector as at September 2011 is summarized as follows.

(Rs. in Crores)

Parameter	Outstanding					Variation				
	March 2009	March 2010	Sept. 2010	March 2011	Sept. 2011	Mar '09-Mar '10	Mar '10-Sept '10	Mar '10-Mar '11	Mar '11-Sept '11	Sept '10-Sept '11
Priority Sector Advances	48387	58204	65738	71145	77403	9817	7534	12941	6258	11665
Agriculture Advances	15959	21786	26529	27439	29940	5827	4743	5653	2501	3411
SSI Advances/ SME	8095	11759	14778	16896	16950	3664	3019	5137	54	2172
Weaker Section Advances	12240	15674	18589	22435	22262	3434	2915	6761	-173	3673
SC Advances	2204	3359	2791	3011	2791	1155	-568	-348	-220	0
ST Advances	NA	300	424	553	826	300	124	253	273	402
DRI Advances	10.78	22.61	30.07	24.76	34.71	11.83	7.46	2.15	9.95	4.64

Performance of the Banking sector inclusive of KSCARDB as at September 2011

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

Performance of KSCARDB under Priority Sector Advances

(Amount Outstanding)

(Rs. in Crores)

Parameter	March 2011		KSCARDB % to total Advances	September 2011		KSCARDB % to total Advances
	KSCARDB	Commercial Banks + KSCARDB		KSCARDB	Commercial Banks + KSCARDB	
Total advances	2207.86	126895.48	-----	2403.63	137039.06	-----
Priority Sector Advances	2207.86	73352.99	100.00	2403.63	79806.35	100
Agriculture Advances	600.69	28039.54	27.21	626.41	30566.46	26.06
SSI Advances/ SME	309.00	17205.00	14.00	406	17356.00	16.89
Weaker Section Advances	751.00	23186.37	34.02	1485	23747.00	61.78
SC Advances	90	3101.53	4.07	84	2875.00	3.49
ST Advances	NA	553.18	0	NA	NA	0
DRI Advances	0.00	24.76	0.00	0	34.71	0

4.2.2. Priority Sector Advances in Total Advances – Bank Group wise

(Refer Annexure 9.4)

(Rs. in Crores)

Parameter	Outstanding					Variation			
	Mar. 2009	Mar. 2010	Sept. 2010	Mar. 2011	Sept. 2011	Mar. '09- Mar. '10	Mar. '10- Sept. '10	Mar. '11- Sept. '11	Sep. '10- Sept. '11
Priority Sector Advances	48387	58204	65738	71145	77403	9817	7534	6258	11665

During the financial year, April 2011–September 2011, a growth of **Rs. 6258 crores** was recorded by the Commercial Banks in the State under priority sector outstanding.

During the first half-year of 2011-12 Priority Sector Advances of Commercial banks in the State increased by **Rs. 6258 crores** as against **Rs. 7534 crores** added during the corresponding period of last fiscal. A year-on-year analysis reveals that there was a growth of **Rs. 11665 crores** in priority sector advances over September 2010, recording a growth of **17.74 %**.

Against the mandatory norm of 40% under priority sector advances, as at September 2011, **57.49 %** of the total advances of the banks in the State was to priority sector.

Banking Group wise Performance under Priority Sector Advances as at September 2011

(Rs. in Crores)

BANK	Total Advances			Priority Sector Advances			% PSA to Total Adv. (Sept'11)
	March 2011	Sept. 2011	Growth Mar.'11- Sept.'11	March 2011	Sept. 2011	Growth Mar.'11- Sept.'11	
State Bank Group	39201	42898	3697	20893	26163	5270	60.99
Nationalized Banks	40436	45919	5483	28776	30361	1585	66.12
RRBs	5591	6076	485	4680	5147	467	84.71
Private Sector Banks	36753	39742	2989	16797	15732	-1065	39.59
Grand Total	121981	134635	12654	71146	77403	6257	57.49

During the first half of the financial year of 2011-12, highest contribution to the Priority Sector advances of the State is made by Nationalised Banks (**Rs. 30361 crores**) followed by the State Bank Group (**Rs. 26163 crores**), Private Sector Banks (**Rs 15732 crores**) and Regional Rural Banks (**Rs 5147 crores**). Regional Rural Banks have **84.71 %**, Nationalised Banks have **66.12 %**, State Bank Group **60.99%** and Private Sector Banks **39.59%** of their total advances under Priority sector.

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

4.2.3. Agriculture Advances (Refer Annexure 9.6)

(Rs. in Crores)

Parameter	Outstanding				Variation			
	Mar. 2010	Sept. 2010	Mar. 2011	Sept. 2011	Mar. '10-Sept. '10	Mar. '10-Mar. '11	Mar. '11-Sept. '11	Sept. '10-Sept. '11
Agriculture Advances	21786	26529	27439	29940	4743	5653	2501	3411

The outstanding advances to agriculture sector in the State have increased by **Rs. 2501 crores** during the first half of the current fiscal. The outstanding agriculture advances stood at **Rs. 29940 crores** as at September 2011, which is **22.24 %** of the total advances outstanding in the State. The percentage of Agriculture Advances to total advances has come down from a level of **24.67%** as at September 2010 to **22.24%** as at Sept 2011, but it is well above the mandatory norm of **18%** fixed by RBI.

