

**MINUTES OF THE 101<sup>st</sup> MEETING OF  
STATE LEVEL BANKERS' COMMITTEE, KERALA**

Held on 30.03.2010 (Tuesday)  
At Hotel Residency Tower,  
Government Press Road, Trivandrum

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

**Sri. N. R. Venkataramani**, General Manager, Canara Bank & Convenor SLBC welcomed the dignitaries on and off the dais and other participants to the 101<sup>st</sup> meeting of SLBC Kerala and solicited continued co-operation, support and involvement in the smooth conduct of the meeting and also for meaningful & vibrant deliberations.

In his welcome address, he stated that the apex level body in the Lead Bank set up of the State has been constituted to review and monitor the credit flow to the State economy especially under Priority Sector. He pointed out that in the present context of added thrust to the credit dispensation especially to the primary and secondary sectors, SLBC forum has got an onerous task. It had the bounden duty to ensure that the needy sectors were well taken care of while dispensing credit to achieve the set target. He expressed hopes that the forum would rise to the occasion and would come out with creative and pragmatic suggestions for the overall economic development of the State.

Reserve Bank of India, as part of their Platinum Jubilee celebrations had conducted 11 Outreach Programmes in the State of Kerala from August 2009 to March 2010 in order to spread the message of financial inclusion and its attempt to provide banking facility to all, by implementing various schemes in a time bound manner. SLBC, in true spirit, had participated in these programmes initiated by Reserve Bank of India, in order to enlighten the rural people about the banking facilities available to them and also for smooth implementation of various financial inclusion measures.

He then listed out some of the financial inclusion measures which were under implementation:

- Increasing the branch network by scheduled commercial banks and Regional Rural Banks (RRBs), particularly in un-banked villages with population exceeding 2000.
- Setting up of Financial Literacy & Credit Counseling centres (FLCCs)
- Introducing agency banking - Business Correspondents and Business Facilitators (BC/BFs) models.
- Increasing coverage under mobile banking and satellite banking;
- Augmenting agency arrangements between commercial banks and Primary Co-operatives as well as with Postal Authorities;
- Making effective use of Information Technology (IT) solutions; and

- Revamping of the Lead Bank Scheme (LBS) for promoting various banking activities in individual districts.

He then revealed that the deployment of credit to the thrust areas and sensitive segments in the State has been very positive during the recent years and then highlighted the following:

- The Total Deposits mobilized and Credit deployed by the banking sector in Kerala showed very good progress - reaching Rs.1,38,531 crores under Deposits and Rs. 92,788 crores under Advances as at December 2009. During the first nine months of the current year, the increase recorded by banking system in the State was quite convincing with an addition of Rs. 8,181 crores under Deposits and Rs.9,969 crores under Advances.
- The Non-Resident Deposit of banks in the State reached a level of Rs. 37,412 crores as at December 2009 - an increase of Rs.393 crores only over March 2009 figures.
- Though the contribution of primary sector to the State's economy is diminishing gradually, its impact and importance cannot be ruled out in Kerala. Banks under the umbrella of SLBC have also realised this and rose up to the occasion when there was a crisis among the peasant families in the State. We have taken strong initiatives to support the proactive steps taken by the State Government to help the farming community in the State.
- Under the Central Relief Package for distressed farmers, implemented in the three districts of Palakkad, Wayanad and Kasargod, the banks in the State have shown deep interest which was reflected in its rapid progress of implementation. Apart from waiving the overdue interest in all the eligible loan accounts, banks have rescheduled nearly half of the accounts and provided fresh loans to a major chunk of the rescheduled accounts.
- He complemented the banking fraternity for the whole hearted support extended by them in the proper implementation of the Economic Stimulus Package for MSME, Housing and Auto Sectors announced by IBA and Government of India, which gave an impetus for the growth of the secondary sector with particular reference to MSME, in the State of Kerala.
- The banking sector in the State had performed well under all the Government Sponsored and other Schemes of national priority.
- Commercial banks have to play a significant role in the intermediation of the surplus generated in the State due to deposit growth, by evolving innovative schemes suited to the direct needs of the society. Various banks have formulated many novel schemes to suit the specific requirements of the State which could be tried with newer dimensions in the ensuing fiscal also.
- Another important area was the Prime Ministers Employment Generation Programme (PMEGP). Though the implementation and achievement under the scheme in the first half of the fiscal was not up to the expected level, it has shown much improvement since then, and that the set target under PMEGP has already been achieved as per the latest information passed on to SLBC by Khadi & Village Industries Commission.

Sri. N. R. Venkataramani then requested Sri. H. S. Upendra Kamath, Executive Director, Canara Bank and Chairman of the meeting to guide the day's proceedings.

**Sri. H. S. Upendra Kamath**, at the outset expressed happiness and stated that it was an honour to preside over the 101<sup>st</sup> SLBC Meeting of the State of Kerala. He remarked that SLBC was a common platform for the Banking Industry as well the Government machinery in the State to come up for discussion in resolving the various socio-economic issues for the development of the State. He stated that SLBC paves the way for all the participants / members to voice their grievances and to arrive at a systematic redressal to the operational issues and problems. With the increased level of software usage, he remarked, it would be possible to disseminate useful information to member banks in particular and public in general through the websites available.

Touching on Financial Literacy, he remarked that it was the buzz word of the day. Bankers were required to be more pragmatic in their approach in creating an atmosphere for improving financial literacy in the state. Referring to a recent meeting addressed by Dr. D Subbarao, Hon'ble Governor, Reserve Bank of India, he stressed that bankers have to join hands with the state agencies in spearheading the campaign of Financial Literacy. He then highlighted a few points from the speech of RBI Governor so that the message percolated to the concerned for disseminating the concept of financial literacy.

Reserve Bank of India attaches top priority to deepening financial literacy, which mainly aimed at school children and college students acquiring basic proficiency in financial concepts. It was felt that when children grew up and start earning, they should know their options – where to save, when to save, how and how much to save. Only when they are able to evaluate the options they become responsible adults. When money is saved it becomes available to the government and to other private sectors for investment. This investment raises our growth rate and job opportunities.

It has been pointed out that banking facilities were still not available to many villages in the Country. As per statistics, out of about 6 lakh villages in our country, 5.7 lakh villages still do not have any bank branch. Banking facilities shall be provided to these villages by popularizing “No Frills” accounts, Bio-metric cards, mobile banking or through internet so that the benefit of government schemes may be directly and speedily credited to these “no frills” accounts.

