

STATE LEVEL REVIEW MEETING 2012

1. ADOPTION OF MINUTES

The minutes of the 106th meeting of SLBC, Kerala held on 26th March, 2012 has already been forwarded to the members vide Convener's letter SLBC 35 772 2012 KRA dated 30.04.2012.

The House may adopt the said minutes.

2. ISSUES FOR GROUP DISCUSSION ON PRIMARY SECTOR (GROUP I)

2.1. Review of Performance under Annual Credit Plan 2011-2012

2.1.1. Bank wise Performance – Primary Sector

(Rs. in Crores)		
Parameter	2010-2011	2011-2012
Target	20483	25300
Achievement	28602	34304
Percentage of Achievement	139.64	135.59

The banking sector in the State disbursed **Rs. 34304 crores** to the farm sector during the fiscal 2011-12, surpassing the target of **Rs. 25300 crores** fixed with a very comfortable margin and achieved about **136 %** of targeted level.

The share of various banking groups in the disbursement to primary sector is as follows

(Rs. in Crores)			
Banking Group	Disbursement	% Share in Total Disbursement	% Achievement of the target
State Bank Group	6910	20.14	170.40
Nationalised Banks	10794	31.47	167.60
RRBs	2788	8.13	108.96
Private Sector Banks	5663	16.51	128.98
Co-operatives	8149	23.75	105.69
State Total	34304	100.00	135.59

Nationalised Banks accounted for **(31.47%)** of the total disbursement in the State to primary sector followed by Co-operative Sector **(23.75%)**. Private Sector Banks accounted for

16.51 % of target under the ACP 2011-12. The group may deliberate on the ways to ensure equitable participation of all banks in lending to the agriculture sector of the State.

Bank-wise review of the performance reveals that the following major banks though having more than 20 branches in the State did not achieve the target in this sector during 2011-12.

Sl. No.	Bank	% Achvt.
1	ICICI Bank	20.82
2	Axis Bank	27.67
3	Indus Ind Bank	78.76
4	ING Vysya Bank	25.22
5	KASCARD Bank	58.58
6	IDBI Bank	96.09

2.1.2. District wise Performance under Primary Sector

Thrissur District leads in achievement of the target (174.05 %) followed by Malappuram (161.69%), Kozhikode (158.18 %) and Ernakulam (158.04%). Wayand is the one and only district that had narrowly missed the target. Wayanad district could achieve only 92.54 % of the target. LDM of Wayanad should take corrective steps so that this important target is not missed during the current fiscal. The District wise performance details are furnished in Annexure-7.12.

(Rs in. Crores)

Sl. No.	District	Target	Achievement	% Achievement
1	Thrissur	2333	4061	174.05
2	Malappuram	1713	2770	161.69
3	Kozhikode	1961	3101	158.18

2.2. Agriculture Advances (Refer Annexure 7. 4)

(Rs in. Crores)

Parameter	Outstanding				Variation		
	March 2009	March 2010	March 2011	March 2012	March '09- March '10	March'10- March'11	March'11- March '12
Agriculture Advances	15959	21786	27439	36209	5827	5653	8770

The outstanding advances to agriculture sector for Commercial Banks in the State have increased by **Rs. 8770 crores** during the fiscal 2011-12. Agricultural advances had shown a

robust growth rate of **31.96 %** during the last financial year. The outstanding agriculture advances stood at **Rs. 36209 crores** as at March 2012, which is **24.25 %** of the total advances outstanding in the State and is well above the mandatory norm of 18% fixed by RBI.

**Banking Group wise Performance under
Agriculture Advances as at March 2012**

(Rs in. Crores)

Bank	Total Advances			Agriculture Advances			% Agri. Advances to Total Advances (March 2012)
	March 2011	March 2012	Growth March '11-March '12	March 2011	March 2012	Growth March '11-March '12	
State Bank Group	39201	45961	6760	6360	11075	4715	24.10
Nationalised Banks	40436	52925	12489	11374	14843	3469	28.04
RRBs	5591	6193	602	2466	2849	383	46.00
Private Sector Banks	36753	44214	7461	7238	7441	203	16.83
Grand Total	121981	149293	27312	27438	36208	8770	24.25

State Bank Group has contributed the highest quantum growth in agriculture advances outstanding (**Rs. 4715 crores**) followed by Nationalised Banks (**Rs. 3469 crores**). Private Sector Banks have shown a growth of **Rs. 203 crores** and RRBs had shown a growth of **Rs. 383 crores**.

46 % of the advances outstanding with RRBs in the State was to agriculture sector. It has to be noted that this had increased from a level of **44.11 %** as at March 2011. Private Sector Banks has the least outstanding under agriculture in terms of percentage agriculture advances to total advances (only **16.83 %**). The performance of the Private Sector Banks need to be improved further so that they reach the mandatory 18% level from the current **16.83%**

As far as KSCARD Bank is concerned, **25 %** of their advances was to agriculture sector. This had declined from a level of **27.20 %** as at March 2011.

2.3. Performance under Kisan Credit Card Scheme (Refer Annexure 7.22)

As per the reports available with the Convenor SLBC, **384187** Kisan Credit Cards with an amount of **Rs. 11244 crores** have been issued during the year 2011-12 by the banking sector in the State. **3465898** KCCs were issued since inception involving a credit outlay of **Rs. 18098 crores**. As at March 2012, the outstanding number of loan accounts under KCC

is **1816897** with **Rs. 8219 crores. 782550** farmers were covered under Personal Accident Insurance Scheme (PAIS) linked to KCC. Bank wise data is given in the annexure.

2.4. Agri-Clinics and Agri Business Centres (Refer Annexure 7.21)

The outstanding accounts under Agri clinics in the State by Commercial Banks are **19** with a credit outlay of **Rs. 55.61 lakhs**.

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 March 2012, **16** Agri-Business centres loans exist with an outstanding amount of **Rs. 34.53 lakhs**.

2.5. FRESH ISSUES

2.5.1. Interest subvention as incentive to farmers - Short Term Crop Loans (KCC) (Suggested by KSCARD Bank)

As per Circular No. NB/ICD (PPS)2004-05 dtd.31/12/04, NABARD has accorded sanction to provide short term loan for agriculture and allied activities (KCC) through PCARDBs as a pilot scheme.

Since 2005-06 we have been implementing the KCC Scheme. The year wise disbursement is furnished below:

Year	Amount (Rs. in lakhs)
2005-06	1758.84
2006-07	4524.39
2007-08	7675.21
2008-09	5401.94
2009-10	7305.69
2010-11	9086.91
2011-12	11839.27

It may be noted that in the year 2009-10 GOI introduced interest subvention as incentive to farmers for prompt repayment of short term (KCC) Crop loan @ 1%, 2% and 3% for the years 09-10, 10-11 and 11-12 respectively. But the facility of interest subvention has been denied to ARDBs due to the reason that ARDBs are not in the approved list of institutions authorized to issue ST loans by Government of India and ARDBs are not banks as provided in the BR Act.

Hence our borrowers are discriminated and not able to avail S.T crop production loans at concessional rate of finance.

During the year 2011-12 NABARD denied refinance forcing the KSCARDB to meet our committed expenditure (under ST KCC –fresh and renewal) utilising high cost borrowed funds putting the bank into financial loss.

In the light of the above, the SLBC may take up the matter with the GOI. So that ARDBs are not discriminated and our borrowers are entitled production credit at concessional rate and also the benefit of interest subvention declared by GOI.

Views of the Steering Committee

The Steering Committee decided to place the matter in the SLRM for appropriate recommendation to the Government of India through SLBC.

2.5.2. Bunching of Dairy Loan applications by Department of Animal Husbandry at the fag end of the financial year (Suggested by LDM, Kollam)

Bank Loan for Dairy Development Activities is an important component under Investment Credit for Agriculture and the achievement under this segment is very poor even though there is very good potentiality for this activity as per PLP. Banks do need the support of Department of Animal Husbandry for achieving the Credit Plan under Dairy Development Activities.

But the Department of Animal Husbandry is not implementing the Subsidy Linked Credit Schemes for Dairy Development in a planned manner. During the past two year [2010-11 and 2011-12], the applications were forwarded to the branches in the month of March. During the last FY 2011-12, the applications were forwarded to the branches in the last week of the financial year. This created lost of inconvenience at the branch level.

All the LDMs received a FAX Message from Planning & Economic Affairs (F) Department, Government of Kerala on 28.03.2012 stating that the Director of Animal Husbandry has reported to the Government that they cannot implement the scheme properly as the banks are not issuing loans to the beneficiaries stating that the financial year is coming to close. It was also requested in the FAX Message that the funds sanctioned under the scheme will be lapsed if the loans are not issued before 31.03.2012.

Hence it is suggested that SLBC may discuss this matter, draw the attention of Department of Animal Husbandry and get the Plan of Action for the FY 2012-13 from the Department and advise the Department to sponsor the applications in a phased manner. The Statistics on Progress in Implementation of each scheme is to be reviewed in the SLBC Meetings.

Views of the Steering Committee

The Steering Committee accepted the suggestion and decided to place the matter before SLRM for information of Dairy Development Department and Animal Husbandry Department for adoption. It also suggested that the Department concerned may place the progress report on the respective schemes in the SLBC meetings.

2.6. PENDING ISSUES

2.6.1. Stamp Duty exemption for Agricultural loans availed from Commercial Banks

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum as suggested by NABARD.

Stamp duty on agricultural loan is exempted for co-operative banks in Kerala. However, such exemption is not available for Commercial Banks and RRBs. The share of primary sector credit by Commercial banks is around 75 % up to the quarter ended 30 Sept 2011. It is recommended by Department of Financial Services, GoI, that, the same may be made applicable to commercial banks also which may result in an increased credit flow to agriculture sector.

The Sub-Committee of SLBC, Kerala on Primary Sector that met on 23.02.2012 examined the issue and suggested taking up the matter with the Government. The forum decided to take up the matter with Taxes department of Government of Kerala.

SLBC Convenor, vide letter SLBC 35 761 2012 KRA dated 03.05.2012, had taken up the matter with the Secretary, Taxes Department, Government of Kerala, requesting to examine the matter and take appropriate steps to exempt stamp duty for Agricultural loans availed from Commercial banks including RRBs also.

2.6.2. Financing of tenant farmers/ oral lessees and share croppers

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum as suggested by NABARD.

Formation and credit linking of Joint Liability Groups (JLGs) has been a priority area for the Central and State Governments as well as NABARD for inclusive growth of small & marginal farmers and oral lessees. JLG financing by banks in Kerala has helped in revival of paddy cultivation and other farm activities through lease farming. However, considering the fact that leasing of land has not been legal in Kerala in view of the existing Land Reforms Act of the State, banks find it difficult to extend adequate financing of JLGs to undertake productive activities. Land owners too, are not willing to lease their land though interested in their land being put to agriculture activity. Hence, it is felt that there is a need for smoothening the process of providing access to formal credit by tenant farmers/ oral lessees.

In this connection, Andhra Pradesh State Government has recently promulgated an ordinance to facilitate financing tenant farmers, oral lessees and share croppers by financing institutions. The ordinance envisages issue of 'loan and other benefits eligibility cards' to access credit from public financial institutions and to claim various benefits like subsidy, insurance, compensation etc. This has resulted in the banks in AP issuing about 5.87 lakh "licensed cultivator Eligibility Cards" and financial support to the tune of ` 360 crore.

An ordinance on the lines of "Andhra Pradesh Land Licensed Cultivators Ordinance 2011" may be replicated in our State also.

SLBC may take up the issue with the State Government, so that, the hurdles in availing formal credit by the landless farmers may be overcome.

The Sub-Committee of SLBC, Kerala on Primary Sector that met on 23.02.2012 noted that there was an agenda item earlier in SLBC in similar lines and was declined by the Government. The sub-committee decided placing the matter in the SLBC. NABARD was requested to arrange for a copy of the ordinance issued by the State of Andhra Pradesh to enable SLBC to take up the matter with Government.

Representative of Agriculture Department informed that Agriculture Department had launched a scheme in this regard. The sub-committee requested the Agriculture Department to provide the scheme details for the benefit of bankers.

The 106th meeting of SLBC requested the Agriculture Department, Government of Kerala to provide the scheme details in this regard for circulation among banks.

SLBC Convenor, vide letter SLBC 35 762 2012 KRA dated 03.05.2012, had taken up the matter with the Secretary, Agriculture Department, Government of Kerala, requesting to look into the same so that, the hurdles in availing formal credit by the landless farmers could be overcome.

2.6.3. Incentives to farmers for prompt repayment under utilization

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 availing 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.

The matter came up for discussion during the 105th meeting of SLBC, Kerala held on 22.12.2011 at Trivandrum. The forum noted that RBI Circular regarding the incentive of 3% to be provided to farmers for prompt repayment of their loan is yet to be issued for the current year. The forum requested banks for the scrupulous implementation of the guidelines when received. The forum also suggested collection of bank wise particulars after issuance of circular/notification by RBI.

The matter again came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum. The forum noted that RBI circular on the matter had been issued. The forum decided to collect bank wise details on interest subvention (2%) and incentive for prompt repayment and place the same in the next SLBC. The details are given in **Annexure-7.55**. However, it is observed that some of the major banks have not submitted the data. All banks are once again requested for prompt submission of the interest subvention data along with quarterly SLBC statements henceforth.

2.6.4. Status of yield of major crops vis- a- vis credit absorption in farm sector

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 held 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.

The matter came up for discussion during the 105th meeting of SLBC, Kerala held on 22.12.2011 at Trivandrum.

In the meeting, Sri. G J Raju, DGM, RBI informed that a study conducted by RBI on relation between increased credit and increase in production had shown that the production has increased in tune with credit absorption except for Kerala state. He requested that the matter needs further deliberation.

Hence the forum decided to place the matter again before Sub-Committee of SLBC for discussion.

The Sub-Committee of SLBC, Kerala on Primary Sector that met on 23.02.2012 noted that data regarding credit absorption in farm sector to be collected from Agriculture/Economic & Statistics Department. The data is yet to be provided by Agriculture/Economic & Statistics Department.

The matter again came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum and concurred with the views of the Sub-Committee.

SLBC Convenor, vide letter SLBC 35 764 2012 KRA dated 03.05.2012, had taken up the matter with the Director, Economics & Statistics Directorate, Government of Kerala.

Department of Economics and Statistics, Government of Kerala informed that Agricultural statistics pertaining to the year 2010-11 has already been published and copy of the book is in circulation. The copy of the book can be obtained from Department of Economics and Statistics.

2.6.5. Non availability of Interest Subvention in Private Sector Banks

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.

The matter came up for discussion during the 105th meeting of SLBC, Kerala held on 22.12.2011 at Trivandrum. *In the meeting, the CGM, NABARD* informed that the message should go to all the banks that interest subvention amount is coming from Government of India and utmost care is to be taken to see that norms are strictly followed and it is extended only to deserving beneficiaries.

The Sub-Committee of SLBC, Kerala on Primary Sector that met on 23.02.2012 decided to make out a case through SLBC and take up with Ministry of Finance, Government of India duly keeping IBA informed.

The matter again came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum and noted that Sri. M. V. Nair committee constituted had already recommended the same. The forum decided to pursue the matter with Ministry of Finance, Government of India.

SLBC Convenor, vide letter SLBC 35 765 2012 KRA dated 03.05.2012, had taken up the matter with the Ministry of Finance, Department of Financial Services, Government of India requesting to examine the matter and inform the decision taken in this regard. The reply from the Ministry is awaited.