Year-on-year there was an increase of **Rs. 3411 crores** in agriculture advances outstanding recording a growth rate of **12.86 %**.

Banking Group Wise Performance Under Agriculture Advances as at September 2011

(Rs. in Crores)

BANK	Total Advances			Agriculture Advances			% Agri. Adv to Total Adv. (Sept. '11)
	March 2011	Sept. 2011	Growth Mar.'11-Sept.'11	March 2011	Sept. 2011	Growth Mar.'11-Sept.'11	
State Bank Group	39201	42898	3697	6360	7500	1140	17.48
Nationalized Banks	40436	45919	5483	11374	12528	1154	27.28
RRBs	5591	6076	485	2466	2793	327	45.97
Private Sector Banks	36753	39742	2989	7238	7119	-119	17.91
Grand Total	121981	134635	12654	27438	29940	2502	22.24

Nationalized Banks has contributed the highest quantum growth in agriculture advances outstanding (**Rs. 1154 crores**) followed by State Bank group (**Rs. 1140 crores**). RRBs has shown a growth of **Rs. 326 crores** and Private Sector Banks had shown a negative growth of **Rs. -119 crores**.

45.97% of the advances outstanding with RRBs in the State were to agriculture sector. State Bank Group has the least outstanding under agriculture in terms of percentage of agriculture advances to total advances (only **17.48%**).

The following Public Sector apart from both the RRBs had crossed the mandatory norm of 18% under agriculture advances. – State Bank of Travancore, Bank of Baroda, Canara Bank, Indian bank, Indian Overseas Bank, Union Bank of India, UCO Bank, Syndicate Bank, Vijaya Bank, Federal Bank, Catholic Syrian Bank, HDFC Bank and Tamilanadu Mercantile Bank are the Banks having agriculture advances more than 18% of their total credit.

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

As far as KSCARDB is concerned, **26.06%** of their advances was to agriculture sector.

4.2.4. SME Advances (Priority) (Refer Annexures 9.7 & 9.38)

Micro and Small Enterprises of the SME sector advances only forms the priority credit part of SME.

(Rs. in Crores)

Parameter	Outstanding					Variation			
	Mar. 2009	Mar. 2010	Sep. 2010	Mar. 2011	Sep. 2011	Mar.'10-Sep.'10	Mar. '10-Mar. '11	Sep. '10-Sept. '11	Mar.'11-Sep.'11
SME Advances	8095	11759	14778	16896	16950	3019	5137	2172	54

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

(Rs. in Crores)

Banking Group	SME Outstanding (Priority)											
	March 2011						September 2011					
	Micro Enterprises		Small Enterprise		Retail Trade		Micro Enterprises		Small Enterprise		Retail Trade	
	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt
State Bank Group	22911	1063	143895	1942	95570	1052	25101	1244	146464	2279	86572	1105
Nationalized Banks	157085	3797	34357	2845	53772	753	152660	3074	35207	2853	61876	803
RRBs	80580	469	857	48	87172	469	78896	481	886	57	95883	562
Private Sector Banks	41610	1493	49611	2819	8296	145	48948	1862	31863	2210	13604	421
Grand total	302186	6822	228720	7654	244810	2419	305605	6660	214420	7399	257935	2891

4.2.5. Advances to Weaker Section (Refer Annexure 9.10)

(Rs. in Crores)

Parameter	Outstanding					Variation			
	Mar. 2009	Mar. 2010	Sept. 2010	Mar. 2011	Sept. 2011	Mar.'10-Sep.'10	Mar. '10-Mar. '11	Sep. '10-Sept. '11	Mar.'11-Sep.'11
Weaker Section Advances	12240	15674	18589	22435	22262	2915	6761	3673	-173

There is a negative growth in Weaker Section advances by **Rs. 173 crores** during the first half of the fiscal. Year-on Year increase as at September 2011 was **Rs. 3673 crores (19.76 %)**.

4.2.6. Advances to SC/STs (Refer Annexure 9.10)

(Rs. in Crores)

Parameter	Outstanding					Variation			
	Mar. 2009	Mar. 2010	Sept. 2010	Mar. 2011	Sept. 2011	Mar.'10-Sep.'10	Mar. '10-Mar. '11	Sept. '10-Sept. '11	Mar.'11-Sep.'11
SC Advances	2003	3359	2791	3102	2791	-568	-257	0	-311
ST Advances	201	300	424	553	826	124	253	402	273
Total SC/ST Advances	2204	3659	3215	3655	3617	444	-4	402	-38

As evident from the table below, almost **97.16 %** of the SC advances of the State is contributed by Public Sector Banks (including RRBs), while the share of Private Sector Banks is just about **2.84%**. In the case of ST advances **99.28 %** advances is contributed by Public Sector Banks (including RRBs) while the share of Private Sector Banks is just about **0.72 %**.

Banking Group wise Performance under SC/ST advances as at September 2011

(Rs. in crores)

BANK	SC Advances			ST Advances		
	Outstanding		% O/S to total	Outstanding		% O/S to total
	No.	Amount		No.	Amount	
State Bank Group	86528	1594	57.11	24095	391	47.34
Nationalized Banks	132044	1062	38.05	25657	422	51.09
RRBs	22248	56	2.00	2974	7	0.85
Private Sector Banks	11720	79	2.84	785	6	0.72
Grand Total	252540	2791	100	53511	826	100

All banks, especially Private Sector Banks, should give more attention for rendering assistance to these most vulnerable sections of the society. The National Commission for SC has suggested that all banks should provide separate data on SC & ST advances especially under the Government sponsored schemes, to review the position and to improve lending to SC & ST sections.