Sri. Kamath then drew the attention of all the member banks and the state agencies to the High level committee report to review the Lead Bank Scheme, chaired by Smt Usha Thorat, Deputy Governor, RBI. Referring to a few important aspects he touched upon the recommendation highlighting the need for providing banking services in every village having population of over 2000 by March 2011, by drawing a road map before March 2010. The other important recommendations of the Committee that he referred to include use of IT solutions for disbursement of payments under NREGP and social security payments, strengthening of SLBC/DCC machinery and LDM's office, streamlining information and reporting systems, creating awareness and attending to grievance redressal.

He also emphasized the need for initiating measures for urban areas, to ensure that the excluded sections in urban areas also get access to banking services.

Sri Kamath noted with happiness that the Sub-Committee of the District Consultative Committees (DCCs) in their respective Lead Districts in the State have drawn up the road map, as suggested by Reserve Bank of India, identified un-banked villages having a population of over 2000, in order to provide banking facilities including through Business Correspondents / Business Facilitators (BC/BF) in every village by March 2011. He felt that though the concept of village may not be relevant in Kerala, place/ward/habitat which satisfies the above condition could be adopted. In fact, in Kerala State, we have already identified the villages where further banking facility was required to be provided and informed the respective banks to include the same for implementation in their action plan for the coming year.

Further, he requested that the member banks could think of providing IT enabled financial inclusion, financial inclusion in urban areas, action plan for financial literacy, improvement in land records/other evidence for land ownership/ occupation, improving recovery systems, promoting bank/SHG linkage and addressing issues relating to provision of microfinance in the State, etc. He suggested that the sub committees of the DCCs may examine in-depth the specific issues and come out with solutions / recommendations for consideration of the SLBC and for onward transmission to RBI.

Sri Kamath reminded that RBI had advised, way back in May 2007, that all the State Level Bankers' Committee (SLBC) convenor banks may initiate action to set up a Financial Literacy and Credit Counselling Centre (FLCC) on a pilot basis in any one district in the State/ Union Territory coming under their jurisdiction. Several banks have since taken initiatives in opening credit counselling centres in the country.

Referring to the ambitious programmes of RBI, Sri. Kamath observed that over the last few years, several measures were taken to popularise the concept of financial inclusion - encouraging 'No Frills' account holders to allow access to basic financial services, initiating and then expanding through the Business Correspondent / Business Facilitators (BC/BF) model and also the use of mobile phones for extending banking outreach. More recently, Reserve Bank of India has expanded the categories of entities that could be appointed as BCs and also allowed banks to charge commission for services rendered by BCs. He put a word of caution that there would be formidable challenges to the BC model that need to be addressed - high maintenance costs, small size of transactions, expanding awareness, improving communication skills and techniques for dealing with semi-literate people in local languages, enlisting the cooperation of the village administrations and overcoming the constraints posed by lack of electricity and sometimes telecommunication access.

He opined that we need to think laterally, harness technology, adopt strategies to reach out to all the people across the country to provide at least minimal banking services. He also suggested that Financial inclusion was especially valuable as it would promote both growth

and equity in one stroke. He visualized the great challenges one would face while carrying out the financial inclusion exercise as a tool of inclusive growth, for the bankers, for the banking regulator and for the Central Government.

Observing the fact that several IT based solutions were already being used by banks to open and operate "no frills" accounts through handheld devices, the member banks may intensify the needs significantly, enhancing the use of IT solutions through stake holders providing appropriate support, including from the State Governments, RBI and Financial Inclusion Technology Fund.

Keeping in view the directives from Govt of India and Reserve Bank of India, he advised SLBC to closely monitor all aspects of implementation of financial inclusion as per plans submitted by respective Banks, opening of branches/ICT based delivery channels before March 2011 in villages which have population of more than 2000.

Referring to the guidelines issued by the Ministry of Rural Development, Government of India, to all the Public Sector Banks for establishing RSETIs at least in the districts where they were the Lead Bankers, he expressed happiness that in all the 14 districts in Kerala State RSETIs have already been set up either in temporary premises or in a permanent one. He noted that the Local Administration of the State Government had already issued orders in most of the districts allotting land for construction of RSETI building and was in the process of issuing orders in the remaining districts. The concerned Banks is to ensure that the required infrastructure was created for RSETI's and also that State Government allots land at the earliest.

Sri. Kamath then suggested having a look at the challenges for further improvement of the efficiency of banking. He felt that the growth acceleration of the Indian economy was attributable to a host of factors. Some of these were tangible such as the deregulation of the industrial sector, liberalization of external trade and finance, reform of direct and indirect taxation and elimination of controls on doing business. Some of the factors that contributed to growth were intangible such as improved productivity, higher efficiency and growing entrepreneurship. He pointed out that we often forget to add to this list the contribution made by the financial sector by way of larger and better quality financial intermediation that raised the level of aggregate savings and channelled them to investment. Just one statistic would evidence this - bank credit as a proportion of GDP had nearly doubled from 29% as of March 2000 to 56% as of March 2009. Even more notable was the rapid expansion of credit that was accompanied by a significant improvement in asset quality which was close to international norms at present.

He stated that the 7.9 per cent, GDP growth in the second quarter of 2009-10 showed the continuation of the recovery that was witnessed in the first quarter. Agriculture and allied activities registered a better than expected growth of 0.9 per cent. However, this reflects only a part of the overall adverse impact of the deficient south-west monsoon on kharif output. According to the first advance estimates, production of kharif food grains and oilseeds was expected to decline by about 16 per cent over the previous year.

Sri. Kamath then remarked that the strong industrial recovery was the key underlying strength behind the recovery of GDP in the second quarter. Services activities registered a growth of 9.0 per cent in the second quarter of 2009-10. Lead indicators for services activities suggested that services dependent on domestic demand exhibited robust growth during April-December 2009, and services dependent on external demand have also shown some improvement in recent months.

Sri. Kamath observed that the global outlook improved significantly in the third quarter of 2009, with most advanced economies posting positive growth. The IMF, in its January 2010 update, had revised significantly the global growth outlook for 2010 (from the earlier projected 3.1% to 3.9%). He further opined that the recovery in advanced economies was, however, expected to remain sluggish, while economic activity in Emerging Market Economies and developing economies could expand vigorously, driven by domestic demand.