2.6.6. 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 among public was published in the September 2011 edition of “Kerala Karshakan”.</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. RBI has already prepared a documentary on KCC scheme.</i>

Sl. No.	Issues	Progress
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.	<p><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></p> <p><i>In the sub-committee meeting held on 23.02.2012, the representative from Agriculture Department informed that necessary instructions have been issued.</i></p> <p><i>Director of Agriculture to apprise the latest position.</i></p>
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).	<p><i>Agriculture Department assured to take up the matter with LSGD for issuing appropriate orders.</i></p> <p><i>In the sub-committee meeting held on 23.02.2012, the representative from Agriculture Department informed that the matter will be followed up.</i></p> <p><i>Director of Agriculture, vide their letter TP(3) 302/11 dated 29.02.2012, had requested the Agricultural Production Commissioner to take up the matter with LSG Department to ensure support from the village panchayats to the KCC campaign.</i></p>
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.	<p><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. The details of KCC scheme revised recently is provided in the Annexure-7.56.</i></p> <p><i>In the sub-committee meeting held on 23.02.2012, it was decided that banks may reiterate the guidelines once again and equip their field level functionaries suitably to achieve the desired goals.</i></p>

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.	<p><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.</i></p> <p><i>In the sub-committee meeting held on 23.02.2012, the representative from Agriculture Department informed that the progress in the issue of KCCs are being reviewed in every month at the district level meetings of the PAOs.</i></p> <p><i>The subsequent developments to be apprised by Agriculture Department.</i></p>
9	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)	<p><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></p>
10	Application to be submitted to each bank in whose “service area” the village falls	<p><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.</i></p> <p><i>Controlling Offices of banks/Agriculture Department may apprise if any issues persist.</i></p>
11	No Bank to charge any fees for crop loan which include documentation fee, inspection, advocate, processing and renewal.	<p><i>The Sub-Committee examined the issue and recommended to Controlling Offices of all Banks to comply with the requirements. Most of the member banks have confirmed having issued necessary instructions.</i></p>

Sl. No.	Issues	Progress
12	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.	<p><i>The Sub-Committee recommended providing Kisan Credit Card to all the farmers who complies with the requirements stated in the issue. Banks are granting KCCs to all eligible farmers.</i></p> <p><i>The provision for verification of land records online is yet to be implemented in the State of Kerala since computerization of land records is yet to be completed.</i></p>
13	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.	<p><i>The Sub-Committee decided that there will be no requirement for getting no due certificate from other banks. Accordingly, Banks are not insisting on No Due Certificate during the campaign period. However, it has been instructed to notify other nearby banks regarding the availment of credit by the beneficiary.</i></p>

The 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum observed that though many campaigns and steps were initiated still there are many gaps to be addressed to enable achievement of 100% coverage.

As per the on the spot study made by the Nodal Officer from the Ministry of Finance, the sponsoring of loan applications by the Department of Agriculture had not happened uniformly across the state. The Ministry official had suggested that the matter has to be looked into by the Agriculture Department and ensure effective sponsoring of loan applications at the level of Agricultural Officers.

Moreover, the forum noted following steps suggested to popularize the KCC scheme.

- Assistant Directors of Agriculture to collect the details of KCC applications mobilized and sanctioned through Agriculture officers of Krishi Bhavans in their Block area.
- One campaign per village/panchayat is to be organized by the Assistant Director of Agriculture along with the LDM/ local branches

SLBC had already declared June and July 2012 as KCC month aiming to drive an aggressive campaign to cover all the farmers in the state with Kisan Credit card (KCC). Detailed communication in the matter was sent to the Controlling Offices of all banks.

SLBC Convenor, vide letter SLBC 35 766 2012 KRA dated 03.05.2012, had taken up the matter with the Director of Agriculture, Government of Kerala requesting to issue necessary instructions to Agriculture Officers at field level for handholding with bank branches at

grass root level for conducting the credit camps and for mobilizing maximum number of loan applications. Krishi bhavans may be directed to maintain the data of applications mobilized Vs loan sanctioned. Non co-operation if any on the part of branches has to be brought to the notice of SLBC for initiating suitable corrective steps.

Banks/LDMs/Agriculture Department to inform the progress made in the KCC campaign.

2.6.7. Mobile Enabled KCC Project

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum.

The forum noted that in the Sub-Committee meeting of SLBC, Kerala on Primary Sector held on 23.02.2012, the representative of NABARD informed that Department of Financial Services desired to include Mobile enabled KCC project implemented by Pallavan Grama bank in Tamilnadu as a pilot project as an agenda item in the SLBC. The main attraction of the project is cashless transactions. The forum noted the salient features of the project given in the background notes of 106th meeting of SLBC.

The forum noted that the scheme may be implemented in Kerala State also. It was decided to identify a suitable block at the first instance for the implementation of the project and Agriculture Department was entrusted the responsibility for identification of the same.

SLBC Convenor, vide letter SLBC 35 767 2012 KRA dated 03.05.2012, had taken up the matter with the Director of Agriculture, Government of Kerala requesting to take necessary action on the matter. The reply in this regard is awaited.

2.6.8. Pilot project for registration of farmers in Wayanad District

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum.

The forum noted that the Sub-Committee of SLBC, Kerala on Primary Sector held on 23.02.2012 suggested placing a status paper on the progress in the implementation of the pilot project for registration of farmers in Wayanad District. In the meeting, the representative from Agriculture Department informed that over 1 lakh farmers have got registered till date and that the position will be placed in SLBC for information of the house.

In the meeting, the representative from Agriculture Department informed that the data collection is in progress.

The forum requested the Agriculture Department to provide the latest progress report of the project for placing in the next SLBC.

SLBC Convenor, vide letter SLBC 35 768 2012 KRA dated 03.05.2012, had taken up the matter with the Secretary, Agriculture Department, Government of Kerala requesting to provide the latest progress report of the project for placing in the SLBC, in its next meeting.

Agriculture Department to inform the latest progress in this regard.

2.6.9. Initiatives to compile development scheme implemented through various developmental agencies

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum.

The forum concurred with the views of the sub-committee held on 23.02.2012 that NABARD may take initiatives to compile all schemes implemented through NABARD/National Horticulture Mission/ National Horticulture Board/SFAC/Agriculture related Departments and different Commodity Boards and release a hand book for the benefit of the farmers/bankers. It was also suggested organizing district level workshops for popularizing schemes applicable to the respective districts from among the various schemes.

NABARD to inform the progress in this regard.

2.6.10. Status paper on implementation of 105th SLBC approved Bankers' Package for Wayanad District

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum.

The forum noted that the Sub-Committee of SLBC, Kerala on Primary Sector held on 23.02.2012 suggested that since Government had declared Wayanad as a distressed district and various relief measures have been announced, a status paper on the progress made in the implementation of Bankers'/State Government packages may be placed/ presented by the LDM/PAO/DDM of Wayanad. It was also suggested inviting these functionaries to next SLBC as special invitees.

In the 106th SLBC meeting, the LDM, Wayanad informed that in tune with the declaration made by Government of Kerala declaring Wayanad as a distressed district, moratorium was declared as per the Bankers' package and recovery steps were postponed up to 29.12.2012. Lead Bank Office had given paper publications in this regard in January and February 2012 in leading dailies. Some banks have already displayed banners in their premises to this effect. Some banks have already sent letters to all eligible farmers regarding the scheme. It is gathered that the response from farmers is not encouraging. As per the data collected by Lead Bank, less than 100 farmers only had come forward for restructuring their loans.

The forum decided to call for a detailed report from the LDM/PAO/DDM of Wayanad and place the same in the next meeting of SLBC for the information of the house.

SLBC Convenor, vide letter SLBC 35 769 2012 KRA dated 03.05.2012, had taken up the matter with the LDM/PAO/DDM of Wayanad requesting to furnish a detailed status report in this regard for placing in the SLBC in its next meeting.

LDM, Wayanad/NABARD/Agriculture Department to inform the latest position.

2.6.11. Debt Relief scheme for Fishermen - Government proposal for extending relief to loans availed from Nationalized/Scheduled Banks

The Kerala Fishermen Debt Relief Commission (KFDRC) Act 2008 has been enacted and brought into force for constituting a Commission to recommend relief measures to the fishermen who are in distress due to indebtedness. Accordingly the Government has constituted KSFDRRC. Based on the recommendations of the commission Government has already settled the loans availed by fishermen from Co-operative banks.

The scheme came up for discussion during the 105th meeting of SLBC, Kerala held on 22.12.2011. The forum noted the communication received from Kerala State Fishermen Debt Relief Commission and requested banks to be in readiness with data and other details for providing to the Commission as and when the eligible borrowers approach the bank branches. The forum also requested banks to look into the recommendations of the Commission regarding waiver of interest/penal interest on a case to case basis within the framework of guidelines of individual banks.

Additional Chief Secretary, Fisheries have convened a meeting on 02.03.2012 for discussing the waiving/settlement of loans availed by fishermen from nationalized banks/ scheduled banks as per the recommendations of KSFDRRC. It was proposed by Government to settle the loans in the same lines as that has been done in the case of Co-operative banks.

The gist of the Government proposal is given below:

- (i) Debt relief is to be sanctioned only for the loan availed by fishermen up to 31st December 2007.
- (ii) The maximum debt relief to be sanctioned to fishermen is Rs.75000/- from the principal amount alone.
- (iii) The interest and penal interest has to be written off completely by the banks and the principal amount alone should be taken as debt.
- (iv) If the fishermen have paid 50% of the principal and interest out of his loan availed up to 31st December 1995, the respective bank has to close such accounts.

- (v) If the fishermen have paid 75% of the principal and interest out of his loan availed between 1st January 1996 to 31st December 2000, the respective bank has to close his account.
- (vi) Regarding the loan availed from 1st January 2000, if the fishermen has paid the whole principal amount and besides that an amount equal to 50% of interest of the same principal amount, respective banks have to close such accounts

In a nutshell Government is proposing to sanction debt relief @ Rs.75000/- alone from the principal amount availed by fishermen from banks. The decision regarding the write off of the interest and penal interest by banks are to be decided. The commission's/ Government's recommendation is that the interest and penal interest is to be waived by scheduled commercial banks also as was done by co operatives.

SLBC had circulated the Government proposal to banks along with copy of G.O issued for co-operative sector. A sub-committee meeting of SLBC on Debt Relief Scheme for Fishermen held on 21.03.2012 at Canara Bank, Circle Office, Trivandrum recommended the following:

- a) *An upper limit shall be fixed for the loans to be considered under the scheme.*
- b) *Full list of eligible fishermen identified under the scheme may be provided to banks for correct assessment of financial implications.*
- c) *Moratorium to be effected/permitted to continue in only those cases which are registered with commission and where decision is pending. All other cases shall be excluded from the purview of moratorium.*
- d) *Regarding write off of loans by Co-operative banks, the accounting methods followed may be informed to SLBC.*

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum. The forum noted the above and decided to take up with Government for the clarifications sought by sub-committee.

SLBC Convenor, vide letter SLBC 35 770 2012 KRA dated 03.05.2012, had taken up the matter with the Additional Chief Secretary, Fisheries Department, Government of Kerala requesting to issue necessary clarifications in this regard.

The Director of Fisheries vide their letter D2/16703/2007 dated 16.05.2012, informed that there is no provision in the act to specify a maximum limit of loan to provide relief for the debt of fishermen. The Debit Relief Commission had submitted a list consisting of 2107 personnel who are eligible to get relief from Nationalized/Scheduled banks. The sittings for recommending debt relief to Nationalized banks is going on and the remaining list shall be forwarded to SLBC after completing beneficiary selection.

Regarding moratorium relief is provided only to fishermen for debts in loans availed upto 31.12.2007. Hence, limiting moratorium for the loans availed upto 31.12.2007 may be considered at Government level.

In the Special SLBC conducted on 23.05.2012, it was decided to form a Core Committee to discuss further regarding settlement of loans availed by fishermen from Commercial Banks. The core committee constituted met on 06.06.2012 at Trivandrum and recommended the following for the implementation by banks.

- Cut off date of loans for eligibility would be 31.12.2007 as provided in the Act.
- Only claims submitted to Commission till 31.01.2012 would be eligible to be covered under the scheme.
- Complete list of the eligible beneficiaries to be provided to banks for arriving at the quantum of interest to be waived.
- After crediting the relief amount received from the Government, the left over liability if any is to be rescheduled by conversion of Short Term Loan in to Medium Term Loan and Medium Term Loan in to Long Term loans subject to the willingness of beneficiaries to sign renewal papers of loans/Acknowledgement of Debt (AOD). Banks may charge 11% interest on the remaining portion of the loan.
- Penal Interest shall be waived by the respective banks in all eligible loans.
- Each bank to designate a nodal Bank to receive amount from the State Government and pass on the same to branches where loan accounts are maintained.
- As and when the fishermen/members from the debt relief commission approach bank branches, details of loans to be provided in the applicable formats to facilitate early settlement of the claim to actual beneficiary. Bank branches need to invariably furnish all the particulars sought especially date of original loan. Controlling Offices of banks to ensure this.
- Coercion of recovery in eligible cases which are under consideration of Commission shall not be effected. Banks to strictly adhere to this.
- Government may issue a press release to create awareness among fishermen on the need to execute AOD till the eligibility of the customer to get relief is confirmed by the Commission, to avoid banks taking legal recovery steps, on account of document getting time barred.
- LDMs at district level and SLBC at State level would be the authority for redressal of complaints regarding banks initiating recovery measures against the eligible fishermen.
- Full contact particulars of the LDMs to be provided to the Commission by SLBC.

The Group may deliberate on the above and come up with their views.

2.7. INFORMATION NOTE

2.7.1. Agricultural Gold Loan – Need to adhere to guidelines (Suggested by Reserve Bank of India)

Banks to ensure end use of funds granted under gold loan for agriculture purpose.

Views of the Steering Committee

The Steering Committee decided to reiterate the guidelines and place the matter before SLRM for information of banks.

2.7.2. JLG financing - Issue of instructions by Controlling Offices of Commercial Banks to their branches (Suggested by NABARD)

NABARD had pilot tested the concept of financing members of Joint Liability Groups(JLGs) through select banks in a few states including Kerala. Based on the experience gained, a separate scheme for financing joint liability groups of tenant farmers, as per Union Budget 2006-07 pronouncements, has been formulated by NABARD for Commercial Banks, State Cooperative Banks and Regional Rural Banks. The JLG approach has been successfully adopted by banks to reach clients like tenant farmers, share croppers, oral lessees, farmers with small land holdings without proper land records etc. Though the Scheme has been successfully adopted by many banks, it is observed from the ground level that the branch managers have not been suitably guided by the controlling offices of respective banks.

Views of the Steering Committee

The Steering Committee decided to place the matter before SLRM for information of banks. Member banks to reiterate and issue necessary instructions on JLG financing to their Branch Managers.

2.7.3. Continuation of Centrally Sponsored Subsidy Schemes (Suggested by NABARD)

a) Government Sponsored Schemes under Animal Husbandry Sector and Gramin Bhandaran Yojana & AMIGS Schemes

- The Central Sector Schemes – Gramin Bhandaran Yojana and AMIGS Scheme and the Government Sponsored Schemes under Animal Husbandry Sector were approved in the 11th Five Year Plan period up to 31 March 2012.
- The Dept. of AHD&F, GoI has advised that Poultry Venture Capital Fund (Subsidy) Scheme and Scheme for integrated Development of Small Ruminants and Rabbits (IDSRR) shall be continued during the financial year 2012-13 on the basis of components and funding pattern approved during the XI Plan. Details of the operational

- guidelines are available at website <http://dahd.nic.in>.
- In respect of other schemes under Animal Husbandry Sector and Gramin Bhandaran Yojana and AMIGS scheme, communication is yet to be received from GoI about continuity of the scheme during the financial year 2012-13.

b) Agriclinic and Agribusiness Centres Scheme

The scheme will be continued for the financial year 2012-13. Details available in www.nabard.org

c) Subsidy cum Refinance Scheme under JNNSM

Solar Photo-Voltaic (Home-lighting systems) vide our letter No. NB.ICD.GSS/4077/Solar-1(B)/2011-12 dated 9 March 2012 (Circular No. 54/ICD-GSS/5A/2012 dated 9 March 2012) has been forwarded to the controlling offices of Commercial Banks and RRBs. The earlier scheme of Capital Subsidy cum Refinance scheme has been closed as on 12 March 2012. Loans sanctioned from 15 March 2012 can be covered under the revised scheme. The gist of the scheme is provided in **Annexure-7.57**.

There will not be any change in the Capital Subsidy/Refinance Scheme for installation of Solar Water Heating Systems.

Views of the Steering Committee

The Steering Committee decided to place the matter before SLRM for information of banks. It was later informed by NABARD that schemes viz. AMIGS and Gramin Bhandaran Yojana would continue for the financial year 2012-13 also.

2.7.4. RIDF Warehousing Scheme (Suggested by NABARD)

The scheme will be continued in 2012-13. The details had been given in the agenda of 106th SLBC Meet.

Views of the Steering Committee

The Steering Committee decided to place the matter before SLRM for information of banks.