4.2.7. DRI Advances (Refer Annexure 9.11)

(Rs. in Crores)

Parameter	Outstanding				Variation			
	March 2010	Sept. 2010	March 2011	Sept. 2011	Mar. '10- Mar. '11	Mar. '10- Sept. '10	Sept.'10 - Sept.'11	Mar. '11- Sept. '11
DRI Advances	22.61	30.07	24.76	34.71	2.15	7.46	4.64	9.95

Against the national goal of 1% of the previous year's Gross Bank Credit, only **0.03 %** of the total credit could be given under the DRI scheme in the State by Commercial banks as at September 2011.

The table below reveals that, Public Sector Banks account for bulk of the DRI advances (**88.60%**) in the State whereas private sector banks contribute only **11.40 %** of the DRI advances of the State. It is often noticed that data submitted by banks under DRI advance is highly inconsistent.

Banking Group wise Performance under DRI advances as at September 2011

(Rs in lakhs)

BANK	DRI Advances	
	O/S	% to total
State Bank Group	256	7.38
Nationalized Banks	2767	79.72
Private Sector Banks	396	11.40
RRBs	52	1.50
Grand Total	3471	100

5. Review of Performance under Special Focus Programmes

5.1. Swarozgar Credit Card Scheme (Refer Annexure 9.27)

The data submitted by the Controlling offices of banks reveals that commercial banks in the State have sanctioned **784** Swarozgar Credit Cards (SCCs) during the second quarter of the year 2011-12. The limits sanctioned to the tune of **Rs 2.45 crores**. Since inception of the scheme the banks have sanctioned **66074** cards in the State amounting to **Rs. 177.72 crores**. The amount outstanding as at September 2011 is **Rs. 60.46 crores** in **25240** cards. During the quarter NMGB leads the performance by sanctioning maximum number of cards followed by Federal Bank Ltd. The Bank wise data is furnished in the annexure.

5.2. Artisans Credit Card Scheme (Refer Annexure 9.27)

Commercial banks in the State have sanctioned only **39** Artisans Credit Cards (ACCs) during the quarter ending September 2011. The total limits sanctioned are to the tune of **Rs. 23.55 lakhs**. Since inception of the scheme, the banks have sanctioned **4314** cards in the State with a limit amounting to **Rs. 28.73 crores**. The amount outstanding as at September 2011 is **Rs. 20.98 crores** in **1640** cards.

Canara Bank leads among the commercial banks in the State by issuing the highest number of cards. Barring Canara Bank, Federal Bank, Indian Overseas Bank, Punjab National Bank, UCO Bank, Syndicate Bank no other Bank has sanctioned loans under the scheme during the quarter. The Bank wise data is furnished in the annexure.

5.3. Laghu Udhyami Credit Cards (Refer Annexure 9.27)

Commercial banks in the State have sanctioned only **133** Laghu Udhyami Credit Cards (LUCC) during the second quarter of 2011-12 making available credit limits to the tune of **Rs. 4.60 crores** to small entrepreneurs of the State. Since inception of the scheme, the banks have sanctioned **18152** LUCCs in the State sanctioning credit limits amounting to **Rs. 332.74 crores**. The amount outstanding as at September 2011 is **Rs. 86.73 crores** in **5079** cards. Syndicate Bank leads in the State by issuing highest number of LUC Cards followed by Canara Bank and Central Bank of India. The Performance of Private sector banks under the scheme is not at all impressive and needs lot of improvement. The Bank wise data is furnished in the annexure.

5.4. Performance under General Credit Card Scheme (Refer Annexure 9.28)

During the quarter under review (July-September 2011), banks in the State have sanctioned **7945** GCCs with limits amounting to **Rs.18.35 crores**. The outstanding under GCCs as at September 2011 is **102633** cards with a liability of **Rs. 190.84 crores**.

Canara Bank leads in issuance of GCC with **4809** GCCs issued during the quarter and with an amount of **Rs 11.11 crores**. This is followed by SMGB with **804** cards, NMGB with **664** cards, Corporation Bank with **547** cards, Punjab National Bank with **299** cards. **60.53%** of the cards issued during the quarter and nearly **62.88 %** of the total GCC outstanding in the State was accounted by Canara Bank. The Bank wise data is furnished in the annexure.

5.5. Performance under Kisan Credit Card Scheme (Refer Annexure 9.22)

As per the reports available with the Convenor SLBC, **85534** Kisan Credit Cards with an amount of **Rs.1024 crores** have been issued during the second quarter of the current fiscal by the Banking sector in the State. **3245288** KCCs were issued since inception involving a credit outlay of **Rs. 15676 crores**. As at September 2011, the outstanding number of loan

accounts under KCC is **1717507** with **Rs. 7124 crores**. **803055** farmers were covered under Personal Accident Insurance Scheme (PAIS) linked to KCC. Bank wise data is given in the annexure.