He pointed out that there has been a significant macro-economic development since the Third Quarter Review of Monetary Policy in January 2010. In the growth front, the advance estimates for 2009-10 and for Q3 of 2009-10 suggested that the recovery was consolidating. Data on industrial production currently available up to January 2010 showed that the uptrend was being maintained. In the manufacturing sector, in particular, a robust growth was recorded. The sharp acceleration in the growth of the capital goods sector points to the revival of investment activity. Under exports after contracting for 13 straight months, the recovery was gaining momentum which was evident from the sustained increase in bank credit and the resources raised by the commercial sector from non-bank sources. Even as this was happening against the backdrop of improving global conditions, recent real GDP and industrial production clearly suggested that the positive trend was predominantly due to domestic factors.

Examining the performance of the Banking Industry, he opined that major Indian banks have consolidated their position in top line as well as bottom line growth. Banking system in Kerala also reflected a similar situation which was revealed by its overall growth during the last fiscal. With GDP poised to a modest growth during the year ahead in spite of the pressures it faces from the uncertainties prevailing in the world economy, economic upsurge in India in general and Kerala State in particular would be certain to happen in considerable proportions.

Sri. Kamath remarked that Kerala being a highly literate State, was placed among the top slots in the Indian States and union territories. Women empowerment, especially through micro finance and women entrepreneurial ventures have recorded high success rate. Women Self Help Groups in Kerala, with special reference to “Kudumbashree”, were examples of success achieved through the harmonious working of bankers and developmental agencies in tandem with the State Government initiatives.

He reminded that in the first phase, Kerala State was the first to achieve total financial inclusion. In the second phase now our endeavour must be in ensuring 100% active accounts, to emerge again as No.1 State in financial inclusion through savings, credit, insurance, remittance etc. He was very confident that Kerala would definitely gain this status. He suggested that SLBC and Banks in the State might draw a specific action plan in achieving the goal.

As Convenor of SLBC, Kerala, Sri. Kamath extended sincere appreciation to one and all, especially to fellow Bankers, Officials from the State Government, Kudumbashree, other Developmental Agencies and NGOs who are the partners of progress in the State.

Sri. Upendra Kamath then briefly presented the performance of the Banking sector in the State as at December 2009, as detailed below:

- During the last fiscal of 2008-'09, Commercial Banks opened 143 new branches in the State. During the first nine months of the current financial year, the banks in Kerala have opened 139 new branches which took the total to 4223 branches of commercial banks in the State as at December 2009.
- The total deposits of banks in the State grew by 21.07% during the last fiscal. The resources mobilized by banks in Kerala as at March 2009 were at Rs. 1, 30,350 crores with a net accretion of Rs. 24,862 crores during the year. A review of the deposit growth during the first nine months of the current fiscal indicates that the Total Deposits have grown by Rs. 8,181 crores to reach a level of Rs. 1, 38,531 crores as at December 2009. The share of Domestic Deposits in the State's total deposits mobilized has been steadily growing which reached a level of 72.99% as at December 2009, and reached a level of Rs. 1,01,119 crores. Domestic deposits have continued to show faster momentum as experienced during the past few years. The Non-Resident Deposits of the Commercial banks in Kerala recorded an addition of Rs. 393 crores during the first nine months of 2009-10 and reached a level of Rs. 37,412 crores. It constitutes 27.01 % of the total resources by banks in the State.
- The Total bank credit of Commercial banks in Kerala grew by only 9.07% during the year 2008-09. The banks in Kerala reached a level of Rs. 82,818 crores by the end of March 2009. With Rs.9, 969 crores being added during the first nine months of the current fiscal the Banks reached Rs. 92,788 crores as at December 2009.
- Nearly 50% of the state's population depends on Agriculture. It was encouraging to note that the total outstanding credit under Agriculture in the State had increased to Rs 19,608 crores as at December 2009 - a share of 21.13% to total credit. He appealed to all the bankers to be more proactive in further increasing the credit off-take under Agriculture sector in the State.
- The Credit : Deposit Ratio of banking sector is considered as one of the strong indices of economic activity in any State. There has been a leap in Credit Deposit Ratio of Kerala's banking sector during the recent years which rose from 45.47 % in 2003 to an all-time high of 71.39 % as at March 2008. This has slipped to 63.54% in March 2009. This was again further pushed down by another 1% during the first quarter of current fiscal, registering a level at 62.54 % as at June 2009. It could be attributed to

the increased flow of inward remittance in the State and also due to the reason that an amount of Rs.2,375 crores has been waived under ADWDRS – 08 Scheme. However, the CD Ratio has started picking up by registering an increase of 0.72% to reach a level of 64.26% as at September 2009, and again registered an increase of 2.72% to reach a level of 66.98% as at December 2009. The CD ratio in the State however is well above the mandatory norm of 60% stipulated by the Reserve Bank of India. It is observed that the Semi-Urban and Rural branches of banks in Kerala reflect a reduced level of CD Ratio, compared to urban branches. Banks in Kerala may realign their strategies so that CD ratio improves further in their Semi-urban branches where it reflects a level of only 55.51 % at present.

- The performance under Annual Credit Plan is reckoned as a direct measure of priority credit deployment. The total amount of priority credit disbursed in the State as at December 2009 was Rs. 53,938 crores, of which, 36.35% was the share for agriculture advances. The SME sector, which is gradually picking up pace, has a share of 19.20%, as compared to 7% during last fiscal.
- The annual growth in terms of outstanding credit under Priority Sector from December 2008 to December 2009 was Rs. 7,932 crores. The growth in Weaker Section advances was Rs. 5,049 crores. The priority sector advances in the State of Kerala has a share of 58.13% as at December 2009 which is well above the mandatory level of 40 % fixed by Reserve Bank of India.
- The DRI advances as at December 2009 recorded a low level growth of 0.03% to last year's gross credit which is much below the mandatory level of 1 % of previous year's total advances. He suggested that each bank may take earnest steps to sanction more DRI loans to improve the lending under this sector.
- Banks in Kerala have sanctioned Rs.1,903 crores under advances to SC/ST beneficiaries as at December 2009. The banks in the state have lent Rs 6,737 Crores to women beneficiaries which form 7.26% of total advances and Rs.21,673 Crores to Minority communities which forms 40.18% of Priority Sector advances.

The performance under various Government sponsored scheme loans showed the commitment towards social responsibility. He shared some of the significant performance under Government sponsored schemes during first half of the fiscal 2009-10.