2.7.5. Revised KCC guidelines (Suggested by NABARD)

The report and the recommendations of the Working Group set up by the Department of Financial Services, Ministry of Finance, Government of India to review the Kisan Credit Card Scheme and to suggest changes to be made in the KCC Scheme to make it a Smart Card cum Debit Card, have been accepted by the Government of India. Based on the recommendations accepted by the GoI, operational guidelines are being issued for adoption

by the banks. The guidelines have been circulated to All Scheduled Commercial Banks/State Cooperative Banks/District Central Cooperative Banks on 29 March 2012. Salient features of the Guidelines and the circular issued to banks is uploaded in the NABARD website www.nabard.org. The RBI circular on revised KCC scheme is given in **Annexure-7.56**.

Views of the Steering Committee

The Steering Committee suggested to advise all member banks to devise suitable strategies to implement the scheme in a time bound manner. Feedback on the guidelines may be provided to NABARD.

2.7.6. Milk Shed Development Scheme (Suggested by Directorate of Dairy Development)

The practice of crediting the subsidy in the Milk Shed Development Scheme as backend is making the beneficiaries to pay interest to the entire amount including the subsidy sanctioned. This will increase the EMI amount and will effect proper and in time repayment. So necessary action may be taken to impose interest to the loan amount only (deducting subsidy amount) and EMI may be calculated as such.

Views of the Steering Committee

The Steering Committee suggested placing the matter before SLRM for information and compliance of banks.

2.7.7. Guidelines on Livestock Development for Livelihood Support (LDLS 2011-12) under Supplementary Demands for Grants (Suggested by Directorate of Animal Husbandry)

Details of the Scheme is given in **Annexure-7.58**.

Views of the Steering Committee

The Steering Committee decided to place the scheme before SLRM for adoption.

3. ISSUES FOR GROUP DISCUSSION ON SECONDARY SECTOR & GOVERNMENT SPONSORED SCHEMES (GROUP II)

3.1. Performance of Secondary Sector Under Annual Credit Plan (ACP)

(Rs. in Crores)

Parameter	2010-2011	2011-2012
Target	4192	4001
Achievement	3042	2863
Percentage of Achievement	72.57	71.55

Under secondary sector, which includes the MSE Sector, the performance under disbursement needs improvement. The achievement is only **71.54** % of the annual targets. Banks in the State have disbursed loans to the tune of Rs. **2863** crores upto 31st March 2012.

3.2. Review of Disbursements to Secondary Sector under ACP

During the period ended March 2011, the disbursement to the secondary sector was Rs. **2863** crores whereas during the same period for the current year (i.e 2011-12) banking sector in the State could disburse Rs. **3042** crores. There is a decline of about Rs. **179** crores under disbursement in SME sector compared to 2010-11. This year also State could not achieve the set target in SME under ACP.

Nationalised Banks accounted for **30.22** % followed by State Bank Group which accounted for **23.22** % of disbursements and Private Sector Banks at **20.89**%. The disbursements made are **Rs. 865.22** crores, **Rs.664.77** crores and **Rs. 598.07** crores respectively by these categories of banks. Performance of RRBs and Co-operative Banks needs improvement. RRBs could only achieve **43.78** % of the target under ACP. But the percentage share of RRBs under disbursement had increased from **1.74** % to **2.36** %. State Bank of Travancore leads in the quantum disbursement to secondary sector in the State by disbursing **Rs. 333** crores closely followed by State Bank of India at Rs. **311** crores. The share of Nationalised Banks remained almost stagnant over the last three years where as for Private Sector Banks the same has shown decline of **249** basis points from March 2011 level.

Among districts, the highest quantum disbursement to secondary sector was reported from Ernakulam district (Rs **680** crores) followed by Trivandrum (Rs. **510** crores) and Thrissur district (Rs. **376** crores). Alappuzha, Kottayam & Wayanad have reported less than 50% achievement of the annual targets. Wayanad recorded the lowest disbursement of **Rs.14.97** crores.

(Rs. in Crores)

Bank	Disbursement to Secondary sector			% Share for 2011-12
	2009-10	2010-11	2011-12	
State Bank Group	789.60	944.93	664.77	23.22
Nationalized Banks	630.80	750.81	865.22	30.22
Private Sector Banks	508.68	711.36	598.07	20.89
RRBs	67.14	52.82	67.68	2.36
Co-operatives	278.16	341.78	429.82	15.02
KFC	196.93	240.74	237.18	8.29
State Total	2471.31	3042.44	2862.74	100.00

Under percentage achievement, Kasargod district leads the list with 159.06 %, followed by Trivandrum (143.44 %), Pathanamthitta (96.13 %) and Kollam (84.79%). The following districts could achieve only the targets shown as indicated – *Idukki* (55.51 %), *Palakkad* (56.38 %), *Ernakulam* (76.80%), *Kannur* (62.76 %), *Thrissur* (80.85 %), *Malappuram* (53.56 %). Alappuzha recorded the lowest achievement of 18.60 %.

Ernakulam district (Rs. 680 crores) accounted for almost 23.75 % of the total disbursement to secondary sector in the State. The least quantum of disbursement was reported from Wayanad district (Rs. 14.97 crore).

LDMs especially Alappuzha & Wayanad districts and Controlling Offices of Banks are requested to take remedial measures to set right the shortcomings. The group is requested to examine and deliberate on the reasons for the low off take of credit under this segment and to suggest strategies to be adopted to augment the flow of credit to secondary sector.

3.3. Performance under Outstanding Advances in SME sector

3.3.1. Performance under SME Advances under priority sector

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

(Rs. in Crores)

Parameter	Outstanding				Variation		
	March 2009	March 2010	March 2011	March 2012	March'09-March'10	March'10-March'11	March'11-March'12
SME Advances	8095	11759	16896	20593	3664	5137	3697

The total outstanding under SME (Priority) advance of commercial banks in the State has gone up by **Rs. 3697 crores (21.88%)** during the fiscal 2011-12. It is to be noted that the disbursement reported in the sector during the year was only **Rs. 2863 crores** whereas the outstanding has increased by much higher amount. The reason for the above increase in outstanding under SME sector (Priority) may probably be due to the correct classification by

almost all banks as per the new system of MSMED Act 2006 where Retail trade is also finding a place in MSE advances. However, this aspect is not getting reflected in the disbursements wherein the retail trade segment is still being reported under Tertiary sector in LBR-2. Hence LDMs to pay more attention and ensure proper reporting/ classification and ensure 100% submission of LBRs by the branches.

Despite all the above, we still come across instances of controlling offices of a few Banks reporting data on SME advances incorrectly to SLBC. The focussed attention in this area is very much required so that the reporting under SME Sector becomes accurate and error free.

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

(Rs. in Crores)

Banking Group	SME Outstanding (Priority)											
	March 2011						March 2012					
	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	25365	1686	123005	2039	58934	772
Nationalized Banks	157085	3797	34357	2845	53772	753	151423	2822	39266	3503	55917	2922
RRBs	80580	469	857	48	87172	469	74339	468	793	48	117156	706
Private Sector Banks	41610	1493	49611	2819	8296	145	54550	2297	35234	3056	14214	273
Grand total	302186	6822	228720	7654	244810	2419	305677	7273	198298	8646	246221	4673

3.3.2. Small and Medium Enterprises (SME) Advances (Refer Annexures 7.7 & 7.39)

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 March 2012 come to **Rs. 20593.35 crores** for the commercial banks in the State. Out of this, Micro and Small Enterprises constitute **Rs. 7273 crores** and **Rs. 8647 crores** respectively for Commercial banks, which forms part of Priority Credit. The advances outstanding under Retail Trade amount to **Rs. 4673 crores**. The non-priority part of SME credit component that includes Medium Enterprises has shown an outstanding level of **Rs. 7727 crores** covering **6239 loan** accounts with commercial banks.

3.3.3. Compliance on recommendations of the Prime Minister’s Task Force on MSE advances

The major recommendations of the task force are given below:

- *Achieve a 20% year-on-year growth in credit to micro and small enterprises to ensure enhanced credit flow.*
- *The allocation of 60% of the MSE advances to the micro enterprises to be achieved in stages; viz. 50% in the year 2010-11; 55% in the year 2011-12 & 60% in the year 2012-12; and*
- *Achieve a 10% annual growth in number of micro enterprise accounts.*

Performance of the State under above parameters is as follows:

Sl. No.	Parameter	March 2011	March 2012	Increase	% Increase	Target
1	No of Loan accounts under Micro Enterprise	427094	461721	34627	8.11%	10%
2	Credit under Micro and Small Enterprise (Rs.in Crores)	16896	20593	3697	21.88 %	20%
3	Share of Micro Enterprise to total MSE Credit (%)	46.71	42.26	-4.45		55%

In the matter of outstanding credit to Micro and Small Enterprise, state could post a growth rate of **21.88%** against the mandated 20%. In the case of growth in number of loan accounts under Micro Enterprise, the State could achieve only **8.11%** against the target of 10%. The share of Micro Enterprise only accounted for **42.26 %** against the mandated level of 55% as at March 2012.

3.4. Performance under Government Sponsored Schemes

3.4.1. Swarnajayanthi Gram Swarozgar Yojana (SGSY) - Performance as at March 2012 (Refer Annexures 7.17 to 7.18)

The credit mobilisation target for 2011-12 was **Rs. 10890 lakhs**. As at March 2012, the State has reached **106.76 %** of the target. Banking group wise analysis reveals that Nationalised Banks had achieved **109 %** of the target while State Bank Group had achieved **94.61 %** of the target and Cooperative banks achieved **174.54 %**. The performance of Nationalised bank and Co operative Banks are above the State’s performance level. The performance of State Bank Group (**94.61%**), Private Sector Banks (**61.73 %**) and RRBs (**64.13 %**) are below the State’s performance level and needs improvement.

SGSY – Performance as at March 2012

(Rs. in lakhs)

Sl. No	Name of Bank	Target	Total SGSY						% Achievement Sanctioned Amount
			Forwarded		Sanctioned		Disbursed		
			No.	Amount	No.	Amount	No.	Amount	
1	State Bank Group	2399.60	2161	2816.36	1606	2270.36	1456	1980.71	94.61
2	Nationalized Banks	3156.46	2893	4254.76	2320	3440.36	2064	2911.62	109
3	Private Sector Banks	1590.93	1307	1425.20	808	982.09	683	764.10	61.73
4	RRBs	1450.21	1039	1177.78	806	930.06	778	798.64	64.13
5	Co-operative Banks	2292.80	3171	4745.59	2652	4001.87	2425	3659.52	174.54
6	Others	0.00	5	5.95	1	1.75	0	0	
	State Total	10890.00	10576	14425.64	8193	11626.49	7406	10114.59	106.76

3.4.2. Performance under PMEGP as at March 2012

During the financial year 2011-12 the State had achieved the set targets under PMEGP scheme by a comfortable margin. Against the margin money target of **Rs.28.29 Crores** for all the three implementing agencies put together, the utilization during 2011-12 is Rs. **29.20 Crores** and thus **103 %** of target achievement has been made in the implementation of PMEGP in the Kerala State (By KVIC, KVIB & DIC) during the above period. The bank wise details of achievement is given in the Annexure-7.19.

The targets under PMEGP for the programme year 2012-13 is as below:

Sl. No.	Agencies	No. of PMEGP Project	Margin Money (Rs. in lakhs)
1	KVIC	426	979.68
2	KVIB	426	979.68
3	DIC	568	1306.24
	Total	1420	3265.60

The details of target for the financial year 2012-13 are given in the Annexure-7.20.

3.5. Performance under Micro-credit (Annexures 7.24 to 7.27)

SLBC had compiled the data obtained from all banks regarding the cumulative performance of banks in the State as at March 2012. The bank-wise performance is given as Annexures.

On a review of the performance, it is seen that about **440104** SHGs are maintaining savings account with commercial banks as at March 2012 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.	Amount	Government Sponsored	Exclusive Women
State Bank Group	306139	187.52	104347	275572
Nationalised Banks	59615	389.30	17854	42080
RRBs	43679	12.70	14054	37638
Private Sector Banks	30671	35.97	2485	27303
State Total	440104	625.49	138740	382593

As evident from the above **86.93 %** of the SHGs are exclusive women SHGs and **31.52 %** 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 Year 2011-12	No of SHG loans Disbursed During the Year		Outstanding Amount under SHG Finance		Beneficiaries Assisted
		A/c	Amt	A/c	Amt	
Financing SHGs directly by banks	16021	19809	401.06	76010	821.28	658904
Financing SHGs directly with the facilitation of NGOs	4332	5357	114.31	17752	224.84	166096
Financing SHGs through the medium of NGOs	NA	909	64.88	4500	191.59	478727
Total No. of SHGs linked	20353	26075	580.25	98262	1237.71	1303727

As could be seen from the above table, **26075** SHGs have been credit linked in the State during the fiscal 2011-12 under the SHG-Bank linkage programme. The total amount outstanding under all the three modes of financing put together is **Rs.1237.71 crores**.

3.6. Performance of other Institutions under SME financing (Outstanding) as at March 2012

(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	8	12	5	26	8	12	5	26	5	25	4	10
KFC	967	225	1626	758	126	60	299	245	1093	285	1925	1003	2	15	2	13
SIDBI	0	0	0	0	173	73	12	8	173	73	12	8	0	0	0	0
TOTAL	967	225	1626	758	307	145	316	279	1274	370	1942	1037	7	40	6	23

Total SME Priority outstanding in these three financial institutions as at March 2012 works out to an amount of **Rs. 1407 crores** in **3216 loan accounts**. Including medium enterprises financed (Non Priority) the total outstanding as at March 2012 is to the tune of **Rs. 1470 crores**.

3.7. Performance of other Institutions under SME financing (Disbursement) as at March 2012

(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	0.00	0	0.00	8	11.78	5	15.47	8	11.78	5	15.47	5	13.87	4	10.47
KFC	409	69.49	1437	343.95	77	16.42	85	32.84	486	85.91	1522	376.79	1	2.00	0	0.00
SIDBI	0	0.00	0	0.00	64	32.27	2	1.52	64	32.27	2	1.52	0	0.00	0	0.00
TOTAL	409	69.49	1437	343.95	149	60.47	92	49.83	558	129.96	1529	393.78	6	15.87	4	10.47

Total SME Priority disbursement through these three financial institutions as at March 2012 works out to an amount of **Rs. 523.74 crores** in **2087 loan accounts**. Including medium enterprises financed (Non Priority) the total outstanding as at March 2012 is to the tune of **Rs. 550 crores**.

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

Kerala ranks third among all the states in India under number of units of MSME covered under the guarantee scheme of CGTMSE. On a review of the performance, it is seen that as at the the end of the financial year 2011-12 banks in Kerala sanctioned an amount of **Rs. 1742 crores** (**75830** proposals) under CGTMSE coverage. Bank-wise analysis reveals that State Bank of Travancore has sanctioned highest quantum of loans (**Rs. 372.48 crores**) followed by

Canara Bank (**Rs. 262.12 crores**). District-wise analysis reveals that as at March 2012, Ernakulam District has sanctioned the highest quantum of loans (**Rs. 317.31 crores**) followed by Trivandrum District (**Rs. 219.21 crores**). Trivandrum ranks first in the number of loan accounts covered (**10155**) followed by Ernakulam (**8737**). Bank-wise/District-wise details are shown as Annexures -9.45 & 9.46.

3.9. Review of Performance under Special Focus Programmes

3.9.1. Swarozgar Credit Card Scheme (Refer Annexure 7.28)

The data submitted by the controlling offices reveals that Commercial banks in the State have sanctioned **6737** Swarozgar Credit Cards (SCCs) during the year 2011-12. The limit sanctioned to the tune of **Rs. 26.83 crore**. Since inception of the scheme the banks have sanctioned **71056** cards in the State amounting to **Rs.184.89 crores**. The amount outstanding as at March 2012 is **Rs. 71.09 crore** in **26235** cards. During the last quarter of 2011-12, SMGB leads the performance by sanctioning maximum number of cards followed by NMGB and Federal Bank Ltd. The Bank wise data is furnished in the annexure.

3.9.2. Artisans Credit Card Scheme (Refer Annexure 7.28)

Commercial banks in the State have sanctioned only **93** Artisans Credit Cards (ACCs) during the year ended March 2012. The total limits sanctioned is to the tune of **Rs. 91.15 lakhs**. Since inception of the scheme, the banks have sanctioned **4449** cards in the State with a limit amounting to **Rs. 29.08 crore**. The amount outstanding as at March 2012 is **Rs. 6.00 crore** in **1425** cards.