5.6. Agri-Clinics and Agri Business Centres (Refer Annexure 9.21)

The outstanding accounts under Agri clinics in the State by Commercial Banks are **23** with a credit outlay of **Rs. 53.64 lakhs**.

There were 38 Agri-Business Centres opened in the State from the date of inception of the scheme with a credit outlay of **Rs. 103.15 lakhs**. As at September 2011, **17** Agri-Business centres loans exist with an outstanding amount of **Rs. 40.18 lakhs**.

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

5.7.1. Progress achieved in claiming interest waiver under Relief Package

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

5.7.2. Progress in Rescheduling of loans under Relief Package

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

5.7.3. Fresh loans provided against rescheduled accounts under Relief Package

Under the PM's Relief Package **Rs. 34.74 crores** in **9386** accounts was provided as fresh finance against the rescheduled accounts. Though the fresh finance against the rescheduled accounts show a less brighter picture, banks in the two of the three identified districts viz. Palakkad & Kasargod surpassed its target under Annual Credit Plan during 2010-11 by recording 126% & 107% of targets respectively. But Wayanad district only could achieve 70% of the target under ACP which needs introspection and focussed attention. For the current year during the first half year the performance of Wayanad, Palakkad and Kasargod are **38.53%, 52.38% & 35.49%** respectively. So Wayanad and Kasargod LDMs to give focussed attention on the matter to improve the performance in the second half year and ensure achievement of targets.

5.8. Credit Flow to Minority Communities (Refer Annexures 9.37)

As per RBI directions, credit flow to minorities in specified districts should be reviewed in all SLBC meetings. At present all the districts in the State of Kerala are notified for reporting under this head. In Kerala State without giving due share to minorities, credit expansion is not at all possible. The comparative position with regard to the previous year is given below. The data reveal that there is significant increase in amount of loans granted to minorities in all these districts. However, all the banks in the State are yet to comply with the instructions of the regulator (RBI) in respect of reporting of the data under Advances to Minority Communities in the format stipulated for the purpose. The controlling offices of all the banks are requested to report their bank's share under Advances to minority communities covering all the 14 districts of the State hereafter in the format specified for the purpose. It can be seen from the table given below that **51.57 %** of the total priority advances has gone to the minority communities as at September 2011.

Data on Minority Sector Advances in the State of Kerala

(Rs. in crores)

Year	Total Priority Sector Advances	Minority Sector Advances	Percentage
31.03.2009	50217	26070	51.91
30.06.2009	51830	26120	50.40
30.09.2009	53743	26432	49.18
31.12.2009	55842	38831	69.54
31.03.2010	58204	38532	66.20
30.06.2010	60967	41149	67.49
30.09.2010	65738	33485	50.94
31.12.2010	70823	35912	50.71
31.03.2011	71145	41245	57.98
30.06.2011	70071	41054	58.59
30.09.2011	77403	39913	51.57

5.9. Performance under Micro-credit (Annexures 9.23 to 9.26)

SLBC had compiled the data obtained from all banks regarding the cumulative performance of banks in the State as at September 2011. The bank-wise performance is given as annexures.

On a review of the performance, it is seen that about **339421 lakh** SHGs are maintaining savings account with commercial banks as at September 2011 in the State.

The banking group-wise data is as follows.

(Rs in. Crores)

Banking Group	SHGs maintaining Savings a/c		Of which No. of SHGs under	
	No.	Amt.	Government Sponsored	Exclusive Women
State Bank Group	208531	206.91	65382	189889
Nationalized Banks	55314	330.64	14440	45350
RRBs	42161	12.50	13353	36309
Private Sector Banks	33415	322.69	5778	28955
Total - Kerala State	339421	872.74	98953	300503

As evident from the above **88.53%** of the SHGs are exclusive women SHGs and **29.15 %** are formed under various Government sponsored schemes.

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

Credit linkage through

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

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

(Rs. in Crores)

Mode of Linkage	SHGs formed during the Quarter	No of SHG loans Disbursed During the Quarter		Outstanding Amount under SHG Finance		Beneficiaries Assisted
		A/c	Amt	A/c	Amt	
Financing SHGs directly by banks	5720	5574	116.59	70413	775.79	719212
Financing SHGs directly with the facilitation of NGOs	669	1359	26.24	21099	170.17	403597
Financing SHGs through the medium of NGOs	xxx	357	18.00	4230	162.29	380229
Total No. of SHGs linked		7290	160.83	95742	1108.25	1503038

As could be seen from the above table, **7290** SHGs have been credit linked in the State during the first half year of the fiscal under the SHG-Bank linkage programme. The total amount outstanding under all the three modes of financing put together is **Rs.1108.25 crores**.

5.10. Small and Medium Enterprises (SME) Advances (Refer Annexures 9.7 & 9.38)

Consequent on the promulgation of MSMED Act, 2006 the advances classified under SME comes under priority (Micro & Small Enterprises) as well as Non-Priority (Medium Enterprises). The total advances under SME priority as on September 2011 come to **Rs. 16950 crores** for the commercial banks in the State. Out of this, Micro and Small

Enterprises constitute **Rs. 7810 crores** and **Rs. 9140 crores** respectively for Commercial banks, which forms part of Priority Credit. The non-priority part of SME credit component that includes Medium Enterprises has shown an outstanding level of **Rs. 6566 crores** covering **4585** loan accounts with commercial banks. The bank wise details are given in the annexure.