- Kerala State has got a very good track record of performance under Swarnajayanthi Grama Swarozgar Yojana (SGSY). As at December 2009, the banks in the State have sanctioned 7,473 loans under the scheme involving an amount of Rs. 70.69 crores.
- In case of Swarna Jayanthi Shahari Rozgar Yojana (SJSRY), banks in the State have sanctioned Rs. 81.39 crores to 26,301 beneficiaries.
- The Prime Minister's Employment Generation Programme (PMEGP) is picking up momentum in the State. Against the target of 1770 projects, 1447 projects have been sanctioned by the banks as at February 2010. Total Margin Money target for the year was Rs. 21.24 crores and the achievement is Rs.29.73 crores up to February 2010.
- Though the public sector banks have achieved more than their targeted level of sanctions, private sector banks could not achieve the level expected from them.

He requested the controllers of banks to be more proactive in the implementation of the Government Sponsored schemes in the State.

- He expressed serious concern over the low level of recovery under Government sponsored schemes especially PMRY, SGSY and SJSRY. On behalf of the banks, He appealed to the Rural Development Department, Industries Department, Kudumbashree and other Departments to extend maximum support to banks to recover the legitimate dues under the Government sponsored schemes.
- Micro credit absorption in the State has been showing very good progress. As per the available information with SLBC as at December 2009, already 1.93 lakh SHGs have been linked to banks. Out of this 91% are exclusively for women members.

Concluding the address, Sri. Upendra Kamath once again thanked the State Government and various developmental agencies for the excellent support and co-operation rendered to the banking sector in the State over the years. He wished that the same level of mutual co-operation and synergic action shall co-exist amongst the bankers and the various Government Departments in future also. The performance of banks in all other sphere of socio-economic activity in the state has been by and large satisfactory and encouraging. On behalf of all the Banks he assured the officials from Government of Kerala that the banking sector would always stand united with them in all their efforts for inclusive growth and enhanced development in the State which is poised for entering in to an era of rapid economic development. He then wished that fruitful discussions and meaningful deliberations on the various issues suggested shall take place and hoped that all the suggestions emanating from the meeting shall be used to add value for strengthening the socio-economic structure of the State of Kerala.

**Sri. S. M. Vijayanand IAS**, Principal Secretary to Government, Local Self Government Department touched upon the following points relating to his department.

- Government had formally launched the Interest Subsidy Scheme for the Kudumbashree NHGs. All the banks have agreed to operationalise the scheme.
- Indira Awas Yojana (IAY) scheme has been successfully carried out in the State, but the major concern was the poor off take of DRI supplement under Indira Awas Yojana (IAY). Government had decided to focus on DRI linkage under the scheme and instruction in this regard had been given to the department officials to make it mandatory. He made an appeal to the forum that necessary instructions might be given to the officers at BLBC level in co-ordinating with the VEOs for smooth implementation of the scheme.
- Referring to the progress under NREGS he pointed out that substantial funds have been parked with banks. Though Government could disburse only Rs. 400 crores during the current year he assured to reach more than Rs. 900 crores during the next year, wherein wage component would be Rs. 700 crores. So bankers could expect a deposit of Rs. 350 crores due to this enhanced disbursement and this would be the best way of implementation of financial inclusion. He requested all banks to support to the NREGS beneficiaries through various initiatives including IT enabled solutions.

- NRLM scheme would be operational by next year and hoped it would be much better than IRDP or SGSY schemes. NRLM guidelines is being finalised and within a couple of months everybody have to work together for the successful implementation of the scheme.
- RSETIs have been made functional in all the districts and the land problem in Palakkad District would be sorted out shortly. Department is closely monitoring and following up the matters related to RSETIs.
- Quoting Financial Literacy, he suggested that banks could coordinate with Sarva Siksha Abhiyan (SSA) group so as to easily develop the materials that could be provided to the school students as supplementary text book. He suggested that a small group of SLBC may work out the formalities for the same with SSA. He added that he would be able to sensitise the importance of Financial Literacy and Financial Inclusion to them.
- RBI had successfully conducted outreach programmes which had received excellent media coverage also. He then made a request to RBI to focus on the following:
  - (i) Convergence – bring together all the services of Government and banks in the village panchayats
  - (ii) Real financial inclusion means – opening the account, activating the dormant accounts and creating awareness on financial literacy.
- Regarding recovery of SGSY and SJSRY loans, he assured all assistance from the Local Self Government Department. He suggested discussing the matter with the Department officials to evolve concrete strategies that could be worked out to speed up the process.

Before concluding, Sri. Vijayanand once again offered full co-operation and co-ordination to the banking sector of the state for sorting out the various issues.

**Sri. S. Ramaswamy**, Regional Director, Reserve Bank of India observed that the Chairman of the meeting had made a broad overview of the total banking developments in the State.

Referring to convergence of development services and the process of financial inclusion, he informed that out reach programmes organised by RBI was basically focussed on these two aspects. It was successful only on account of the support extended by banks, SLBC Government Departments and the public at large. He stressed that only with the co-ordinated focus and involvement of all the agencies working for the development of services, good progress is possible - both in the banking and economic development. He reminded that Kerala State had achieved 100% financial inclusion in the first phase two years back. RBI in its second phase has given more focus in ensuring that the inoperative accounts were made operative so as to provide benefits/facilities/services available with banks in full measure, which would really contribute for the social & economic development of the various regions. In this context, he pointed out that Financial Literacy was extremely relevant and hence financial literacy efforts should be done as part of the financial inclusion programme.

He expressed gratitude for the active functioning of SLBC in a co-ordinated and smooth manner. He then complimented SLBC Convenor for the contribution towards focussed and pro-active approaches in bringing together banking fraternity and in ensuring effective co-ordination between banks and Government Departments which resulted in bringing the fruits of development to the people.

Apart from SLBC the following fora were also focusing specific issues and developmental aspects.