Canara Bank leads among the Commercial banks in the State by issuing the highest number of cards followed by State Bank of India and Corporation Bank. The Bank wise data is furnished in the annexure.

3.9.3. Laghu Udhyami Credit Cards (Refer Annexure 7.28)

Commercial banks in the State have sanctioned only **378** Laghu Udhyami Credit Cards (LUCC) during the year 2011-12 making available credit limits to the tune of **Rs. 11.47 crore** to small entrepreneurs of the State. Since inception of the scheme, the banks have sanctioned **59303** LUCCs in the State sanctioning credit limits amounting to **Rs. 347.01 crores**. The amount outstanding as at March 2012 is **Rs. 67.22 crores** in **3063** cards. Canara Bank leads in the State during the year by issuing highest number of LUC Cards followed by Corporation Bank and Syndicate Bank. The performance of RRBs and 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.

3.9.4. Performance under General Credit Card Scheme (Refer Annexure 7.29)

During the year under review (2011- 2012), banks in the State have sanctioned **27925** GCCs with limits amounting to **Rs. 60.30 crores**. The outstanding under GCCs as at 31st March, 2012 is 108069 cards with a liability of **Rs. 203.93 crores**.

Canara Bank leads in issuance of GCC with **10080** GCCs issued during the year and with an amount of 22.71 crores. This is followed by SMGB with **7763** cards, NMGB with **3771** cards, Corporation Bank with **2209** cards, Indian Overseas Bank with **1180** cards and Punjab National Bank with **1125** cards. **36 %** of the cards issued during the financial year 2011-12 and **60 %** of the total GCC amount outstanding in the State was accounted by Canara Bank. The Bank wise data is furnished in the Annexure.

3.10. Advances to Weaker Section (Refer Annexure 7.10)

(Rs in. Crores)

Parameter	Outstanding				Variation		
	March 2009	March 2010	March 2011	March 2012	March '09- March '10	March '10- March '11	March '11- March '12
Weaker Section Advances	12240	15674	22435	28865	3434	6761	6430

Weaker Section advances grew by **Rs. 6430 crores** during the fiscal 2011-12 registering **28.66 %** growth as against **Rs. 6761 crores** added during the corresponding period of previous fiscal.

3.11. Advances to SC/STs (Refer Annexure 7.10)

(Rs in. Crores)

Parameter	Outstanding				Variation		
	March 2009	March 2010	March 2011	March 2012	March' 09- March'10	March' 10- March'11	March' 11- March'12
SC Advances	2003	3281	3011	2957	1278	-270	-54
ST Advances	201	300	553	606	99	253	53
Total SC/ST Advances	2204	3581	3564	3563	1377	-17	-1

From the above table, it is evident that the total SC/ST advances of the State had shown a slight decline of **Rs. 1 crore** from March 2011. Though ST advances had shown an increase of **Rs.53 crores** the SC advances had come down by **Rs. 54 crores** from March 2011 level.

As evident from the table below, almost **96.51%** of the SC advances of the State is contributed by Public Sector Banks (including RRBs), while the share of Private Sector Banks is just about **3.49 %**. In the case of ST advances **98.68 %** advances is contributed by Public Sector Banks (including RRBs) while the share of Private Sector Banks is just about **1.32 %**.

Banking Group wise Performance under SC/ST advances as at March 2012
(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	99816	1811	61.24	25341	483	79.70
Nationalised Banks	110993	981	33.17	13847	106	17.49
RRBs	25914	62	2.10	4208	9	1.49
Private Sector Banks	11741	103	3.49	812	8	1.32
Grand Total	248464	2957	100	44208	606	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. Though most Banks are complying with this directive data inconsistency is observed in the case of many banks with huge variation between quarter to quarter. All banks are requested to take note of this and ensure data integrity in the report submitted.

3.12. DRI Advances (Refer Annexure 7.11)

(Rs in. Crores)

Parameter	Outstanding			Variation	
	March 2010	March 2011	March 2012	March' 10- March' 11	March' 11- March' 12
DRI Advances	23	24.76	33.98	1.76	9.22

Against the national goal of 1% of the previous year's Gross Bank Credit, only **0.02 %** of the total outstanding credit could be only achieved under the DRI scheme in the State by Commercial Bank as at March 2012.

The table below reveals that, Public Sector Banks account for bulk of the DRI advances (**87.79 %**) in the State whereas Private Sector Banks contribute only **12.21 %** of the DRI advances of the State. It is often noticed that data submitted by some banks under DRI advance is highly inconsistent.

Banking Group Wise Performance under DRI advances
As at March 2012

(Rs. in lakhs)

Bank	DRI Advances	
	O/S	% to total
State Bank Group	250	7.36
Nationalised Banks	2683	78.96
Private Sector Banks	415	12.21
RRBs	50	1.47
Grand Total	3398	100

3.13. Credit Flow to Minority Communities (Refer Annexures 7.38)

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. 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. 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. It can be seen from the table given below that **54.02 %** of the total priority advances has gone to the minority communities as at March 2012.

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
31.12.2011	78510	44811	57.08
31.03.2012	85606	46247	54.02

3.14. FRESH ISSUES

3.14.1. Strategies to improve performance under SME segment (Suggested by Reserve Bank of India)

- (i) Creating appropriate opportunities/ platform for meaningful interaction between stakeholders viz. public and private sector as also civil society as a means of MSME development strategy.
- (ii) To augment efforts in making available the required infrastructure, technology and skilled manpower for MSEs especially to units which are identified as potentially viable towards ensuring the attainment of targets in the secondary sector.

Views of the Steering Committee

The Steering Committee suggested as follows:

- *Since target under secondary sector is not achieved in any of the districts, potential/viable units are to be identified and adequate steps to be taken to improve credit flow to SMEs*
- *Industrial clusters to be allotted to various banks at district level. Performance of branches catering to the credit needs of clusters need to be monitored by Controlling Offices of respective banks.*
- *The matter to be discussed in DCC/DLRC meeting*

The Steering Committee decided to place the matter before SLRM for adoption and appropriate decision.

3.14.2.Implementation of loan waiver under financial package - Revival, Reform and Restructuring package for Handloom sector (Suggested by Directorate of Handloom & Textiles)

The Revival, Reform and Restructuring package for Handloom Sector will be implemented, starting with the previous financial year, as a new centrally sponsored scheme (Plan) with a total outlay of Rs. 3884 cores. The required funds will be placed with NABARD as the implementing agency. Under the scheme, funds will be provided for repayment of 100% of principal and 25% interest as on date of loan becoming NPA which is overdue as on 31/3/2010 in respect of viable and potentially viable primary weavers co-operative societies and apex societies as well as in respect of individual handloom weavers, master weavers, self help groups and joint liability group who have taken such loans for handloom weaving purposes, provided the banks agree for sanctioning fresh loans.

The Government has also approved an interest subvention of 3% for 3 years to be extended from the date of disbursement of the fresh loan extended by banks to the eligible handloom co-operative societies and individual handloom weavers covered under the scheme.

Number of applications received by the Banks may be reviewed.

Views of the Steering Committee

The Steering Committee noted that the matter was placed in earlier SLBC meeting. However, the Steering Committee meeting suggested that the eligible list of beneficiaries may be prepared by banks and the claims may be submitted to NABARD. The cut of date suggested is 31.07.2012.

The progress may be reviewed in the SLBC.

3.14.3. Issuance of Weavers Credit Card (Suggested by Directorate of Handloom & Textiles)

Director of Handlooms & Textiles has collected and forwarded number of applications to the banks. No sanction case was reported so far. SLBC may review the status.

Views of the Steering Committee

In the Steering Committee meeting the Director of Handlooms & Textiles informed that over 13,000 applications were collected and sponsored to banks. Till date, the Directorate could not obtain the feedback or progress on the implementation of the scheme. The Steering Committee suggested that the data on Weavers Credit card may be collected from Controlling Offices of all banks from June 2012 quarter onwards and the same would be reviewed from the next SLBC meeting.

3.14.4. Institutional Credit to the Handloom Sector (Suggested by Directorate of Handloom & Textiles)

The Director of Handlooms & Textiles suggested that SLBC may review the flow of institutional credit extended to the handloom sector.

Views of the Steering Committee

The Steering Committee suggested placing the matter in SLRM for information and compliance by all banks. SLBC to note to collect the above information from member banks and place it in its regular meetings.

3.15. PENDING ISSUES

3.15.1. Introduction of a system of online application and tracking of MSE applications

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum as suggested by RBI.

In a recent study conducted by RBI on the rejection pattern of MSME applications, it is observed that the 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 loan applications difficult. Therefore RBI had suggested implementation/introduction of system of on line application of tracking of MSE applications. In the light of this, the matter was included as an agenda item in SLBC so as to follow up with banks regarding compliance of this instruction.

The forum decided that individual banks to furnish the present status of implementation of on line tracking mechanism of MSE applications to SLBC to enable SLBC to place a status paper in the next SLBC meeting.

SLBC Convenor, vide letter SLBC 35 759 2012 KRA dated 03.05.2012, had written to the Controlling Offices of all banks requesting to furnish the status pertaining to them. It is observed that most banks are yet to revert. Banks which are yet to inform the status are requested to furnish the same immediately.

3.15.2.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.

The matter came up for discussion during the 105th meeting of SLBC, Kerala held on 22.12.2011 at Trivandrum. The forum advised all banks to take note of the same and suggested the Directorate of Industries & Commerce to conduct awareness campaigns for successful implementation of the programme.

The Sub-Committee of SLBC, Kerala on Secondary Sector that met on 23.02.2012 noted that SLBC had already issued necessary instructions to Controlling Offices of banks and Directorate of Industries & Commerce with regard to conducting awareness campaigns for successful implementation of the programme.

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum.

In the meeting, Joint Director of Industries & Commerce informed that as per the direction from SLBC, Directorate had taken necessary action to revive sick units. As a result, 491 MSME units were identified of which 227 MSME units were revived, out of which 123 units were revived with the help of banks.

The representative of Directorate of Industries & Commerce may inform the present position.

3.15.3.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.

The matter came up for discussion during the 105th meeting of SLBC, Kerala held on 22.12.2011 at Trivandrum. The forum decided to pursue the matter with MSME Development Centre, Mumbai.

The Sub-Committee of SLBC, Kerala on Secondary Sector that met on 23.02.2012 decided to pursue the matter with MSME Development Centre, Mumbai.

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum and decided to pursue the matter with MSME Development Centre, Mumbai.

SLBC Convenor, vide letter SLBC 35 771 2012 KRA dated 03.05.2012, had taken up the matter with the MSME Development Centre, Mumbai requesting to examine the proposal. The reply in this regard is awaited.

3.15.4.Non-Receipt of subsidy for PMEGP loan

(A) Federal Bank

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

The matter came up for discussion during the 105th meeting of SLBC, Kerala held on 22.12.2011 at Trivandrum.

In the meeting, Sri. K. Mohanraju, Director, KVIC informed that they are yet to receive any direction in the matter from KVIC, Central Office, Mumbai. He assured that the matter would be placed in the SLMC on PMEGP and would be disposed off quickly.

(B) Catholic Syrian Bank

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.

The matter came up for discussion during the 105th meeting of SLBC, Kerala held on 22.12.2011 at Trivandrum

In the meeting, Sri. K. Mohanraju, Director, KVIC assured the forum to take up the matter in the SLMC meeting and with KVIC corporate office for early disposal.

The forum decided to pursue the matter with KVIC.

(C) South Indian Bank

Kottayam District Level Task Force approved PMEGP application of Sri V. P. Stephen for implementation of an X-ray unit. He has undergone EDP training and loan was disbursed in 2008-09 financial year. When the claim for subsidy was submitted, the same was rejected, on the ground that “the case comes under no manufacturing activities and value additions are not eligible for margin money, though the case has approved by DTFC.”

SLBC, Convenor, had taken up the matter with Director, KVIC, Trivandrum, a copy endorsed to the KVIC, Central Office, Mumbai, requesting to take immediate steps for releasing the Margin Money and inform us the developments in this regard.

In the Sub-Committee meeting of SLBC, Kerala on Secondary Sector held on 23.02.2012 the representative of KVIC informed that the matter would be kept in State Level Monitoring Committee of PMEGP for a decision.

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum.

In the meeting of SLBC, Kerala, Assistant Director, KVIC informed that, as approved by the State Level Monitoring Committee (SLMC) of PMEGP to consider the margin money payments for all these cases, KVIC had taken further follow up action and directed the concerned implementing agencies for doing the needful for releasing the subsidy.

The forum decided to pursue the matter further with KVIC.

SLBC Convenor, vide letter SLBC 35 773 2012 KRA dated 03.05.2012, had taken up the matter with the Director, KVIC requesting to inform the latest developments in the matter and take immediate steps for releasing the Margin Money at the earliest if not done already as decided by the SLMC.

The State Director, KVIC, vide letter SOK/KVIC/PMEGP/GEN/EKM/2012-13/325 dated 08.06.2012, had informed that necessary orders were issued by KVIC to release the margin money in favour of the beneficiaries to the respective financing banks through the concerned implementing agencies.

The concerned banks to inform the receipt of margin money/latest position in the above cases.

3.15.5.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.

The matter came up for discussion during the 105th meeting of SLBC, Kerala held on 22.12.2011 at Trivandrum.

The forum noted the above information provided by RBI on the matter.

The forum noted that many instances of non receipt of subsidy are now being reported by various banks in the State. When the customers are coming to close the account, the accounts could not be closed for want of subsidy and this often results in account remaining unpaid and subsequently turning to NPA. South Indian Bank has suggested pooling the subsidy amount in a suspense account if the same is permitted by RBI. The forum decided that *the Sub-Committee of SLBC, Kerala on Secondary Sector would look into the matter further and give its recommendations.*

The matter to be also followed up with RBI.

As a follow up of earlier pending issue South Indian Bank further added that :

Many of the customers are coming forward to close the accounts excluding the subsidy amount. The subsidy amount remaining unpaid results in account becoming NPA and may affect the credibility of the borrower in CIBIL report, for no fault of theirs. They suggested keeping a separate suspense account for subsidy receivables or any one of the two methods suggested below and arrive at a collective decision.

- a) The amount of subsidy outstanding may be debited to common suspense account maintained at head office of the bank; later on when subsidy is received from RBI credit can be given to this account.
OR
- b) The amount of subsidy outstanding is allowed to be written off; when amount is received from RBI, credit is given to 'Amount written off, since recovered' head.

The Sub-Committee of SLBC, Kerala on Secondary Sector that met on 23.02.2012 noted that this has become a persisting issue reported by most of the banks. RBI may pursue the matter with the Government of India.

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum.

In the meeting, Deputy General Manager, RBI informed that RBI, RPCD, Central Office had issued a circular addressed to CMDs of all banks regarding PMRY pending subsidy claim for 2006-07 and 2007-08 wherein the detailed procedure for claim is enumerated. The details were readout in the meeting and SLBC cell was directed to obtain a copy of the clarification and circulate to all banks for doing the needful in the matter.

For other queries raised by banks on the directives, he requested that operational aspects are to be referred to RBI for getting clarification.

SLBC Cell had circulated the copy of the above clarification issued by RBI to Controlling Offices of all banks and it is gathered that banks are in the process of claiming the subsidy. Banks/LDMs/RBI to inform the latest position.

3.16. INFORMATION NOTE

3.16.1. Income Support Scheme in Coir Sector (Suggested by Directorate of Coir Development)

Government of Kerala have announced Income Support Scheme in Coir Sector with the intention of ensuring fair wages to the workers of traditional sector by providing funds to fill the gap between the earned wages and the minimum/agreed wages. The major beneficiaries of this scheme are the workers from the Coir Sector who are mostly women.

Income support scheme was introduced in the spinning sector/product sector to ensure that the coir workers in both the private and co-operative sector also gets minimum wage of Rs.210/285. For this purpose, each worker should have a bank account in their name. The eligible wage of each worker will be deposited to their bank account by the project officer concerned on weekly basis.

Necessary direction may be given to the Banks including Co-operative Banks for allowing the Coir Workers to open no frill/zero balance account in their name. Since the Coir Workers belongs to the weaker sections they may be exempted to deposit the initial investments and also direct the banks not to levy any Demand Draft commission or any Commission enable the worker to get the full amount deposit to their account by way of transfer/Demand Draft as the case may be.

Views of the Steering Committee

The Steering Committee suggested that matter regarding commission and individual issues be taken up with Controlling Offices of respective banks. The Steering Committee decided to place the matter before SLRM for information and compliance of banks.