Performance of other Institutions under SME financing (Outstanding) as at September 2011

(Rs.in Crores)

	Micro Enterprises				Small Enterprises				Total SME Priority				Medium Enterprises			
	Manufacturing		Services		Manufacturing		Services		Manufacturing		Services		Manufacturing		Services	
	A/c	Amt.	A/c	Amt.	A/c	Amt.	A/c	Amt.	A/c	Amt.	A/c	Amt.	A/c	Amt.	A/c	Amt.
KSIDC	0	0	0	0	6	9.83	0	0	6	9.83	0	0	4	17	4	28
KFC	1032	225.23	1610	642.53	113	52.81	282	224.27	1145	278.04	1892	866.8	0	0	0	0
SIDBI	157	139.98	7	5.32	0	0	0	0	157	139.98	7	5.32	0	0	0	0
TOTAL	1189	365.21	1617	647.85	119	62.64	282	224.27	1308	427.85	1899	872.12	4	17	4	28

5.11. Coverage under CGMSE scheme from Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)

Kerala has got a distinction of having the maximum number of units of MSME covered under the guarantee scheme of CGTMSE. On a review of the performance, it is seen that during the second quarter of the financial year 2011-12 banks in Kerala sanctioned an amount of **Rs. 135.43 crores** (5583 proposals) under CGTMSE coverage. Bank-wise analysis reveals that South Malabar Gramin Bank has sanctioned highest quantum of loans (**Rs. 32.09 crores**) followed by Indian Overseas Bank (**Rs. 20.66 crores**). District-wise analysis reveals that Ernakulam District has sanctioned the highest quantum of loans (**Rs. 24.98 crores**) followed by Kozhikkode District (**Rs. 17.81 crores**). Bank-wise/District-wise details are shown as **Annexures-9.43 & 9.44.**

6. Review of Performance under Government Sponsored Schemes

6.1. Swarna Jayanthi Shahari RozgarYojana (SJSRY) as at September 2011

(Refer Annexures 9.16 to 9.19)

The performance of the State under SJSRY up to September 2011 is summarized hereunder:

(Rs. in lakhs)

Sub component	No. of Applications							Subsidy Released Amount	Amount of Loan	
	Forwarded	Rejected	Sanctioned	Pending Sanction	Disbursed	Pending Disbursement	Total Pending		Sanctioned	Disbursed
USEP	56704	22075	29578	5051	27930	1648	6699	877.20	6030.31	5988.97
DWCUA	2869	327	2223	319	2197	26	345	1601.67	3444.31	2900.56
Total	59573	22402	31801	5370	30127	1674	7044	2478.87	9474.62	8889.53

The banks have sanctioned **29578** loans to individual beneficiaries for micro enterprises under USEP (Urban Self Employment Programme) as at September 2011 involving loan amount of **Rs. 6030.32 lakhs**. Under DWCUA (Development of Women and Children in Urban Areas), **2223** groupswere sanctioned with loans to the tune of **Rs. 3444.31 lakhs**.

Banking Group wise performance under SJSRY as at September 2011

(Rs in lakhs)

Sl. No.	Bank	USEP		DWCUA		Total SJSRY	
		Sanctions		Sanctions		Sanctions	
		No	Amount	No	Amount	No	Amount
1	Public Sector Banks	24415	5131.80	1720	2845.33	26135	7977.13
2	Private Sector Banks	2967	551.93	168	206.55	3135	758.48
3	Others	2196	346.59	335	392.43	2531	739.02
	Total	29578	6030.32	2223	3444.31	31801	9474.63

Analysis of the Bank wise performance reveals that Public Sector Banks (including RRBs) accounted for **82.19 %** of the loans (Number) sanctioned and **84.19 %** of loan amount sanctioned. There is a need for greater participation by Private Sector Banks in the implementation of the scheme. There is no involvement by some of the private sector banks in the implementation of the scheme which may be corrected by the respective Controlling offices. The details are available in the Annexures.

6.2. Swarnajayanthi Gram Swarozgar Yojana (SGSY) - Performance as at September 2011 (Refer Annexures 9.14 & 9.15)

The credit mobilisation target for 2011-12 was **Rs. 10890 lakhs**. As at September 2011, the State has reached **49.83%** of the target. Banking group wise analysis reveals that State Bank group had achieved **47.61%** of the target while Nationalised Banks had achieved **56.07 %** of the target and Co-operative banks with **77.32%** which are above the State's performance level. The performance of Private Sector Banks (**26.21%**) and RRBs (**22.14%**) are below the State's performance level and needs improvement.

SGSY – Performance as at September 2011

(Rs. in lakhs)

Sl. No	Name of Bank	Target	Total SGSY						% Achvmt. Sanctioned Amt
			Forwarded		Sanctioned		Disbursed		
			No.	Amount	No.	Amount	No.	Amount	
1	State Bank Group	2399.60	1707	2310.70	748	1142.55	486	716.75	47.61
2	Nationalized Banks	3156.46	2226	3218.45	1129	1769.70	787	1125.22	56.07
3	Private Sector Banks	1590.93	812	890.98	295	416.93	200	253.29	26.21
4	RRBs	1450.21	680	695.05	326	321.04	203	189.65	22.14
5	Co-operative Banks	2292.80	2017	2963.64	1155	1772.84	782	1257.33	77.32
6	Others	0	18	23.20	1	3.50	1	3.50	
	State Total	10890	7460	10102.02	3654	5426.56	2459	3545.74	49.83

Co-operative banks have achieved 77% and Nationalized banks 56% of the target respectively. But it is concerning to note that RRBs (22.14%) and Private sector banks (26.21%) have performed much below the State average which needs immediate attention. Due to improved performance of Co-operatives and Nationalized Banks, at the close of second quarter of the year of 2011-12, the State could achieve 49.83 % of the target.