- (i) Empowered Committee on RRBs
- (ii) Empowered Committee on SME
- (iii) RBI-NABARD co-ordination forum

Sri. Ramaswamy informed that outreach programmes were organised by RBI on an all India basis and it received wide coverage in the print and electronic media. It was successful with the support of everyone including Government officials, bankers, electoral representatives etc. In Kerala outreach programmes were conducted in 11 villages and the programme envisaged identification of these villages as model villages in terms of availability of banking facilities and services through variety of channels such as bank branches, satellite branches, mobile banking services, BCs cum bio-metric card model using ICT based financial services. The adoption and implementation of ICT based solutions were given lot of focus to maximise the outreach of banking facilities at the doorsteps of the public. He added that all the programmes were well attended and graced by the presence of Hon. MPs, MLAs, Speaker, Government officials, bankers, local people, SHG members, school children, panchayat authorities and other opinion makers. The Executive Director of RBI attended one of the programmes. Schedule of the programme included presentation and interactions on role of RBI and banks, facilities and services provided by the banks for the benefit of the public etc. Stalls were put up by RBI, participating banks and SHG members through which lot of interaction between banks and public was made. RRBs have played a pro-active role in making the programme successful. Lead Banks and RRBs have assured full coverage for providing banking services in the selected villages. Kerala State was well banked in terms of population per branch and not having unbanked blocks or large un banked areas and wherever if any gaps are found, the same would be filled up through financial inclusion, financial literacy and credit counselling measures etc. It is equally important to ensure that accounts opened are operated properly.

As part of the Financial Literacy programme to the school children, RBI officials had visited many schools across the State and interacted with the children and teachers. He added that the enthusiasm shown by children towards banking was excellent and the same would be really good for the future of the State.

Sri. Ramaswamy then pointed out a few specific issues taken forward by RBI.

- (i) RBI has advised all banks to submit financial inclusion plan. All the Kerala based banks have to submit the plan to RBI Central Office well in time

- (ii) All the SLBC Convenors have been asked to prepare a road map on providing banking services to unbanked villages with population of more than 2000. He expressed confidence that SLBC Convenor would have prepared the road map which would be forwarded to RBI.
- (iii) Recommendations of the Working Group on Business Correspondents (BCs) have been accepted by RBI. All the banks including RRBs have been asked to implement action points. One of the main recommendations was to ensure the viability of the BC model and permission was given to banks for collecting reasonable service charges from the customers in a transparent manner under Board approved policy.

Before concluding he highlighted some issues related to Customer service.

- (i) From 01.04.2010, the interest on SB accounts was to be calculated on daily product basis. RBI had initiated steps to improve the quality of currency note in circulation. All commercial banks have been advised to install cash processing centres to check and process the notes of denomination in 100 and above through machine for authenticity.
- (ii) In MSME sector, the working group on CGTMSE had submitted a report and one of the most important recommendations was to increase mandatory limit for collateral free loans to MSME sector from Rs. 5 lakhs to Rs. 10 lakhs. Guarantee fee for collateral free loans up to Rs. 10 lakhs to MSME to be borne by the CGTMSE Trust.
- (iii) RBI had advised all the Lead Banks and SLBC for implementation of action points emanating from the report on the high level committee to review the Lead Bank Scheme. SLBC Convenor at State level and LDMs at the District level.
- (iv) Need for enhancement of security with regard to RRB bank branches. This was an area of concern to RBI and NABARD. He requested sponsoring banks and State Government for extending all necessary supports to the RRBs for enhancing their security measures so that the confidence of the public is not affected.

**Sri. K. C. Shashidhar**, Chief General Manager, NABARD in his address touched upon the developments and promotional functions which have been assigned to NABARD by the Government of India.:

- During the financial year 2009-2010, a lot of satisfaction was there in achieving various milestones in the field of development banking.
- ADWDRS Scheme could be successfully implemented and more than 11 lakhs farmers in the State were covered involving an amount of around Rs. 2400 crores. All the money that had been transferred from Government of India for various developmental activities had in turn been passed on to the banking sector for meeting the requirements at the grass root.
- Financial Inclusion, Financial Literacy, Credit Counselling Centre and opening of RSETIs were the positive aspects of the work done by banks.

He then highlighted a few priority areas that banks need to take up as part of their strategy.

- (i) Mitigating the agrarian distress and ensuring Food security

Under the Prime Minister's package for the agrarian distressed districts viz. Wayanad, Palakkad and Kasaragod, holistic livelihood developments programmes were taken up in more than 91000 ha for small and marginal farmers. He revealed that NABARD had committed more than Rs.50 crores for the project along with the commitment of the State Government.

(ii) Tribal development in the State

One of the tribal development projects for the benefit of the primitive tribal in Wayanad and Idukki districts has been sanctioned by NABARD involving an amount of Rs. 3 to Rs. 5 crores. For the tribal development, Government of Kerala has taken up the task of developing the Aralam farm in Kannur District and NABARD is assigned with the task of drawing up the road map for integrating the tribal development both in the economic and social aspect. He urged the banks to play a supplementary role to enhance credit flow to the tribals in the State.

(iii) Up scaling the SHGs and JLGs

As regards up scaling SHGs, he informed that the banking sector had responded positively. This has been done by conducting more than 100 training programmes to various NGOs in micro enterprises development. NABARD had actively supported the RSETIs in conducting training programmes. NABARD had formed 100 JLGs in various districts of the State and found that the JLGs set up could virtually become a model for the entire country. Apart from the involvement of banks, NGOs are also actively engaged in the field of agriculture and rural development in the up scaling process.

(iv) Enhancing assistance for infrastructure development in the State

One of the important aspects in rural development was creating adequate marketing infrastructure for a product produced by rural people. On a pilot basis NABARD had extended refinance to RRBs as well as to NGOs to set up 30 rural marts across the State. These rural marts could be the platform to the SHGs, JLGs and micro enterprises to showcase and sell their products. He added that NABARD has provided support to these groups in selling their products in various parts of the country viz. Delhi, Mumbai, Kolkata and Chennai

The other positive development that took place in the banking sector was to free villages from the clutches of money lenders. In this context, certain banks have taken a lead role in consultation with NABARD.

Commenting on the establishment of Credit Counselling Centres, he informed that the first Credit Counselling Centre in the Co-operative sector had been set up by the Kozhikkode District Co-operative Bank which evoked enormous response from the people. This was an attempt made by NABARD in bringing Co-operative bank also under the fold.

Referring to the rural infrastructure, Sri Sashidhar informed that during the year till date NABARD had released Rs. 380 crores to the Government of Kerala for undertaking various diversified infrastructure projects including hospitals, IT parks, roads, bridges, irrigation projects etc. There has been a quantum jump of 85 % compared to previous year and NABARD had given much importance in developing the rural infrastructure in the State.