3.16.2. Holding regular review on MSME advances in terms of the recommendations of the Prime Minister's Task Force on MSE advances & Subsequent RBI directive (Suggested by MSME - Development Institute)

- Achieve a 20% year-on-year growth in credit to micro and small enterprises to ensure enhanced credit flow.
- The allocation of 60% of the MSE advances to the micro enterprises to be achieved in stages; viz. 50% in the year 2010-11; 55% in the year 2011-12 & 60% in the year 2012-12; and
- Achieve a 10% annual growth in number of micro enterprise accounts.

Views of the Steering Committee

The Steering Committee suggested placing the matter before SLRM for information of banks and its compliance. The performance of banks in the State under the above parameters is reviewed by SLBC Cell and details are given in agenda 3.3.3.

3.16.3.Information Note on Public Procurement Policy (PPP) MSEs w.e.f. 01.04.2012 (Suggested by MSME - Development Institute)

Central Government has announced Public Procurement Policy (PPP) during January 2012 to ensure the MSEs contribution in the supply of services & products to buyers (Central Government Ministries/ Departments/ PSUs). This policy is applicable w.e.f. 01.04.2012.

This policy will help to promote MSEs by improving their market access and competitiveness through increased participation by MSEs in Government purchases and encouraging linkage between MSEs and large enterprises.

The main features of the policy are:

- Central Government buyers shall ensure overall procurement of Minimum 20 % of total annual purchase of the products/ services produced or rendered by MSEs in the period of three years. At end of three years, the overall procurement goal of minimum 20% will be made mandatory.
- Out of 20 % target of annual procurement from MSEs, a sub-target of 4 % (i.e 20% out of 20 %) will be earmarked for procurement from MSEs owned by SC/ST entrepreneurs.
- Every Central Government Ministry/Department/ PSU will report the goals set with respect to procurement to be met from MSEs and achievements made thereto in their respective annual reports and submit to the central monitoring committee.
- For enhancing the participating of SMEs in the government procurement, the Central Government Ministry/Department/ PSU will take necessary steps including organizing special Vendor Development Programme, Buyer-Seller Meets etc.

Public Procurement Policy & other details for Micro and Small Enterprises (MSEs) Order, 2012 is shown in the website <http://dcmsme.gov.in/FinalPressorder.pdf>.

Views of the Steering Committee

The Steering Committee decided to place the matter before SLRM for information of banks.

3.16.4.Adjustment of Margin Money under PMEGP Scheme – Information note by KVIC

Detailed guidelines are shown as **Annexure-7.59**.

4. ISSUES FOR GROUP DISCUSSION ON TERTIARY SECTOR (GROUP III)

4.1. Performance under Tertiary Sector of ACP

(Rs. in Crores)

Parameter	2010-11	2011-12
Target	23745	27969
Achievement	28048	32128
Percentage of achievement	118.12	114.87

4.2. Review of Disbursements to Tertiary Sector under ACP

Banking sector of the State had achieved the target set under tertiary sector in ACP 2011-12. Banks in the State have disbursed loans to the tune of **Rs. 32128 crores** during the year against the target of Rs **27969** crores, thereby achieving **114.87 %** of the target fixed. The sector accounted for **46.36 %** of the total disbursement to priority sector in the State. The disbursement to the tertiary sector during 2010-11 was Rs.**28048** crores. There is an increase of Rs.4080 crores in disbursement during the year 2011-12 under this sector, accounting for a growth rate of **14.55 %**.

Banking Group-wise Performance under Tertiary Sector of ACP 2011-12

(Rs. in Crores)

Bank	Tertiary Sector			
	Target	Achievement	% Achievement	% Share in Disbursement
State Bank Group	5405	6158	113.93	19.17
Nationalised Banks	5356	4901	91.52	15.25
Private Sector Banks	4480	3362	75.04	10.46
RRBs	1402	1575	112.32	4.90
Co-operatives	11059	15970	144.41	49.72
KFC	267	162	60.60	0.50
State Total	27969	32128	114.87	100.00

Under quantum of loans disbursed during the current fiscal, Cooperatives led other banking groups by disbursing Rs **15970** crores followed by State Bank Group (Rs. **6158** crores), Nationalised Banks (Rs. **4901** crores) and Private Sector Banks (Rs. **3362** crores). Under of percentage achievement of target, Co-operatives Banks registered **144.41%** followed by State Bank Group (**113.93%**), RRBs (**112.32 %**) Nationalised Banks (**91.52 %**) and Private Sector Banks (**75.04 %**).

Among Commercial Banks, SBT leads in disbursements made to this sector (Rs.**3775** crores) followed by the State Bank of India. (Rs. **2172** crores), Federal Bank Ltd (Rs. **1237** crores) and Canara Bank (Rs **1094** crores).

District wise analysis reveals that Kottayam district has achieved **144.59 %** of the projected target and stood first amongst the districts. The performance of Kollam (**80.05 %**) and Kozhikode (**75.52 %**) and Kasaragod (**93.34%**) districts were below the targeted level. All other districts achieved their projected targets.

The Group may review the performance of the banks in lending to Tertiary Sector, deliberate on the items in the agenda and make suitable recommendations/suggestions. Here it may be noted that sub-segments like Retail Trade, Small Business, Professional & Self Employed and SRTO that are presently classified under SME segment is still getting reported under Tertiary sector due to the continuation of the old LBR reporting format. Hence the performance which ought to have come under secondary sector is still getting reflected under Tertiary sector.

4.3. FRESH ISSUES

4.3.1. Proposal to establish FLCC in all blocks in the State (Suggested by Reserve Bank of India)

In the aftermath of crop failures and farmer suicides, FLCCs can play a meaningful role in providing credit counseling. With this objective, the Model Scheme on FLCCs was framed in 2009. FLCCs have now been established in all the district headquarters. As envisaged in the model scheme, SLBCs were to co-ordinate with banks to arrive at a plan for setting up FLCCs at the block level. The progress in this regard may be discussed.

Views of the Steering Committee

The Steering Committee requested SLBC to place the progress in this regard in SLRM.

*Bank wise/District wise allotment of responsibility for opening of FLCCs in all the Blocks in the State is given in **Annexure-7.52 & 7.53**. Banks assigned with responsibility for opening FLCCs are requested to initiate suitable steps immediately.*

4.3.2. Creation of awareness amongst Panchayat members (Suggested by Reserve Bank of India)

It is suggested that the role of LDO, LDM and DDM in creating awareness amongst Panchayat members may be specifically defined to bring in more awareness among the elected representatives.

Views of the Steering Committee

The Steering Committee suggested that in association with LDO and DDM, LDMs may organize sensitization programme in every block once in a quarter for explaining the developments in the banking sector and specifically with regard to financial inclusion. The matter hence suggested to be placed in the SLRM for adoption and implementation.

4.3.3. Interest Subsidy on Education loans (Suggested by KSCARD Bank)

As per circular No. 27 DPD NFS 01/2004 dated 21 January 2004 of the Chief General Manager, Regional Office, NABARD, Kerala, we were advised to finance Education Loans to students as eligible purpose for refinance as part of expansion of coverage of activities under Rural Non Farm Sector. Accordingly we have been implementing Education Loan Scheme for taking up higher studies/professional education since 2004-05, and we have made remarkable progress in the achievement of the scheme. The year-wise disbursement is furnished below:

Year	Number of Loan Accounts	Amount (Rs.in lakhs)
2004-05	383	250.70
2005-06	378	327.60
2006-07	314	541.18
2007-08	161	255.17
2008-09	202	365.80
2009-10	213	870.97
2010-11	193	569.26
2011-12	399	489.31
Total	2243	3669.99

The main objective of the scheme is to see that nobody is denied higher education, because he/she is poor. In order to support students from economically weaker sections of the society, the Department of Education Ministry of HRD, Government of India launched interest subsidy during the year 2009-10, the scheme provides full interest subsidy during the moratorium period to borrowers who have availed loan from scheduled banks who are members of IBA, there by denying the benefit to thousands of deserving students who have availed loans from Co-operative Institutions like ARDBs.

As our loan segment mainly constitutes small and marginal farmers, the denial of interest subsidy is a clear case of injustice and discrimination. Therefore, extending the scheme of interest subsidy only to certain categories of the financing agencies is against the intended purpose of the scheme that poor students are not denied a chance for higher/professional education due to financial constraint. There is no justifiable reason that the benefit is denied to poor students, who have availed loans from ARDBs.

In this context it is requested the SLBC to consider the issue and bring it before the notice of Government of India, to include ARDBs also in the ambit of interest subsidy scheme on education loans.

Views of the Steering Committee

The Steering Committee accepted the suggestion and decided to place the matter in the SLRM for appropriate recommendation to the Government of India.

4.3.4. Delay in sanctioning/processing of Education Loans (Suggested by LDM, Idukki)

There is considerable delay in processing applications by many banks, particularly new generation private sector banks. It is suggested that whenever applications are received at branches dated acknowledgement slips to be issued.

Views of the Steering Committee

The Steering Committee suggested placing the agenda in SLRM with request to Controlling Offices of all Banks for strict adherence of the RBI guidelines on loan processing and time schedules.

4.3.5. Agenda items suggested by RSETI, Thrissur

- (i) RSETIs are established with the prime intention of imparting training for beneficiaries identified under Government Sponsored Schemes. Presently many other agencies are being engaged for the above purpose.
- (ii) All Government Sponsored Scheme beneficiaries are to be undergone 6 days EDP training in RSETIs.
- (iii) After the EDP, necessary skill training may be imparted in respective areas.
- (iv) Skill Trainings are also to be entrusted to RSETIs. If RSETIs are not able shoulder entire burden, other competent Training Institutes may be considered only with a No Objection from RSETI.
- (v) As per GoI directions, PAU (DRDA) has to reimburse Rs. 200/- per day per BPL candidates with a maximum of Rs. 5000/- per training programme. Hence no separate Training fee may be required for BPL candidates.
- (vi) Since all RSETIs are committed to impart quality training, the facilities are to be utilised for the benefit of First Generation Entrepreneurs under Government Sponsored Programmes, without additional financial burden.

Views of the Steering Committee

The Steering Committee accepted the suggestion and decided to place the matter before SLRM for appropriate decision. It was suggested in the meeting that Planning & Economic Affairs Department, Government of Kerala has to co-ordinate with other Government Departments to ensure that the training for beneficiaries identified under Government Sponsored Schemes would be imparted through RSETIs as far as possible. It is also recommended to issue a Government Order to this effect.

4.3.6. Land Allotment for construction of RSETI Building, Kozhikode (Suggested by RSETI, Kozhikode)

No developments on the matter had taken place after the state level meeting held on 10.02.2012 at Trivandrum. The Commissioner for Rural Development and other top level officials of the State Government had assured to take urgent steps. The temporary building was allotted for a period of 2 years which is about to expire shortly.

Steps may be taken to allot to the land for construction of RSETI building.

Views of the Steering Committee

The Steering Committee noted that apart from Kozhikkode, Palakkad and Kollam districts also had the same issue. It recommended placing the matter in SLRM for resolving the long pending issue.

4.3.7. Item suggested by Unique Identification Authority of India (UIDAI)

As per the discussions during in the UIDAI-Kerala Bankers meet held on 21.05.2012 at Trivandrum, the Convenor SLBC Kerala permitted UIDAI to attend future State Level Bankers Committee meetings to discuss about readiness of the banks for Aadhaar enabled payments and also to discuss the pilots to be executed in Wayanad and Pathanamthitta districts. It is requested to discuss the following points in the next SLBC meeting:

- Seeding of Aadhaar number in bank accounts of NREGA, Pension and Scholarship beneficiaries in two districts
- Deployment of micro ATMs with business correspondents in two districts.
- Opening of Aadhaar Enabled Bank Accounts

Views of the Steering Committee

The Steering Committee decided to place the matter before SLRM for deliberation.

4.3.8. Improving the effectiveness of SLBC meetings

Dr. K.C. Chakrabarty, Deputy Governor, Reserve Bank of India in the meeting of top Bank officials held at Mumbai on 14.06.2011 has highlighted following points regarding conduct of SLBC meetings:

- (i) SLBC meetings are to be conducted in a professional way.
- (ii) SLBC should **devote more time for discussion on agenda items.**
- (iii) There should be continuity of person attending SLBC meetings. Every time new persons should not be deputed for SLBC meeting.
- (iv) Participation in the meeting should be at higher level.

Along with the above points the following suggestions are given for further deliberations improving the efficiency of SLBC meetings and for devoting more time for discussing agenda items:

- Before every SLBC meeting, the Planning department may convene a pre SLBC meeting and review the position of pending issues with the various Government Departments.
- Attendance of Department heads of Government departments may be ensured for SLBC meetings.
- A dead line may be fixed say maximum 2 years for carrying forward the Agenda items.

- The meeting shall commence by 10 a.m instead of 10.30 a.m which is the timing at present.

Views of the Steering Committee

The Steering Committee decided to place the matter before SLRM for detailed deliberations.

4.4. PENDING ISSUES

4.4.1. Contact details of Nodal Officers of Revenue department identified for Revenue Recovery

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum as suggested by SBT.

It was suggested that the contact details of Nodal Officers of Revenue department identified for Revenue Recovery of Bank's dues, at various centres, may be provided to all the Banks by way of a consolidated circular".

The forum noted the suggestion and requested LDMs to collect the particulars from respective Districts and provide to SLBC for onward circulation to Controlling Offices of all banks.

SLBC Convenor, vide letter SLBC 35 760 2012 KRA dated 03.05.2012, had taken up the matter with the LDMs to furnish the details pertaining to respective districts.

It is noted that many LDMs are yet to revert on the matter. It is requested to provide these details at the earliest.

4.4.2. Sanctioning OD in no frills accounts

The agenda item was proposed by RBI for ascertaining the reasons for not sanctioning OD in no-frills accounts opened as part of financial inclusion and reasons for low credit off-take under GCC and KCC in identified model villages.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 24.02.2012 observed that in most of the banks new packages are to be developed to accommodate the scheme under CBS environment. This takes time. However, in most of the banks GCC is being granted in the identified villages apart from KCC. The sub-committee suggested placing bank wise status on the agenda item.

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum concurred with the views of sub-committee and suggested placing bank wise status report of implementation of OD in no frill accounts in the next SLBC meeting.

SLBC Convenor, vide letter SLBC 35 774 2012 KRA dated 03.05.2012, had written to the Controlling Offices of all banks, requesting to furnish the status of implementation of providing inbuilt OD in no frill accounts to SLBC so as to enable to place the consolidated position in the SLBC in its next meeting.

Many banks are yet to revert on the matter. Banks to inform the present position.

4.4.3. Utilization of Financial Inclusion Fund (FIF) and Financial Inclusion Technology Fund (FITF) in the State – status report

RBI noted that both the funds are in operation in the State through NABARD. In order to assess the utility of the funds within the State they suggested presenting the status paper on the 2 funds for information of the house.

The matter came up for discussion in the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum. The meeting suggested that details may be furnished by NABARD including the list of projects cleared under the funds in Kerala for information of the forum.

In the meeting, Assistant General Manager, NABARD informed that utilization of these funds are monitored by the Head Office of NABARD. She added that the list of schemes which have been financed under these funds would be provided to SLBC.

Vide letter No. NB (Kerala) MCID-FI/944/FIF-236/2011-12 dated 11.05.2012, NABARD had forwarded the list of projects financed to the banks under Financial Inclusion Fund & Financial Inclusion Technology Fund. The details are provided in **Annexure-7.60.**

4.4.4. Number of BCs and BF's operating in the State (separately)

RBI suggested placing the details of the BCs and BF's operating in the State separately.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 24.02.2012, noted that the details of the BCs have been provided in the souvenir released by SLBC while declaring the provision of banking channel in all the identified villages in the State on 30.09.2011. However, with regard to BF, SLBC is yet to compile the information. Hence it was decided to collect the details from the Controlling Offices of banks and place in the SLBC.

The matter came up for discussion in the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum. The forum noted that the details of the BCs have been provided in the souvenir released by SLBC during the Financial inclusion declaration function of 100% banking coverage in all the villages in the State. However, with regard to BF, SLBC is yet to compile the information. Hence it was decided to collect the details from the Controlling Offices of banks and place in the next SLBC for the information of the house.

Deputy General Manager, RBI made a request to provide break up details of BCs, CSPs and BFs operating in the State.