7. Review of Performance of the Banking Sector

7.1. Banking Statistics as at September 2011 (Refer Annexure 9.1 to 9.3)

The detailed banking statistics for the State as at September 2011 is furnished in the Annexure. A comparative analysis of the data over the previous fiscals is presented below.

(Rs. in crores)

Parameter	Outstanding					Variation				
	March 2010	Sept. 2010	March 2011	June 2011	Sept. 2011	Mar.'10-Mar.'11	Mar.'10-Sep.'10	Mar.'11-Jun.'11	Mar.'11-Sep.'11	Sep.'10-Sep.'11
No. of Branches	4310	4446	4573	4636	4639	263	136	63	66	193
Total Deposits	143404	151846	161562	166706	175949	18158	8442	5144	14387	24103
Domestic Deposits	106518	114406	123872	128150	134230	17354	7888	4278	10358	19824
NR Deposits	36886	37440	37690	38556	41719	804	554	866	4029	4279
Total Advances	96987	107533	121980	124769	134635	24993	10546	2789	12655	27102
Investments	3929	4199	5226	8072	4945	1297	270	2846	-281	746
Adv. + Investment	100916	111732	127429	129191	137436	26513	10816	1762	10007	25704
C: D Ratio	67.63	70.82	75.50	74.84	76.52	7.87	3.19	-0.66	1.02	5.7
C+l: D Ratio	70.37	73.58	78.87	77.50	78.11	8.5	3.21	-1.37	-0.76	4.53

7.2. Branch Network

As at the end of September 2011, the total number of branches of Commercial Banks in the State was **4639**.

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

Banking Group	Number of Branches				Percentage distribution			
	Rural	S.Urban	Urban	Total	Rural	S.Urban	Urban	Total
Public Sector Banks	212	2147	721	3080	4.57	46.28	15.54	66.39
Private Sector Banks	263	980	316	1559	5.67	21.13	6.81	33.61
Total	475	3127	1037	4639	10.24	67.41	22.35	100

Of the total Commercial banks in the State, Public sector Banks account for **66.39 %** of the branch network in the State. Private sector banks are having the highest number of rural branches (**263 branches**). Of the total branch network of Commercial banks in the State, only **10.24%** is in rural areas whereas Semi-urban areas have **67.41 %** of the bank branches in the State. Urban branches constitute **22.35 %** of branch network.

On a comparison with March 2011 position, it is found that Public sector banks have increased their tally of branches by **57 branches** whereas that of Private Sector Banks increased by **9 branches**.

7.3. Deposit growth

During the first half-year of the fiscal 2011-12, there was a growth of **Rs. 14387 crores** in deposits of the State and the outstanding total deposits reached a level of **Rs. 175949 crores** in the commercial banking sector of the State. During the corresponding period of the previous fiscal, the total deposit of the State was **Rs. 151846 crores**. Quantum wise, the total deposits have grown from **Rs. 151846 crores** in September 2010 to **Rs. 175949 crores** in September 2011, a year on year growth of **15.87%**,

Another significant feature in this deposits growth is that the share of domestic deposits in total deposits is gradually increasing. As at March 2005, the share of domestic deposits in the total deposits was **58.04%**, which has now steadily increased to **76.29 %** as at September 2011.

Sectoral Growth of Deposit over the Years

(Rs. in Crores)

Type of deposit	March 2005	March 2006	March 2007	March 2008	March 2009	March 2010	Sept. 2010	March 2011	Sept. 2011	Variation	
										Mar.'11 Sept.'11	Sept.'10 Sept.'11
Total Deposit	69396	77677	91697	105488	130350	143404	151846	161562	175949	14387	24103
Domestic Deposit	40276	47006	58394	75599	93331	106518	114406	123872	134230	10358	19824
N R Deposit	29120	30671	33303	29889	37019	36886	37440	37690	41719	4029	4279
% Share of Domestic deposits	58.04	60.51	63.68	71.67	71.60	74.28	75.34	76.67	76.29	-0.38	0.95

A. Banking Group wise Growth in Deposits

As evident from the following table, Private Sector Banks (**44.43%**), followed by State Bank Group (**31.05%**), has the highest share in growth of deposits among the Commercial Banks in the State during the first half year of 2011-12.