Sri Sashidhar highlighted the positive aspects connected with the launch of the State focus paper a couple of months back in the presence of Hon. Finance Minister of the State, Chief Secretary, Officials from RBI, Banks, Research institutions, NGOs etc. He suggested that Banks may make use of the State Focus Paper for tapping the full potential in the State. NABARD has projected a credit potential plan for priority sector in the State to the tune of Rs. 50,121 crores. He urged SLBC to make extensive use of the document and launch the Annual Credit Plan for 2010-2011 at the earliest.

Referring to the segment wise achievement of targets Sri Sashidhar urged upon banks to focus more towards lending to irrigation sector, dairy development, poultry sector and fishery sector which are the high potential sectors in the State.

In the matter of issuing KCCS Sri. Shashidhar referred to the Budget speech of Hon. Finance Minister of the State wherein he had indicated that KCCs shall be issued to all the eligible farmers in the State. As against the operational land holding of around 66 lakhs in the State, only about 13 lakh KCCs were issued. Agricultural Production Commissioner had expressed desire to form a committee consisting of the State Government, NABARD and SLBC to draw a road map for meeting the promise made by the Hon. Finance Minister in the Budget. He urged upon SLBC to take further necessary action in this regard.

In his concluding remarks, Sri Sashidhar noted that there is a pro-active Government and a pro-active banking system in the State. With the co-operation of State Government Departments and banking system, there was more scope for further integrating the State Government plans and banking projects under organic farming, dairy development, fisheries development etc. He stressed upon the fact that SLBC shall give more emphasis for better co-ordination in reaching greater heights.

**Sri. Teeka Ram Meena IAS**, Secretary to Government, Planning & Economic Affairs Department in his opening remarks expressed sincere appreciation for the excellent co-operation and the relationship maintained by the banking community with all the Departments of the State Government for implementing various economic development programmes. He added that the level of complaints had come down in view of the improved co-ordination between the State Government and banks.

He informed that as per the decision of the previous SLBC, a sub-committee of SLBC was constituted consisting of senior secretaries and banks official for sorting out long pending issues pertaining to various Government departments. The Sub-Committee met on 27.03.2010 under the chairmanship of Dr. P. Prabhakaran IAS, Additional Chief Secretary, Finance Department, Government of Kerala and the meeting was very constructive and positive wherein many of the issues were discussed. He hoped that the committee would be

able to meet and resolve most of the issues in future. Regarding the issue of guarantees invoked by the State Government to PSUs, he informed that the Industry Department had taken a series of measures for settling these issues - to either review/restructure them or close them.

He informed that the State Government had come out with very ambitious State plan for Rs. 10,000 crores for the financial year 2010-2011. Hon. Chief Minister of Kerala would be discussing the Action Plan with the Deputy Chairman, Planning Commission shortly for getting their approval. He requested all banks to associate with the concerned departments in implementing innovative schemes and programmes during the next year.

Sri. Meena further informed that as per the figures in the economic review drawn by the State Planning Board, the economy of the State had done well in the current financial year. Kerala State had registered 6.98 % economic growth rate which was 2% more than that of the national economic growth rate. He hoped that for the next financial year the growth rate would be increased to 7.5 % or 8 %. He added that the economic growth target under 11<sup>th</sup> Plan has been recently revised and fixed at 8.2 %.

He noted that many innovative schemes and programmes were launched by the banking sector in the State like financial inclusion, financial literacy etc. RBI had recently conducted successful outreach programmes and RBI Governor has come out with brilliant idea of Financial Literacy which would all be useful for the students at the school level itself. Moreover, financial literacy programmes would be useful for the poorer sections of the society for getting awareness regarding bank loans and other details.

Referring to revenue recovery he clarified that the process was going on manually till recently and that some of the Districts Collectors took a decision to replace the manual system to online RR system. He informed that the on line RR system was implemented in Malappuram and Palakkad districts. He added that during the meeting held in Alappuzha with District Collector and banks, a query was raised regarding the resource mobilisation for purchasing hardware. He requested SLBC to issue necessary instruction in this regard and stated that the project should take off in the district with the coordination of the officials of the banks at the district level with the involvement of District Collector, Revenue Department and IT Department. The on line RR mechanism could be implemented as part of the national e-governance initiatives.

The State Government had recently launched various schemes related to the Dairy and Animal Husbandry Departments due to shortage of milk in the State. He requested banks to extend finance liberally to the programmes being implemented by the Dairy and Animal Husbandry Department.

Sri. Meena informed that since the Assembly Session was going on, the Hon. Chief Minister of the State and Chief Secretary was not able to participate in the SLBC meeting. He expressed hope that they might join the forum in its next meeting.

He thanked the Chief General Manager, NABARD for extending support to Planning Board and Government Departments during the year. He said that the attitude of the Chief

General Manager, NABARD towards the weaker sections of the society was very positive and NABARD had taken pro-active steps and had prepared projects for tribal people.

In conclusion, Sri. Meena informed that complaints related to Education Loans received in the Office of the Chief Minister is directly being referred to concerned banks and requested banks to consider the genuine cases sympathetically.

**Sri. A. K. Jagannathan**, Managing Director, State Bank of Travancore observed that the Chairman of the meeting had precisely narrated the developments made by banks in Kerala up to the quarter ended December and also touched upon the concerns for the next year 2010-2011. He then shared his thoughts on the occasion:

- In Kerala RSETIs have been set up in all the 14 districts and the infrastructure is used for imparting skill development particularly for under educated people. RSETIs can be developed as the back bone for skill development by which India can become the skill capital of the world. He suggested that RSETIs should grow from the status as a localised training centre for the people in the district, to centres which bring in special foreign collaboration with foreign departments for skill development, with the support of the Government. He suggested that RSETI should not be used for conducting routine programmes and was hopeful to bring the skilled trainers from outside the State in specific areas. He added that RSETI Director can play an important role in this regard.
- He observed that RBI had done a wonderful job in the outreach programmes with the support of bank representatives, field officers and LDMs. Financial inclusion plan has to be taken forward with micro insurance for SHGs. In the years to come, banks have to take accident insurance for the poor people and some of the banks have already introduced the scheme. Banks can take forward micro insurance, life insurance and accident insurance for the financial benefits of the poor.
- Regarding Financial Literacy, he informed that SBT had provided booklets on the same while inaugurating the RSETI in Alappuzha District. The material prepared by RBI on financial literacy was taught to the poor people in the training centre. He made a suggestion that FLCCs can be attached with RSETIs. All banks may prepare such materials and exchange to others so as to make use of the best for the State. He suggested that success story of any RSETI can be flagged in the meeting with the permission of the chair.
- Regarding inclusion of Export Credit to SSI, agriculture under priority, though SLBC has decided to drop the issue, the final clarification is not received.
- Quoting the example of Energy parks in Bangalore he suggested that SLBC, Government authorities, Banks, NABARD could look at private- public partnership for setting up energy parks in Kerala which would be useful for the green banking, sustainable development and good education for the younger generation.