SLBC Convenor, vide letter SLBC 35 776 2012 KRA dated 03.05.2012, had written to the Controlling Offices of all banks, requesting to furnish the break up details of BCs, CSPs and BFs operating in the State so as to enable to consolidate and place the same in the SLBC, in its next meeting.

The information in this regard is being compiled. Banks which are yet to submit the details are requested to submit the same immediately.

4.4.5. Utilization of Producers Organization Development Fund of NABARD

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum. The forum requested NABARD to provide a write up in this regard for placing in the SLBC.

In the meeting, Assistant General Manager, NABARD informed that Producers Organization Development Fund is just started by NABARD and utilization of this fund is almost nil. She assured the forum to provide a write up on the fund for placing in its next meeting.

Vide letter No. NB (Kerala) CPD/990/PL-06/2012-13 dated 17.05.2012, NABARD had forwarded a brief write up on PODF for information and necessary action. The details are provided in **Annexure-7.61**.

4.4.6. Inclusion of banks under Kerala Land Conservancy Act 1957 (Suggested by State Bank of Travancore)

The Kerala Land Conservancy Act, 1957 is applicable to Government lands, which was amended by providing for punishment in case of unauthorized occupation by encroachers in Government land. District Collector is empowered to evict them, by way of a summary procedure. This act was made applicable to lands of Kerala State Electricity Board, University, Devaswom Board etc. It was suggested that Public Sector Banks may also be notified as per the Act, so that bank's property in Kerala can be safeguarded from illegal occupants.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 24.02.2012 decided to take up the matter with Government of Kerala.

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum and the forum decided to take up the matter with Government of Kerala.

SLBC Convenor, vide letter SLBC 35 801 2012 KRA dated 03.05.2012, had taken up the matter with the Additional Chief Secretary, Revenue Department, Government of Kerala to

examine the matter and inform the decision taken in this regard. The reply in this regard is awaited.

4.4.7. 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 held 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.

The matter came up for discussion during the 105th meeting of SLBC, Kerala held on 22.12.2011 at Trivandrum. The forum noted that a committee at national level is already looking into the matter. However it was decided to pursue the matter further till logical solution.

The matter has again been referred by RBI which was examined by the Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 24.02.2012. The representative from NABARD informed that a committee constituted is examining this and that it may take some more time. It was hence recommended to pursue the matter with NABARD.

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum.

In the meeting, Assistant General Manager, NABARD informed that the matter would be taken care once the M.V. Nair Committee recommendations on Priority Sector advances is finalized and adopted. However since the revamping of SAMIS has become a very vital agenda impacting the reporting/distorted reporting of Priority sector advances, especially SME, the forum decided to pursue the matter with NABARD till logical solution.

SLBC Convenor, vide letter SLBC 35 802 2012 KRA dated 03.05.2012, had taken up the matter with the Chief General Manager, NABARD requesting to inform the latest developments in this regard. NABARD to inform the latest position.

4.4.8. Giving Provision to Controlling offices of banks to monitor status of RR

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.

The matter came up for discussion during the 105th meeting of SLBC, Kerala held on 22.12.2011 at Trivandrum. The forum decided to take up the matter with Revenue Department, Government of Kerala for enabling this facility to Controlling Offices of banks.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 24.02.2012 decided to pursue the matter with Revenue Department.

SLBC Convenor, vide letter SLBC 35 361 2012 KRA dated 24.02.2012, had taken up the matter with the Additional Chief Secretary, Revenue Department, Government of Kerala requesting to examine the proposal and inform the decision taken in this regard.

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum and decided to pursue the matter with Revenue Department.

Revenue Department may inform the present position.

4.4.9. Objections raised by sub Registrar's Offices on the sale of properties attached by Banks

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.

The matter came up for discussion during the 105th meeting of SLBC, Kerala held on 22.12.2011 at Trivandrum. The forum decided to take up the matter with Registration Department, Government of Kerala.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 24.02.2012 decided to pursue the matter with Registration Department.

SLBC Convenor, vide letter SLBC 35 362 2012 KRA dated 24.02.2012, had taken up the matter with the Secretary, Registration Department, Government of Kerala requesting to examine the matter and take appropriate action in this regard.

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum and the forum decided to pursue the matter with Registration Department.

Registration Department may inform the present position.

4.4.10.E-Collection of Kerala State Commercial Taxes - Inclusion of major banks in the State in addition to banks handling the same at present

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 held on 11.11.2011 decided to take up the matter with the concerned Department of Government in this regard.

The matter came up for discussion during the 105th meeting of SLBC, Kerala held on 22.12.2011 at Trivandrum. The forum decided to take up the matter with Taxes Department, Government of Kerala.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 24.02.2012 decided to pursue the matter with Taxes Department.

SLBC Convenor, vide letter SLBC 35 363 2012 KRA dated 24.02.2012, had taken up the matter with the Secretary, Taxes Department, Government of Kerala requesting to examine the matter and take appropriate steps to include all major banks in the State in the list of banks accredited to handle e -collection of commercial taxes.

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum and the forum decided to pursue the matter with Taxes Department.

Taxes Department may inform the present position.

4.4.11.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

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.

The matter came up for discussion during the 105th meeting of SLBC, Kerala held on 22.12.2011 at Trivandrum. The forum decided to take up the matter with Registration Department, Government of Kerala.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 24.02.2012 decided to pursue the matter with Registration Department.

SLBC Convenor, vide letter SLBC 35 364 2012 KRA dated 24.02.2012, had taken up the matter with the Secretary, Registration Department, Government of Kerala requesting to examine the matter and take appropriate action in this regard.

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum and the forum decided to pursue the matter with Registration Department.

Registration Department may inform the present position.

4.4.12.Green Initiative – e-payment

The matter came up for discussion during the 105th meeting of SLBC, Kerala held on 22.12.2011 at Trivandrum.

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 same issue has been raised by Corporation Bank also.

The matter came up for discussion during the 105th meeting of SLBC, Kerala held on 22.12.2011 at Trivandrum. The forum noted that Convenor, SLBC had met the 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 forum decided to pursue the matter with the Government. The same matter was also proposed as an agenda item by Fisheries department for the 106th SLBC.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 24.02.2012 decided to pursue the matter with Planning & Economic Affairs Department. Government of Kerala had invited Convenor, SLBC to a meeting of all development departments involved in the process on 13.03.2012. In the meeting a sub-group was constituted to suggest modalities for implementing the system in the State.

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum. The forum noted that Government of Kerala had convened a meeting of all development departments involved in the process and SLBC Convenor on 13.03.2012. In the meeting a sub-group was constituted to suggest/evolve modalities for implementing the system in the State. This subgroup had met four times and is in the process of evolving a portal exclusively for delivering the Government payments. SLBC may pursue the matter with concerned Government department.

4.4.13. Government proposal of declaring moratorium on recovery of loans availed by the people in Endosulphan affected areas - Request to furnish list of affected victims

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.

The matter came up for discussion during the 105th meeting of SLBC, Kerala held on 22.12.2011 at Trivandrum. In the meeting, the LDM, Kasaragod informed that unless complete list is received from competent authorities, further action in this regard would be difficult.

Forum advised LDM to follow up the matter with the concerned Government department. LDM Kasargod vide letter 030/4701 SLBC/2012 informed the following:

- (i) *An approved, full and complete list of the Endosulfan victims is not available with the District Administration.*
- (ii) *There are reports appearing in the press that ineligible persons have found their place in the list of the Endosulfan victims now available in the district. But as already stated the list available is not full and complete and also not final.*
- (iii) *The list is not yet publicized by the district administration.*

- (iv) *The lead bank and the branches in the district are receiving numerous requests from people claiming to be Endosulfan victims, which are now being directed to the District Administration.*
- (v) *In the absence of full, complete and final list, the banks will not be able to confirm the liabilities of the victims and consequently it is difficult to assess the exact quantum of the liabilities of the Endosulfan victims.*
- (vi) *The issue of drawing the list of Endosulfan victims is a sensitive issue for which it is better that banks rely on the district administration and not get involved in it directly.*
- (vii) *There are also other problems in confirming the liabilities by banks:*
 - *The liabilities may not be in the name of the actual victims*
 - *The liabilities invariably will be in the names of victim's parents (in the case of children)/ or husband/wife etc.*
- (viii) *It need to be also clarified whether the liabilities directly enjoyed by the victims only be needed to take into account by the banks while confirming the liabilities of the Endosulfan victims.*

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 24.02.2012 requested the Government of Kerala to speed up the publicizing of list and in the process LDMs' views may also be considered.

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum. The forum requested the Government of Kerala to speed up the publicizing of list and in the process LDMs' views may also be considered.

SLBC Convenor, vide letter SLBC 35 803 2012 KRA dated 03.05.2012, had taken up the matter with the Principal Secretary, Finance/Health Department, Government of Kerala requesting to inform the present position of finalization of list and seeking clarifications on the points raised by LDM, Kasaragod.

4.4.14. 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.

The matter came up for discussion during the 105th meeting of SLBC, Kerala held on 22.12.2011 at Trivandrum. The forum decided to pursue the matter with Ministry of Finance, Government of India.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 24.02.2012 decided to pursue the matter with Ministry of Finance, Government of India.

SLBC Convenor, vide letter SLBC 35 365 2012 KRA dated 24.02.2012, had taken up the matter with the Ministry of Finance, Department of Financial Services, Government of India requesting to examine the matter and do the needful for setting up one more DRT for the State of Kerala and Lakshadweep.

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum and the forum decided to pursue the matter with Ministry of Finance, Government of India.

4.4.15. 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.

The matter came up for discussion during the 105th meeting of SLBC, Kerala held on 22.12.2011 at Trivandrum. The forum decided to place the matter in the Sub-committee of SLBC for an in depth look on the matter especially in the context of Executive Director, Kudumbashree referring that group enterprise is not picking up in the State and come out with explanation.

In the Sub-Committee meeting of SLBC, Kerala on Tertiary Sector held on 24.02.2012, the member banks expressed difficulty in culling out the data from the existing CBS environment. However, it was decided that as a one time measure the data may be collected and compiled manually for information of the house.

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum concurred with the views of the Sub-committee.

SLBC Convenor, vide letter SLBC 35 804 2012 KRA dated 03.05.2012, had written to the Controlling Offices of all banks requesting to furnish the details regarding revival of defunct SHGs for placing in the SLBC in its next meeting.

It is noted that most of the banks are yet to revert on the matter. Banks are once again requested to furnish the details called for vide above letter.

4.4.16. 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.

The matter came up for discussion during the 105th meeting of SLBC, Kerala held on 22.12.2011 at Trivandrum. The forum decided to pursue the matter with Revenue Department.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 24.02.2012 decided to pursue the matter with Revenue Department.

SLBC Convenor, vide letter SLBC 35 366 2012 KRA dated 24.02.2012, had taken up the matter with the Additional Chief Secretary, Revenue Department, Government of Kerala requesting to examine the matter and take appropriate action in this regard.

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum and the forum decided to pursue the matter with Revenue Department.

4.4.17.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.

- (1) 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”.
- (2) Completed the data entry process of 95% of the total resurvey records.
- (3) Data revalidation process was going on in the villages.
- (4) 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.

The matter came up for discussion during the 105th meeting of SLBC, Kerala held on 22.12.2011 at Trivandrum. The forum decided to pursue the matter with Revenue Department.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 24.02.2012 decided to pursue the matter with Revenue Department.

SLBC Convenor, vide letter SLBC 35 367 2012 KRA dated 24.02.2012, had taken up the matter with the Additional Chief Secretary, Revenue Department, Government of Kerala requesting to inform the latest developments in this regard at the earliest for apprising the SLBC, in its next meeting.

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum and the forum decided to pursue the matter with Revenue Department.

4.4.18. Creation of a Central Registry titled National Mortgage Repository (NMR)

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.

The matter came up for discussion during the 105th meeting of SLBC, Kerala held on 22.12.2011 at Trivandrum. The forum decided to pursue the matter with Registration Department.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 24.02.2012 decided to pursue the matter with Registration/Revenue Department.

SLBC Convenor, vide letter SLBC 35 368 2012 KRA dated 24.02.2012, had taken up the matter with the Secretary, Registration Department, Government of Kerala requesting to inform the developments in this regard for apprising the SLBC, in its next meeting.

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum and the forum decided to pursue the matter with Registration/Revenue Department.

4.4.19.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.

The matter came up for discussion during the 105th meeting of SLBC, Kerala held on 22.12.2011 at Trivandrum. The forum decided to pursue the matter with Revenue Department.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 24.02.2012 decided to pursue the matter with Revenue Department.

SLBC Convenor, vide letter SLBC 35 369 2012 KRA dated 24.02.2012, had taken up the matter with the Additional Chief Secretary, Revenue Department, Government of Kerala requesting to examine the same once again and inform the action taken in this regard.

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum and the forum decided to pursue the matter with Revenue Department.

4.4.20. 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.

The matter came up for discussion during the 105th meeting of SLBC, Kerala held on 22.12.2011 at Trivandrum. The forum decided to pursue the matter with Finance/Registration/Revenue Department.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 24.02.2012 decided to pursue the matter with Finance/Registration/Revenue Department. However, the representative from Taxes Department informed that the issue is being examined. Further developments to be informed by Finance/Registration/Revenue Department.

SLBC Convenor, vide letter SLBC 35 370 2012 KRA dated 24.02.2012, had taken up the matter with the Secretary, Registration/Revenue/Finance Department, Government of Kerala requesting to examine the proposal of SLBC and inform the Government's decision so that the same could be placed in the SLBC in its next meeting.

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum and the forum decided to pursue the matter with Registration/Revenue/Finance Department.

4.4.21. Noting/Recording of Equitable Mortgage created in favour of the banks in Revenue Records/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 proposed 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.

The matter came up for discussion during the 105th meeting of SLBC, Kerala held on 22.12.2011 at Trivandrum. The forum decided to pursue the matter with Taxes Department.

In the Sub-Committee meeting of SLBC, Kerala on Tertiary Sector held on 24.02.2012, the representative from Taxes Department informed that the issue is being examined. Further developments may be informed.

SLBC Convenor, vide letter SLBC 35 371 2012 KRA dated 24.02.2012, had taken up the matter with the Secretary, Taxes Department, Government of Kerala requesting to accord a favourable decision for setting up of Registries for recording EMT transactions and to note the details of EMTs in the revenue records in the State which would help the banks in the State in a big way.

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum and the forum decided to pursue the matter with Taxes Department.

4.4.22. 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 with out 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.

The matter came up for discussion during the 105th meeting of SLBC, Kerala held on 22.12.2011 at Trivandrum. The forum decided to pursue the matter with Taxes Department.

In the Sub-Committee meeting of SLBC, Kerala on Tertiary Sector held on 24.02.2012 the representative from Taxes Department informed that the matter is being examined. Further developments to be appraised.

SLBC Convenor, vide letter SLBC 35 372 2012 KRA dated 24.02.2012, had taken up the matter with the Secretary, Taxes Department, Government of Kerala requesting to review the matter in light of the above problems and to accord a favourable decision for placing in the SLBC in its next meeting.

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum and the forum decided to pursue the matter with Taxes Department.

4.4.23. 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.

The matter came up for discussion during the 105th meeting of SLBC, Kerala held on 22.12.2011 at Trivandrum. The forum decided to pursue the matter with Taxes Department.

In the Sub-Committee meeting of SLBC, Kerala on Tertiary Sector held on 24.02.2012 the representative from Taxes Department informed that the matter is being examined. Further developments to be informed.

SLBC Convenor, vide letter SLBC 35 373 2012 KRA dated 24.02.2012, had taken up the matter with the Secretary, Taxes Department, Government of Kerala requesting to examine the above aspects and provide a favourable decision on the recommended lines at the earliest.

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum and the forum decided to pursue the matter with Taxes/Registration Department.

4.4.24. 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.

The matter came up for discussion during the 105th meeting of SLBC, Kerala held on 22.12.2011 at Trivandrum. The forum decided to pursue the matter with Finance/Taxes/Registration Department.

In the Sub-Committee meeting of SLBC, Kerala on Tertiary Sector held on 24.02.2012, the representative from Taxes Department informed that notification to this effect is being released. The committee suggested to incorporate in the notification that all scheduled banks would be eligible under the provision. The committee decided to pursue the matter further. Developments may be informed.