Banking Group wise Growth in Deposits

(Rs. in crores)

Sl. No.	Banking group	Total Deposits			% Share in Total Deposits (Sept.11)	Variation		% Share in Growth	
		Sept. 2010	Mar. 2011	Sept. 2011		Mar.'11 to Sept.'11	Sept.'10 to Sept.'11	Mar.'11 to Sept.'11	Sept.'10 to Sept.'11
1	State Bank Group	53284	56570	61037	34.69	4467	7753	31.05	32.17
2	Nationalized Banks	45856	48452	51699	29.38	3247	5843	22.57	24.24
3	RRBs	4369	4838	5118	2.91	280	749	1.95	3.11
4	Private Sector Banks	48337	51702	58095	33.02	6393	9758	44.43	40.48
	Total	151846	161562	175949	100	14387	24103	100	100

Banking Group wise comparison reveals that **34.69 %** of the deposits in the State is with State Bank Group which has got a **22.20%** share in branch network. The corresponding figures for Private Sector Banks are **33.61%** share in branch network and **33.02%** share in deposits. Nationalised Banks, which have **35.12%** of the branch network in the State, have a share of **29.38%** in total deposits. RRBs, in spite of having a share of **9.07%** of the branch network has only **2.91%** share in total deposits of the State.

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

Population Group wise Distribution of deposits

(Rs. in Crores)

Banking Group	Total deposits				Percentage Distribution				Share of Banking Group in Total Deposits
	Rural	Semi-Urban	Urban	Total	Rural	Semi-Urban	Urban	Total	
State Bank Group	2048	35987	23001	61036	3.36	58.96	37.68	100	34.69
Nationalized Banks	1666	28618	21416	51700	3.22	55.36	41.42	100	29.38
RRB s	469	3811	838	5118	9.16	74.47	16.37	100	2.91
Private Sector Banks	6843	31600	19652	58095	11.78	54.39	33.83	100	33.02
Total	11026	100016	64907	175949	6.27	56.84	36.89	100	100

As evident from the above table, **56.84 %** of the total deposits of the State is from semi urban areas where **67.41 %** of the branch network exists. Urban areas accounted for **36.89 %** of the deposits and rural areas, **6.27 %**. On a comparison with March 2011 position, it is found that the share of urban branches in total deposits is showing a slight decreasing trend. The semi urban and rural branches have shown an increasing trend in deposits.

7.4. NR Deposits (Refer Annexure 9.2)

The NR Deposits have registered an increase of **Rs. 4029 crores** from the March 2011 level. The NR deposits of the State that stood at **Rs. 37440 crores** as at September 2010 reached to a level of **Rs. 41719 crores** as at September 2011. The year-on-year increase was **Rs. 4279 crores** in NR Deposits as at September 2011.

Population GroupWise/Banking Group Wise Distribution of NR Deposits

(Rs. in crores)

Banking Group	NR Deposits				Percentage Distribution				Share of Banking Group in Total NR Deposits
	Rural	Semi-Urban	Urban	Total	Rural	Semi-Urban	Urban	Total	
State Bank Group	478	12372	5404	18254	2.62	67.78	29.60	100	43.75
Nationalized Banks	301	6694	2603	9598	3.14	69.74	27.13	100	23.02
RRBs	31	142	9	182	17.03	78.03	4.94	100	0.43
Private Sector Banks	1596	8521	3568	13685	11.66	62.27	26.07	100	32.80
Total	2406	27729	11584	41719	5.77	66.46	27.77	100	100

State Bank group has the highest share (**43.75 %**) in the NR deposits from the State followed by Private Sector Banks (**32.80%**) and Nationalised Banks (**23.02%**). Of the total Non-Resident deposits **66.46%** deposits were from Semi-Urban areas while Urban areas accounted for **27.77%** and rural areas, **5.77%**.

7.5. Domestic Deposits

The growth in domestic deposits during the first half year of the fiscal 2011-12 (**Rs. 10358 crores**) was higher than the quantum growth during the previous fiscal (**Rs. 7888 crores**).

Share of Domestic Deposits in Total Deposits (%)

March 2010	Sept. 2010	March 2011	Sept. 2011
74.28	75.34	76.67	76.29

As at September 2011, domestic deposits accounted for **76.29%** of the total deposits and this ratio is above 75 since September 2010 as evident from the table given above.

7.6. Credit Expansion (Refer Annexure 9.2)

Growth in Advances of the Banking sector in the State

(Rs. in crores)

Parameter	Total Advances Outstanding over the Years							Variation	
	Mar. 2007	Mar. 2008	Mar. 2009	Mar. 2010	Sept. 2010	Mar. 2011	Sept. 2011	Mar.'11 Sept.'11	Sept.'10 Sept.'11
Total Advances	64273	75305	82819	96987	107533	121980	134635	12655	27102
Percentage Growth (Y-o-Y)	13.56	17.16	9.07	17.11	10.87	25.77	25.20	10.37	25.20

During the first half year of the current fiscal, the total advances grew by **Rs. 12655 crores** to reach **Rs. 134635 crores** as at September 2011. This is slightly higher than the addition recorded during the first half year of last financial year which was **Rs.10546 crores**

On a year-on-year basis from September 2010-September 2011 period there was a growth of **Rs. 27102 crores** in advances, recording a growth rate of **25.20%**.

Share of Banking Groups in Total Advances of the State

Nationalised Banks has the highest share (**34.11%**) in the total advances outstanding in the State followed by the State Bank Group (**31.86%**). Private Sector Banks accounted for **29.52%** of the total advances against a **33.61%** share in total branch network.