**Smt. Sarada Muraleedharan, IAS**, Executive Director, Kudumbashree in her address stated that Kudumbashree is in the verge of historic achievement. As against the annual financial target of Rs. 30 crores, Kudumbashree had touched Rs. 95 crores.

About 1.15 lakh NHGs under Kudumbashree were credit linked amounting to Rs. 913.35 crores. She added that about 60% of the entire SHGs have been linked with the banks.

She informed that Micro enterprises figure has gone up to Rs. 415 crores during 2009-2010 which reflects in the CDS action plan. The demand which was being generated actually got converted into 1400 general orientation training programmes in which 1.8 lakh people participated. Out of this only less than 20,000 people have been brought into enterprises level by Kudumbashree so as to ensure that only viable enterprises are identified.

Smt. Sarada Muraleedharan, IAS, Executive Director, Kudumbashree highlighted that they were able to achieve the highest ever enterprise linkages during financial year with the co-operation of banking institutions. She added that Banks have extended very good co-operation in pushing credit especially in the last 2 months.

Regarding the interest subsidy scheme for Kudumbashree NHGs, she expressed gratitude and informed that eight banks have already indicated their willingness to participate in the scheme and had taken initial steps. State Bank of Travancore, Canara Bank, Federal Bank Ltd, Indian Overseas Bank, Dhanalaxmi Bank Ltd, Central Bank of India, SMGB and NMGB. Once the agreement was cleared, Kudumbashree would be in a position to carry forward the programme.

Referring to the agenda item regarding high percentage of NPAs under Bhavanashree loans, she informed that Government has decided to take over the liability of Bhavanashree loans for which a budgetary provision has already been made. The proclamation was awaited in this regard.

With regard to the interest subsidy scheme for housing to urban poor launched by Government of India, she informed that as per the desire of the Government of India, Kerala State would be the pioneer in implementing the scheme with the help of CDS system as well as the established linkage system with banks. She informed that they have opened account with Syndicate Bank and Syndicate Bank has taken action in this regard. The guidelines of the scheme would be brought to the notice of SLBC once it is cleared by the Government of Kerala.

Kudumbashree had actively brought out Business correspondents. Kudumbashree had discussed the matter with Federal Bank Ltd. and had expressed desired to associate with other banks also.

In the matter of financial inclusion, Smt. Sarada Muraleedharan, IAS, Executive Director, Kudumbashree informed that Kudumbashree was thinking of launching State wide discussions within the Kudumbashree network, on financial literacy issues, coinciding with the 12<sup>th</sup> Anniversary Celebration.

As part of the interest subsidy scheme, Kudumbashree had done lot of accounting campaigns within the system and brought NHG account at par and is expected to go into third phase of financial inclusion which would be meaningful to access credit. She hoped to bring the following things.

- (i) Dissemination of Kudumbashree programmes through wide network of 37 lakhs families (more than 50% of the State population).
- (ii) Consolidate information about various schemes of banks that would be beneficial to the poor. Individual banks schemes could be brought in a booklet in Malayalam which would be disseminated to entire NHG network.
- (iii) Regarding the financial management within the NHGs, she hoped that the enterprises grievances redressal mechanism would look at issues of loan and multiple membership management.
- (iv) Kudumbashree would be focussing on huge opportunities within the JLGs in the area of agriculture credit and animal husbandry.
- (v) She hoped that Kudumbashree would be able to bring large chunk of viable enterprises under dairy sector so as to improve high quality milk production.
- (vi) As part of this, digital MIS will become functional from May onwards through which Kudumbashree would be in a position to furnish genuine digitised repayment information system with respect to enterprises of NHG linkage.

She finally appreciated banks and expressed gratitude for the co-operation extended to them in pushing the enterprises in tune with the economic development of the State.

**Sri. Alkesh Kumar Sharma IAS**, Secretary, Industries (Investment Promotion) Department informed that MSME sector was the priority in the industrial sector and banks have been extending pro-active support for the industrial development in the State.

Regarding PMEGP scheme, he pointed out that the scheme is being monitored fairly well during the last two months of the fiscal and appreciated all the banks for the pro-active steps taken by them to ensure timely sanction, disbursement and claiming the margin money under the scheme. He expressed hope of achieving the target under the scheme during the year.

He informed that KSIDC had taken some mega projects during the year and was looking forward for logistic infrastructure and real estate developments. He requested all banks to support the projects by way of consortium participation so as to implement the projects within two years.

He pointed out that KSIDC was taking lead in implementing huge potential projects in the State including LNG terminal pipe line which would be commissioned in December 2010, Coach factory in Palakkad, BHEL plants, Kochi-Coimbatore industrial corridor announced in the budget etc. The Industries Department and KSIDC would be looking forward for the support, co-operation and partnership of banks in order to develop the MSME sector.

**Sri. J. K. Mehan**, Under Secretary, Ministry of Finance, Government of India in his short observation remarked that while comparing the SLBC mechanism all over the country, distinct difference could be found in the performance as well as deficiency, in a number of parameters:

- (1) The level of participation of the State Government in SLBC mechanism - This is really of great importance and this is evident from the tangible improvement in the

banking sector of a particular State as is evident in Kerala state. He expressed happiness in the proactive involvement of State Government in SLBC forum.

- (2) He observed that the CD Ratio in the State had improved significantly.
- (3) He made a request that the State Government and SLBC should work together for providing adequate credit to the State and ensure timely recovery of loans granted to priority sector, so that the both are benefited.

**Sri. B. S. Bhasin**, who had recently taken over as the Chief General Manager, State Bank of India informed that Kerala is a progressive State with highly literate people. Kerala Model Development is debated across the country. He pointed out that the development of the State is almost ranking equally to any developed countries in the world. Sri. Bhasin assured all support for making the State among the toppers in the country.