SLBC Convenor, vide letter SLBC 35 375 2012 KRA dated 24.02.2012, had taken up the matter with the Secretary, Taxes/Registration/Finance Department, Government of Kerala requesting to examine the proposal and do the needful to waive stamp duty on SHG loans on the same lines as that of other State Governments. The developments in this regard may kindly be informed for apprising the SLBC in its next meeting.

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum and the forum decided to pursue the matter with Finance/Taxes/Registration Department.

4.4.25. Inclusion of Banks under “Public Utility Service” – under S 22 A of Legal Services Authorities Act- Establishment of Permanent Lok Adalath under S 22 B

As per the Legal Services Authorities Act, 1987 (amendment Act 2002) for the purpose of pre litigation, conciliation and settlement, “Permanent Lok Adalaths” have been constituted. (Section 22B)

The major highlights of the award given by Permanent Lok Adalaths are as follows:

- Every award of the Permanent Lok Adalath shall be binding on all parties.
- Every award made by the Permanent Lok Adalath shall be deemed to be a decree of civil court.
- Every award made by the Permanent Lok Adalath shall be final and shall not be called in question in any original suit, application or execution petition.
- Permanent Lok Adalath shall have jurisdiction in the matter where the value of property in dispute is up to Rs 10 Lakhs, for the time being.

Based on the above discussions, it is evident that Permanent Lok Adalaths are beneficial for the public especially, the lower income group, as they save a lot on advocate fees, court fees.

However, as per the Act, jurisdiction of the Permanent Lok Adalath is applicable only to “Public Utility Services” such as –

- Transport service for the carriage of passengers or goods by air, road or water
- Postal, telegraph or telephone service
- Supply of power, light, air, water to the public by any establishment
- System of public conservancy or sanitation
- Service in hospital or dispensary
- Insurance service
- And includes any service which the Central Government or the State Government, as the case may be, in the public interest, by notification, declares to be a Public Utility Service.

As per the definition of the Act, Banks do not fall under the purview of “Permanent Lok Adalaths”. However, if Central Government or State Government, in the interest of public declares by notification, the same can be brought under the purview of the Act.

In the larger interest of the public especially the low income group, we request you to take up with Govt. for issuance of a notification to the effect that Banks also fall under “Public Utility Service” for the purpose of the Act.

The Sub-Committee of SLBC, Kerala on Tertiary Sector that met on 24.02.2012 suggested placing the agenda item in SLBC meeting for suitably amending the act including all banks in the State within the purview of the permanent Lok Adalaths. The matter is also being followed up by Ministry of Finance.

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum and the forum decided to follow up the matter with the Ministry of Finance/Government of Kerala.

4.4.26. Issues in Education Loans

The Sub-committee of SLBC, Kerala on Education Loan met on 10.04.2012 at Trivandrum deliberated on the pending issues affecting the smooth implementation of the scheme in the State. The recommendations of the sub-committee are given in **Annexure-7.62.**

It may also be noted that IBA on 31.05.2012 had come out with revised guidelines on Education Loan, the details of which is given in **Annexure-7.63.**

The Group may deliberate on the pending issues under Education Loans in the wake of recommendations of above sub-committee and new IBA guidelines and come out with their recommendations.

4.4.27. Automation of Interface of State Government Treasuries with Banks

The Department of Financial Services, Ministry of Finance, Government of India desires that full automation of interface of State Government Treasuries with the banks should be given more priority as it would help the concerned state government and the Banks including the beneficiaries for transfer and credit of Government funds, quick credits etc. The subject matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum.

The contents of the letter D.O.No.7/1/2012-BO.II dated 06.03.2012 from Joint Secretary, Department of Financial Services, Ministry of Finance, Government of India addressed to the Chairman & Managing Directors of SLBC convenor Bank is given below:

“The Public Sector Banks have been providing banking services to various State Governments, and have also been effecting payments on behalf of the State Government Treasuries. Traditionally, the treasuries have been sending bills/authorizations to the banks along with a list of beneficiaries, in physical form, for effecting credits in their accounts. The banks, in turn, manually effect the credits in the respective accounts and keep the hard copy of such bills/authorizations in their record. Some of the State Government Treasuries have adopted some technological solutions for electronically giving authorization to banks, the processes of the treasuries have not been fully automated to reap the benefits of technology by the State Governments. Though most of the State Governments have undertaken the exercise to fully automate their treasury operations including their interface with the banks, these are at various stages of implementation resulting in physical transmission of documents and instructions. Such procedures have inherent hazards of errors and omissions, and attendant risks both for the banks and the treasuries.

Full automation of interface of State Government Treasuries with the banks has immense benefits for all the stakeholders including the concerned State Governments, the banks and the beneficiaries such as, convenient and smooth processes, instant fund transfer and quick credit to all beneficiaries accounts, elimination of risks associated with human interference, cost and time efficient transactions, quick settlement of claims, automatic instant reconciliation of transactions, substantially reduced paper work, efficient fund management, effective budgeting exercise, easy and perfect record keeping in digital form, etc.”

Department of Financial Services, Ministry of Finance had advised SLBC to take up the matter of automation of State Government Treasuries and automated interface with the State Governments with a request to avail the online banking facilities or similar packages offered by the bank so that such processes are automated at the earliest and subsequently may be migrated to the integrated financial management system of the State Government, as and when the State Governments are prepared with such systems. Ministry has also advised to make this matter a standing agenda for the SLBC meetings.

The matter came up for discussion during the 106th meeting of SLBC, Kerala held on 26.03.2012 at Trivandrum and noted the contents of the letter from Ministry of Finance on the above matter placed as tabled agenda. The forum requested the Finance Department, Government of Kerala to co-ordinate with SLBC to carry the matter forward.

SLBC Convenor, vide letter SLBC 35 805 2012 KRA dated 03.05.2012, had taken up the matter with the Principal Secretary, Finance Department, Government of Kerala requesting to inform the present position of automation of State Government Treasury and preparedness for interface with banks in the matter of funds transfer. The reply in this regard is awaited.

4.5. INFORMATION NOTE

4.5.1. Stipulation of Security for small value credit for Education loans (Suggested by Reserve Bank of India)

Specific cases of banks insisting on security for small value education loans (below 4 lakh) and small MSME loans have been reported. This is against RBI guidelines.

Views of the Steering Committee

The Steering Committee decided to place the matter before SLRM and request member banks to adhere to the RBI guidelines in force. Member banks may note to comply with the RBI guidelines.

4.5.2. Improvements to be made in the website of SLBC (Suggested by Reserve Bank of India)

RBI had suggested certain set patterns for improvisation of the SLBC website maintained by the SLBCs of the respective States to have uniformity. A letter was addressed to the Convenors of all SLBCs by Central Office of RBI.

Views of the Steering Committee

The Steering Committee examined the position and requested SLBC to provide the updated status with regard to the modifications suggested by RBI in SLRM.

SLBC Cell is in the process of revamping the website with facility for web enabled data submission by member banks and LDMS. Preliminary discussions on the matter with the software vendor is completed.

4.5.3. Utilization of RIDF in the State (Suggested by Reserve Bank of India)

Energizing utilization of RIDF in the state, especially for ensuring effective post harvest interventions/ creation of backward linkages to facilitate agriculturists.

Views of the Steering Committee

The Steering Committee suggested that NABARD may place the guidelines and information note on the eligible projects and other directives with regard to RIDF. It was also suggested to list out the activities covered under RIDF and the fund availability position for the information of the house in the SLRM.

4.5.4. Items suggested by Ministry of Finance, Department of Financial Services, Government of India for review in SLBC

(i) Financial Inclusion

- Progress in extension of banking facilities as per Financial Inclusion Plan
- Progress in opening of branches in under-banked and other districts as per strategy and guidelines on Financial Inclusion issued by the Department.
- Progress in establishment of Ultra Small Branches in all FI villages (visits, identification of space for Ultra Small Branches, provision of Laptop, connectivity, etc.).
- Campaign to ensure that each family has atleast one account in the rural areas.
- Progress in urban financial inclusion by way of opening accounts of migrant labourers and facilitate remittance.
- Convergence of insurance facilities with the FI initiatives.
- Progress in establishment of Currency Chest and Clearing Houses.
- Progress in GIS data entry.
- Progress in SHG bank linkage programme.
- FLCC activities
- Progress in issuance of KCC under the new scheme and GCC to all eligible persons.
- Creation/release of Online charge by banks on land holdings
- Housing loan, agriculture loan and education/skill loan
- SME clusters

(ii) Electronic Benefit Transfer

- Progress in Electronic Benefit Transfer
- E-payment: Installation of ATMs, campaign to be launched for promotion of ADC, issuance of Debit Cards, installation of PoS devices at Merchant Establishments, Publicity Campaigns to promote ADC.
- Sub-membership of NEFT to Cooperative Banks/Local Area Banks
- Linking up of treasuries
- E-payment drive by each branch

Views of the Steering Committee

The Steering Committee decided to place the matter before SLRM and for review in all SLBC meetings henceforth as a standing agenda item.

*The performance of Banks in the State in the implementation of Financial Inclusion Roadmap in the allotted villages as at April 2012 is furnished in the **Annexure-7.48.***

*The list of other than SLBC allotted villages in which banks are implementing Financial Inclusion Roadmap on a self imposed basis is given in **Annexure-7.54** for the information of member banks.*

*The recent directives received from Department of Financial Services, Ministry of Finance regarding preparation of comprehensive District Financial Services Plan, Financial Inclusion, Account opening campaign, KYC guidelines etc. are given in **Annexure-7.64**.*

4.5.5. Nodal Officers in respect of LIC and non-life PSU companies with regard to Financial Inclusion Plan

F.No.2/6/2011-FI
Government of India
Ministry of Finance
Department Financial Services
(FI Section)

Jeevan Deep Building,
New Delhi dated April 13, 2012.

To
All SLBC Convener Banks

Sub: Nodal Officers in respect of LIC and non-life PSU companies with regard to Financial Inclusion Plan.

Sir,

I am directed to refer to the Strategy and Guidelines on Financial Inclusion issued in October, 2011, inter-alia advising as under:

- The District Lead Bank Officer, Officer In charge of NABARD and Nodal Officers of Public Sector Insurance Companies, both life and non life, would prepare a comprehensive District Financial Services Plan covering banking, rural development, insurance, etc. These officers would also meet once every month to review the progress and resolve inter agency issues.
- At the State Level, SLBC Convener, NABARD in-charge for the State and State In-charge of Public Sector Insurance Companies, both life and non life, would prepare similar State Financial Services Plan. At the State level also, these officers would meet once every month to review the progress and resolve inter-agency issues.
- The objective of the exercise is to ensure Financial Inclusion by ensuring bank account for every household, Kisan Credit Card to every farmer's family, General Credit Card to other households and extensive coverage under micro-insurance and micro-pension scheme besides looking at the critical gap in infrastructure in terms of rural warehousing etc.

- The District Lead Officer and the State SLBC Convener would be responsible for the aforementioned committees at the District and the State Level respectively.
- The BCA will also be acting as an extension staff for micro insurance, animal insurance, crop insurance and micro pension. The banks will ensure coordination with the agencies, viz., LIC and other agencies dealing with these products.

2. Insurance Section of the Department has now issued guidelines to Life and Non-life Insurance Companies, a copy of which is attached herewith. State level Nodal Officers for both Life and Non-Life Insurance Companies have also been finalized and the list is attached herewith.

3. All SLBC conveners are accordingly requested to coordinate with these Nodal Officers in ensuring availability of micro-insurance services in the Financial Inclusion villages and for the preparation of State / district Financial Services Plan.

Yours faithfully,

(Arun K. Misra)
Under Secretary (FI)
Tele:23748767
Email: fi-dfs@nic.i

Details of Nodal Officer of LIC responsible FI in particular States

State/Union Territory	Name of Nodal Officer	Contact No.	email-id
Kerala	Sri T. Sitharthan	04428604114	sz_marketing@licindia.com
Lakshadweep	Regional Manager (Marketing)		
Puducherry	LIC of India, "LIC Building",		
Tamil Nadu	153, Anna Salai, P.B. No.2450, Chennai - 600 002		

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

On a review of the performance, during the financial year 2011-12, banks in Kerala had sanctioned an amount of **Rs. 7.45 crores (109 accounts)** under the reverse mortgage scheme and the balance outstanding under the scheme is **Rs. 25.99 crores (328 accounts)**. Details are shown in **Annexure - 7.30.**

4.5.7. District-wise Credit Deposit Ratio in the State - Review

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

District-wise C D Ratio in the State as on 31.03.2012

(Rs. in lakhs)

Sl. No.	District	Deposits	Advances	CD Ratio (%)
1	Trivandrum	3843843	2550530	66.35
2	Kollam	1274087	916749	71.95
3	Pathanamthitta	1796162	801090	44.60
4	Alappuzha	1316466	824620	62.64
5	Kottayam	1754112	1148265	65.46
6	Idukki	324441	433035	133.47
7	Ernakulam	4014432	4674966	116.45
8	Thrissur	2783047	1913459	68.75
9	Palakkad	1375591	1098162	79.83
10	Malappuram	1021853	717300	70.20
11	Kozhikkode	1469430	1224287	83.32
12	Wayanad	193576	244080	126.09
13	Kannur	1198669	839819	70.06
14	Kasaragod	509357	495096	97.20
Total for State		22875066	17881458	78.17

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 slightly improved and it touched a level (**44.60 %**) just above the benchmark of 40% as at March 2012. LDM, Pathanamthitta should monitor the progress closely and review the same in DCC/DLRC meetings so as to improve from the current levels in an ongoing basis. (The above CD ratio is compiled from the banking Statistics furnished by the LDMs of respective Districts which includes the business figures of District Co-operative Banks and PACS & hence shows a higher figure of **78.17%** for the State.)

Barring Pathnamthitta the CD ratio of all other 13 districts are above the benchmark level of **60%**.

The forum may note the position and suggest measures for improvement of the CD Ratio.

5. Review of Performance under various Segments

5.1. Review of Priority Sector Advances (Disbursement) as at March 2012 – ACP achievements (Refer Annexures 7.12 & 7.13)

The performance of banks with reference to the Annual Credit Plan 2011-2012 as at March 2012 with Bank-wise and District-wise break up is furnished in the annexure. The abstract of the performance as at March 2012 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	6910	170.40	916	665	72.58	5405	6158	113.93	10376	13733	132.35
Nationalised Banks	6440	10794	167.60	1182	865	73.22	5356	4901	91.52	12978	16560	127.61
RRBs	2559	2788	108.96	155	68	43.78	1402	1575	112.32	4116	4431	107.65
Private Sector Banks	4391	5663	128.98	934	598	64.04	4480	3362	75.04	9805	9623	98.15
Cooperatives	7711	8149	105.69	508	430	84.38	11059	15970	144.41	19278	24549	127.34
KFC	144	-----	-----	306	237	77.53	267	162	60.60	717	399	55.63
Total	25300	34304	135.59	4001	2863	71.54	27969	32128	114.87	57270	69295	121.00
% to Total Disbursement		49.50			4.13			46.37			100	

Comparison with previous year

Year	Primary Sector			Secondary sector			Tertiary Sector			Total Priority Sector Advances		
	Target	Ach.	% Ach.	Target	Ach.	% Ach.	Target	Ach.	% Ach.	Target	Ach.	% Ach.
2010-11	20482	28601	140	4192	3042	72.57	23745	28048	118	48420	59692	123
2011-12	25300	34304	135.59	4001	2863	71.54	27969	32128	114.87	57270	69295	121

The banking sector of the State has disbursed **Rs. 69295 crores** to the priority sector during the fiscal 2011-12 as at March 2012. This is **121 %** of the annual target of **Rs. 57270 crores**. There is an increase of **Rs. 9603 crores (16.09%)** 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. 24549 crores**) followed by Nationalised Banks (**Rs. 16560 crores**). A comparison based on percentage achievement of target reveals that achievements of Co-operative sector, State Bank Group and Nationalised Banks were much above that of the State's overall performance whereas the performance of the Private sector Banks & RRBs were less than that of the State's performance. Disbursement to secondary sector constituted only **4.13 %** of the total disbursement made by banks to the priority sector. Here it may be noted that sub-segments like Retail Trade, Small Business, Professional & Self Employed and SRTO that are presently classified under SME segment is still getting reported under Tertiary sector due to the continuation of the old LBR reporting format. Hence the performance which ought to have come under secondary sector is getting reflected under Tertiary sector.

Bank-wise analysis reveals that Kerala State Co-operative Bank has disbursed the highest quantum of priority sector loans (**Rs. 23568 crores**) followed by State Bank of Travancore (**Rs. 8841 crores**).