(Rs. in crores)

Banking Group	Total Advances				Percentage Distribution				Share (%) in Total Advances
	Rural	Semi-Urban	Urban	Total	Rural	Semi-Urban	Urban	Total	
State Bank Group	2187	21408	19302	42897	5.10	49.90	45.00	100	31.86
Nationalized Banks	1419	21186	23315	45920	3.09	46.14	50.77	100	34.11
RRBs	669	5043	364	6076	11.01	83.00	5.99	100	4.51
Private Sector Banks	3555	16518	19669	39742	8.95	41.56	49.49	100	29.52
Total	7830	64155	62650	134635	5.82	47.65	46.53	100	100

Further, **47.65 %** of the total advances in the State is to semi urban areas where **67.41%** of the branch network exists. Urban areas had **46.53%** share in total advances against a share of **22.35%** in branch network. Rural areas had a share of **5.82%** only in the total advances deployed in the State where as they hold a share of **10.24%** in total commercial branch network.

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

The Credit-Deposit ratio of the Commercial Banking sector of the State has increased by **1.68%** during the quarter to reach **76.52%** as at September 2011.

Banking Group wise C D ratio as at September 2011

Banking Group	C D Ratio Percentage Distribution as at September 2011			
	Rural	Semi-Urban	Urban	Total
State Bank Group	106.76	59.49	83.92	70.28
Nationalized Banks	85.22	74.03	108.86	88.82
RRB s	142.61	132.32	43.45	118.71
Private Sector Banks	51.95	52.27	100.09	68.41
Total	71.02	64.15	96.52	76.52

The C D Ratio of Rural, Semi urban & Urban areas of the State is more than the mandatory norm of **60%**. Further, the urban areas have a high CD ratio of **96.52%**. For the State as a whole the CD ratio is **76.52 %**.

The C D ratio of RRBs is the highest at **118.71%**. Further, the CD ratios of all the bank groups viz. State Bank Group, Nationalized Banks, RRBs and Private sector Banks are above the desired level of 60% in the State. In rural areas, all the public sector banks have shown a better C D Ratio level well above the RBI stipulated 60 %. Private sector banks have shown a C D Ratio of **51.95%** and **52.27%** in rural and semi-urban centre respectively which needs further improvement. In the semi-urban areas, the CD ratio of State Bank Group is marginally below **60%** which needs improvement.

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

The C+I D ratio of the Commercial Banking Sector of the State as at September 2011 stood at **78.11 %**.

Incremental CD Ratio

Reporting Quarter	Deposits (Rs. in crores)	Advances (Rs. in crores)	CD Ratio	Incremental CD Ratio
March 2009	130350	82818	63.54	30.22
March 2010	143404	96987	67.63	108.53
June 2010	147369	99885	67.78	73.09
September 2010	151846	107533	70.82	124.92
December 2010	158306	114446	72.29	117.16
March 2011	161562	121981	75.50	137.65
June 2011	166706	124769	74.84	54.20
September 2011	175949	134635	76.52	87.95

From the above table it is evident that during the last year, 2010-11, the incremental CD ratio was on a higher side compared to the CD Ratio of the State. This means that the Credit growth is more than the rate of growth of deposits or there is a temporary mismatch in credit and deposit growth. But the incremental credit-deposit (CD) ratio for the quarter ending September 2011 stood at **87.95 %** for the banking system of the State meaning the growth in deposits has over paced the growth in credit. It may be recalled that the Reserve Bank of India had expressed its concerns about the high incremental CD ratio during its quarterly review of the monetary policy.

7.9. District-wise Credit Deposit Ratio in the State

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

District-wise C D Ratio in the State as on 30.09.2011

(Rs. in lakhs)

Sl. No.	District	Deposits	Advances	CD Ratio (%)
1	Trivandrum	3290336	2196872	66.77
2	Kollam	1133519	821965	72.51
3	Pathanamthitta	1642963	691964	42.12
4	Alappuzha	1168443	752237	64.38
5	Kottayam	1548030	977903	63.17
6	Idukki	271295	384118	141.59
7	Ernakulam	3846286	5230375	135.99
8	Thrissur	2485162	1714205	68.98
9	Palakkad	1231079	1024548	83.22
10	Malappuram	875710	737980	84.27
11	Kozhikkode	1333601	1071907	80.38
12	Wayanad	169446	218800	129.13
13	Kannur	1073934	773301	72.01
14	Kasaragod	448898	433856	96.65
Total for State		20518702	17030031	83.00

In Kerala, Pathanamthitta is the only district having poor CD Ratio which is constantly under monitoring. As a result, the CD ratio of the district has improved and it touched a level (42.12 %) just above the benchmark of 40% as at September 2011. LDM, Pathanamthitta should monitor the developments closely and review the same in DCC/DLRC meetings so as to improve from the current levels in an ongoing basis. (The above CD ratio is compiled from the banking Statistics furnished by the LDMs of respective Districts which includes the business figures of District Co-operative Banks and PACS)

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

On a review of the performance, as at the second quarter of 2011-12, banks in Kerala had sanctioned an amount of **Rs. 63.44 lakhs** (5 accounts) and the balance outstanding is **Rs. 56.98 crores** (665 accounts). The review of performance under this crucial “Housing sector” has become a regular agenda item of SLBC, Kerala at the behest of National Housing Bank (NHB). Details are shown in **Annexure-9.29.**

8. Any Other matter with the Permission of Chair

9. Annexures