Thrissur district stood first in the quantum of priority sector loan disbursement (**Rs. 8668 crores**) closely followed by Ernakulam with a disbursement of **Rs 8093 crores** to Priority Sector. Malappuram district was first in percentage achievement of target (**143.21%**) followed by Thrissur (**129.96 %**), Ernakulam (**128.54 %**), Idukki (**127.81%**). Six districts had achieved target levels above the State's average position.

5.2. Review of Priority Sector Advances (Outstanding) as at March 2012 (Refer Annexure 7.4)

5.2.1. Performance versus National goals

(Figures in percentage)

Sl. No.	Parameter	Goal %	March 2007	March 2008	March 2009	March 2010	March 2011	March 2012	Variation	
									March'10 To March'11	March'11 To March'12
1	Priority Sector Advances to Total Credit	40	55.52	58.53	58.42	60.01	58.32	57.34	-1.69	-0.98
2	Agriculture Advances to Total Credit	18	17.70	21.23	19.27	22.46	22.49	24.25	0.03	1.76
3	Weaker Section Advances to Total Credit	10	13.01	12.91	14.78	16.16	18.39	19.33	2.23	0.94
4	DRI Advances to Total Credit	1	0.01	0.02	0.26	0.02	0.02	0.02	--	--
5	Credit Deposit Ratio	60	70.09	71.39	63.54	67.63	75.50	75.57	7.87	0.07

The achievements of the 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 March 2012 is summarized as follows.

(Rs in. Crores)

Parameter	Outstanding					Variation			
	March 2008	March 2009	March 2010	March 2011	March 2012	March' 08- March' 09	March' 09- March' 10	March' 10- March' 11	March' 11- March' 12
Priority Sector Advances	44078	48387	58204	71145	85606	4309	9817	12941	14461
Agriculture Advances	15991	15959	21786	27439	36209	-32	5827	5653	8770
MSE Advances- Priority	6674	8095	11759	16896	20593	1421	3664	5137	3697
Weaker Section Advances	9724	12240	15674	22435	28865	2516	3434	6761	6430
SC Advances	1545	2003	3281	3011	2957	458	1278	-270	-54
ST Advances	155	201	300	553	606	46	99	253	53
DRI Advances	10.78	211.82	22.61	24.76	33.98	201.04	-189.21	2.15	9.22

**Performance of the Banking sector inclusive of Co- operatives (excluding PACs) as at
March 2012**

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

Performance of Co-operative Sector under Vital Banking Statistics

(Amount Outstanding)

(Rs in. Crores)

Parameter	March 2012		Share of Co- operatives to Total
	Co -operative Sector	COMM. BANKS + Co- Operatives	
Branches	877	5788	15.15
Total Deposits	28136	225693	12.47
Total Advances	23313	172606	13.50
Total Business	51449	398299	12.92
Priority Sector Advances	13710	99316	13.80
% Priority Sector Advances	58.81	57.54	NA
Agriculture Advances	3694	39903	9.26
% Agriculture Advances	15.85	23.12	NA
SME Advances	827	21420	3.86
CD Ratio	82.86	76.48	NA

Including the Co-operative sector the total Banking business in the State is marginally less than **Rs.4 lakh crores**. The Co- operative sector account for nearly **13%** of the banking business in the State (**Rs.51449 crores**). The CD ratio of the State including Co-operatives

have recorded a figure of **76.48 %** as at March 2012 against **75.57%** recorded for commercial banks.

5.2.2. Priority Sector Advances in Total Advances – Bank Group-wise (Refer Annexure 7.4)

During the financial year of 2011-12, Priority Sector Advances increased by **Rs. 14461 crores** as against **Rs. 12941 crores** added during the corresponding period of previous fiscal.

Against the mandatory norm of 40% under priority sector advances, as at March 2012, **57.34 %** of the total advances of the banks in the State were to priority sector. But this had come down from a level of **58.32 %** as at March 2011.

Banking Group wise Performance under Priority Sector Advances as at March 2012

(Rs in. Crores)

BANK	Total Advances			Priority Sector Advances			% PSA to Total Adv. (March'12)
	March 2011	March 2012	Growth March'11-March'12	March 2011	March 2012	Growth March'11-March'12	
State Bank Group	39201	45961	6760	20893	29219	8326	63.57
Nationalised Banks	40436	52925	12489	28775	33594	4819	63.47
RRBs	5591	6193	602	4680	5252	572	84.81
Private Sector Banks	36753	44214	7461	16797	17541	744	39.67
Grand Total	121981	149293	27312	71145	85606	14461	57.34

During the fiscal 2011-12, highest contribution to the priority sector advances of the State is by Nationalised Banks (**Rs. 33594 crores**) followed by State Bank Group (**Rs. 29219 crores**), Private Sector Bank (**Rs.17541 crores**). RRBs have **84.81 %** of their advances under priority sector followed by State Bank Group (**63.57%**) and the Nationalised Banks (**63.47%**). For Private Sector Banks the achievement under Priority sector advances was only **39.67 %** as at March 2012. The percentage of Priority sector advances to Total advances for the State is **57.34 %** which is much above the mandatory level of 40%. The Priority sector advances to total advances of the State has recorded a decline of 98 basis points from March 2011 level.

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

6. Review of Performance of the Banking Sector

6.1. Banking Statistics as at March 2012 (Refer Annexure 7.1 to 7.3)

The detailed banking statistics for the State as at March 2012 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	March 2011	March 2012	March' 10- March'11	March' 11- March'12
No. of Branches	4310	4573	4911	263	338
Total Deposits	143404	161562	197557	18158	35995
Domestic Deposits	106518	123872	149103	17354	25231
NR Deposits	36886	37690	48454	804	10764
Total Advances	96987	121980	149293	24993	27313
Investments	3929	5226	5033	1297	-193
Advances + Investment	100916	127429	154204	26513	26775
Credit Deposit Ratio	67.63	75.50	75.57	7.87	0.07
C+ I : D Ratio	70.37	78.87	78.06	8.50	-0.81

6.2. Branch Network

As at the end of March 2012, the total number of branches of Commercial Banks in the State was 4911.

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	216	2263	754	3233	4.40	46.08	15.35	65.83
Private Sector Banks	268	1076	334	1678	5.46	21.91	6.80	34.17
Total	484	3339	1088	4911	9.86	67.99	22.15	100

Of the total Commercial banks in the State, Public Sector Banks account for **65.83 %** of the branch network in the State. Private Sector Banks are having the highest number of rural branches (**268** branches). Of the total branch network of Commercial banks in the State, only

9.86 % is in rural areas whereas Semi-urban areas have **67.99 %** of the bank branches in the State. Urban branches constitute **22.15 %** of branch network.

On a comparison with March 2011 position, it is found that Public Sector Banks have increased their tally of branches by **210** branches whereas that of Private Sector Banks increased by **128** branches as at March 2012.

6.3. Deposit growth

During the fiscal 2011-12, there was a growth of **Rs. 35995 crores** in Deposits of the State and the outstanding total deposits reached a level of **Rs. 197557 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. 161562 crores**. Quantum wise, the total deposits have grown from **Rs 161562 crores** in March 2011 to **Rs.197557 crores** in March 2012, a year-on-year growth of **22.28 %**.

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 **75.47%** as at March 2012. But the share of domestic deposits to total deposits had come down to **75.47%** from the level of **76.67%** recorded as at March 2011.

Sectoral Growth of Deposit over the Years

Type of deposit	(Rs. in Crores)							
	March 2005	March 2006	March 2007	March 2008	March 2009	March 2010	March 2011	March 2012
Total Deposit	69396	77677	91697	105488	130350	143404	161562	197557
Domestic Deposit	40276	47006	58394	75599	93331	106518	123872	149103
N R Deposit	29120	30671	33303	29889	37019	36886	37690	48454
% Share of Domestic Deposits	58.04	60.51	63.68	71.67	71.60	74.28	76.67	75.47

A. Banking Group wise Growth in Deposits

As evident from the following table Private Sector Banks (**27.55 %**) followed by State Bank Group (**22.72%**) has the highest share in growth of deposits among the Commercial Banks in the State during the fiscal 2011-12.

Banking Group wise Growth in Deposits

(Rs. in Crores)

Banking group	Total Deposits		% Share in Total Deposits (March'12)	Variation (March'11 - March'12)	% Share in Growth
	March 2011	March 2012			
State Bank Group	56570	69421	35.14	12851	35.70
Nationalised Banks	48452	56546	28.62	8094	22.49
RRBs	4838	5646	2.86	808	2.24
Private Sector Banks	51702	65944	33.38	14242	39.57
Total	161562	197557	100	35995	100

Banking Group wise comparison reveals that **35.14 %** of the deposits in the State is with State Bank Group, which has got a **22.05 %** share in branch network. The corresponding figures for Private Sector Banks are **34.17 %** share in branch network and **33.38 %** share in deposits. Nationalised Banks, which have **34.35 %** of the branch network in the State, have a share of **28.62 %** in total deposits. RRBs, in spite of having a share of 9.43% of the branch network has only **2.86 %** share in total deposits of the State. Nearly **40%** of the incremental deposits in the state was accounted by Private sector banks.

B. Population GroupWise/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	2323	40093	27005	69421	3.35	57.75	38.90	100	35.14
Nationalised Banks	1789	29548	25209	56546	3.16	52.25	44.59	100	28.62
RRBs	504	4033	1109	5646	8.93	71.43	19.64	100	2.86
Private Sector Banks	7403	36189	22352	65944	11.22	54.88	33.90	100	33.38
Total	12019	109863	75675	197557	6.08	55.61	38.31	100	100

As evident from the above table, **55.61 %** of the total deposits of the State is from semi-urban areas where **67.99 %** of the branch network exists. Urban areas accounted for **38.31 %** of the deposits and rural areas, **6.08 %**. On a comparison with March 2011 position, it is found that the share of rural branches in total deposits is showing a slight decreasing trend. The semi-urban branches have shown an increasing trend in deposits.

6.4. NR Deposits (Refer Annexure 7.2)

The NR Deposits have registered an increase of **Rs. 10764 crores** from the March 2011 level. The NR deposits of the State that stood at **Rs. 48454 crore** as at March 2012 up from the level of **Rs. 37690 crores** as at March 2011. The year-on-year growth rate was **28.56 %**.

Population Group wise /Banking Group wise Distribution of NR Deposits

(Rs. in Crores)

Banking Group	N R Deposits				Percentage Distribution				Share of Banking Group in Total NR Deposits
	Rural	Semi-Urban	Urban	Total	Rural	Semi-Urban	Urban	Total	
State Bank Group	545	13995	6551	21091	2.58	66.36	31.06	100	43.53
Nationalised Banks	311	7231	3103	10645	2.92	67.93	29.15	100	21.97
RRBs	34	157	10	201	16.92	78.10	4.98	100	0.42
Private Sector Banks	1908	9944	4665	16517	11.56	60.20	28.24	100	34.08
Total	2798	31327	14329	48454	5.77	64.66	29.57	100	100

State Bank Group has the highest share (**43.53 %**) in the NR deposits from the State followed by Private Sector Banks (**34.08%**) and Nationalised Banks (**21.97%**). Of the total Non-Resident deposits, **64.66%** deposits were from Semi Urban areas while Urban areas accounted for **29.57%** and rural areas, **5.77%**.

6.5. Domestic Deposits

The growth in domestic deposits during the fiscal 2011-12 (**Rs. 25231 crore**) was higher than the quantum growth during the previous fiscal (**Rs17354 crore**).

Share of Domestic Deposits in Total Deposits (%)

March 2004	March 2005	March 2006	March 2007	March 2008	March 2009	March 2010	March 2011	March 2012
54.37	58.04	60.51	63.68	71.67	71.60	74.28	76.67	75.47

As at March 2012, domestic deposits accounted for **75.47 %** of the total deposits.

Unlike the last three years where the year-on-year growth rate in domestic deposits had shown a decreasing trend, the same in 2011-12 had recorded a growth rate of **20.37%**, much higher than that in yester years.

Growth Rate in Domestic Deposits during last 6 years (%)

2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
24.23	29.46	19.00	14.13	12.66	20.37

6.6. Credit Expansion (Refer Annexure 7.2)

Growth in Advances of the Banking sector in the State

(Rs. in Crores)

Parameter	Total Advances Outstanding over the Years								
	March 2004	March 2005	March 2006	March 2007	March 2008	March 2009	March 2010	March 2011	March 2012
Total Advances	31867	40948	51919	64273	75305	82819	96987	121980	149293
% Growth over the previous fiscal	18.00	28.50	26.79	23.79	17.16	9.97	17.11	25.77	22.39

During the fiscal 2011-12, the total advances grew by **Rs. 27313 crores** to reach **Rs. 149293 crores** as at March 2012, recording a growth rate of **22.39 %**. The growth rate under advances has come down from the level of 25.77% recorded during 2010-11. The accretion made to total advances during 2011-12 was the highest ever recorded, quantum wise.

Share of Banking Groups in Total Advances of the State

Nationalised Banks have the highest share (**35.45 %**) in the total advances outstanding in the State followed by the State Bank Group (**30.79 %**). Private Sector Banks accounted for **29.62 %** of the total advances against a **34.17 %** 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	3117	22796	20048	45961	6.78	49.60	43.62	100	30.79
Nationalised Banks	1653	22445	28827	52925	3.12	42.41	54.47	100	35.45
RRBs	713	5148	332	6193	11.51	83.12	5.37	100	4.15
Private Sector Banks	3735	17419	23060	44214	8.46	39.39	52.15	100	29.61
Total	9218	67808	72267	149293	6.17	45.42	48.40	100	100

Further, **48.40%** of the total advances in the State is to urban areas where **22.15 %** of the branch network exists. Semi-Urban areas had **45.42 %** share in total advances against a share of **67.99 %** in branch network. Rural areas had a share of **6.17%** only in the total advances deployed in the State where as they hold a share of **9.86%** in total commercial branch network.

6.7. Credit-Deposit Ratio [C D Ratio] (Refer Annexure 7.3)

The Credit-Deposit Ratio of the Commercial Banking sector of the State has increased by **7 basis points** during the year 2011-12, to reach **75.57 %** as at March 2012.

Banking Group wise C D ratio as at March 2012

Banking Group	C D Ratio - Percentage Distribution as at March 2012			
	Rural	Semi-Urban	Urban	Total
State Bank Group	134.20	56.86	74.24	66.21
Nationalised Banks	92.43	75.96	114.35	93.60
RRBs	141.41	127.67	29.89	109.69
Private Sector Banks	50.45	48.13	103.17	67.05
Total	76.70	61.72	95.49	75.57

As at March 2012, the C D Ratio of rural areas of the State was at **76.70 %**, much above the mandatory norm of **60%**. Further, the urban areas have a high CD ratio of **95.49 %** whereas that in Semi urban area is at **61.72 %**.

The C D ratio of RRBs is the highest at **109.69 %**. Further, the CD ratios of all the bank groups viz. State Bank Group, Nationalised Banks, RRBs and Private Sector Banks are above the desired level of 60% in the State. The CD ratio of Private Sector Banks which had shown a figure of **50.45% and 48.13%** in Rural and Semi Urban centres respectively needs further improvement. In the Semi-Urban area, the C D Ratio of State Bank Group is also below **60%** which needs improvement.

6.8. Credit + Investment: Deposit ratio (C+I: D ratio) (Refer Annexure 7.3)

The C+I D ratio of the Commercial Banking Sector of the State as at March 2012 stood at **78.06%**. There is decline of **81 basis points** from the level of **78.87 %** as at March 2011 to the present level of **78.06 %** as at March 2012.

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
March 2011	161562	121981	75.50	137.65
June 2011	166706	124769	74.84	54.20
September 2011	175949	134635	76.52	87.95
December 2011	186285	139347	74.80	70.24
March 2012	197557	149293	75.57	75.87

From the above table it is evident that incremental CD ratio had come down substantially from the level of **137.65%** recorded as at March 2011. Further both the CD Ratio and the incremental CD ratio are hovering between the range of 75.50- 75.90. This means that the Credit growth and Deposit growth are taking place simultaneously at almost the same rate. The incremental credit-deposit (CD) ratio for the year ending March 2012 stood at **75.87 %** for the banking system of the State. It may be recalled that the Reserve Bank of India had expressed its concerns about the high incremental CD ratio recorded by banks during its quarterly review of the monetary policy.

7. Annexures