The House then proceeded with issues listed in the agenda items in seriatum. **Sri. N. R. Venkataramani**, General Manager, Canara Bank and Convenor, SLBC, Kerala presented the agenda items.

## **1. ADOPTION OF MINUTES**

The forum adopted the minutes of the 100<sup>th</sup> Meeting of SLBC, Kerala held on 21<sup>st</sup> December, 2009, which was forwarded to the members vide Convener's letter TLB/35/122/2010/RP dated 25.01.2010 with the following amendment.

The 100<sup>th</sup> SLBC meeting suggested that instead of inclusion in SLBC, South Indian Chamber of Commerce and Industry may be included as one of the members in the sub-committees of DIDC, DCC, DLRC, SLIIC, SME Empowered Committee and Export Promotion.

Vide Letter RPCD(T)No.LBS/1532/03.02.02/2009-10 dated 16.02.2010, RBI had advised to remove mention of SLIIC and SME Empowered Committee from the paragraph as these are committees of the RBI and SLBC have no say in them except for suggestions.

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

### **2.1. PENDING ISSUES**

#### **2.1.1. Purchase Loan for Agriculture purpose**

##### **2.1.1.1. Upward revision in credit limit**

**Sri. S. N. A. Jinnah**, General Manager, NABARD clarified that as per Master Circular No.NB.DPD(FS)/112/LPS/2005-06 dated 21.09.2005 on Scheme for financing farmers for purchase of land for agricultural purpose, no value caps have been prescribed by NABARD.

*In the light of the above clarification, the meeting decided to **drop** the item.*

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

**Sri. S. N. A. Jinnah**, General Manager, NABARD clarified that “NABARD norms to define the eligibility of small farmers for coverage under Agriculture Investment schemes has been evolved in an area specific manner, based on the pre-development net income of the farmers. The above acreage norms have been computed by translating income ceilings to acreage ceilings. The rationale behind the same is to ensure that the income stream from the investment activity generates surplus to enable the beneficiary to repay the loan. This is to guide the bankers for project lending purposes.

As per extant NABARD norms, farmers having 5 acres Rainfed area/2.5 Acres Irrigated area are classified as small farmers”.

*In the light of the above clarification, the meeting decided to **drop** the item.*

### **2.1.2. Infrastructure bottlenecks**

The meeting noted that Revenue Department, Government of Kerala had given internal instruction for affecting mutation. If any such problems occurred, LDMs of Kollam and Pathanamthitta have to take up the matter with their respective District Revenue authorities for necessary action.

*In view of the above, the meeting decided to **drop** the item.*

### **2.1.3. Increasing the quantum of agricultural loans to Dairy farmers**

**Sri. K. G. Dinachandran**, Assistant Director, Dairy Development Department handed over the draft scheme guidelines to SLBC and requested the forum for consideration.

The meeting took a decision that the draft scheme details would be placed in the Sub-Committee and after finalisation it would be placed in the next SLBC for adoption.

*[Action: Department of Dairy Development / SLBC]*

### **2.1.4. Cattle Insurance**

Regarding PTD coverage, representative of **National Insurance Co. Ltd.** informed that Insurance Companies are already covering PTD in cattle insurance and charging additional premium for that. Regarding uniform rate, he informed that the matter would be decided by all the insurance companies at regional level and inform the same in the next SLBC meeting.

The meeting requested Insurance Companies to expedite the process of including PTD clause under master policy.

*[Action: Insurance Companies]*

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

Since there was no progress and information on the schemes implemented under the agenda item, *the meeting decided to drop the item.*

### **2.1.6. Inclusion of all perennial horticulture crops under the NAIS**

The representative from AICIL was not present in the meeting. **Sri. R. Ajith Kumar**, Additional Director of Agriculture, Government of Kerala informed in the meeting that under NAIS only coconut was included. Government had approved the programme and implemented on a pilot basis in Trivandrum, Ernakulam, Alappuzha and Kozhikkode districts. If found successful, the programme would be implemented in the entire State during the next year. For other crops there was no scheme. He added that earlier six crops were included under NAIS, but under horticulture crop only coconut was included and approved.

The meeting requested the Department of Agriculture to examine the matter of including other crops also under NAIS. The forum also requested to bring the matter to the information of AICIL.

*[Action: Department of Agriculture / AICIL]*

### **2.1.7. Legislation for Lease Land Farming**

Responding to the issue, **Sri. R. Ajith Kumar**, Additional Director of Agriculture, Government of Kerala informed that so far Government had not taken any decision for the legislation since Kerala Land Reforms (KLR) Act was already in force and it would be difficult to get a policy decision.

**Sri. Itty Thomas**, Assistant General Manager, Syndicate Bank stated that banks were financing to JLGs and others. Since many agricultural activities would be taken on lease land, Government had to take a policy decision in this regard.

**Smt. Sarada Muraleedharan IAS**, Executive Director, Kudumbashree opined that due to historic reasons, it is difficult to get a decision and that we may have to think about alternatives for financing to lease lands.

**Sri. Teeka Ram Meena IAS**, Secretary, Planning & Economic Affairs Department, Government of Kerala informed that he had written a D.O. letter to Agricultural Production Commissioner in this regard during the last month and awaiting the reply. He hoped that official communication in this regard would be placed in the next SLBC meeting so as to sort out the matter.

*[Action: Department of Planning/Agriculture]*

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

The meeting noted that the Director of Fisheries, vide letter No.G1-15514/08 dated 30.12.2009, it was informed that the Government of Kerala have decided to permit and give a chance to all fishing vessels operating along the Kerala Cost since 2007 to obtain Registration/License from the Department of Fisheries as per the Government Order G.O(Rt) No.318/07/F & PD dated 16.11.2009. In anticipation of Government sanction the Fisheries Department was extended the time limit up to 31.12.2009 for achieving 100% registration. The Government of India decided to grant uniform registration of fishing vessels in all Coastal States. The matter was already conveyed to the Controlling Offices of all banks.

*In view of the above clarification, the meeting decided to **drop** the item.*

### **2.1.9. Purchase and development of abandoned estate**

**Sri. R. K. Moria**, Deputy General Manager, RBI informed that scheme details were not received. Moreover, regarding abandoned estate, he informed that estate related clarification has already issued by RBI on March 2009 and June 2009 stating that these estates purchased by other than small and marginal farmers would not qualify for priority sector under agriculture. He added that RBI had issued master circular on priority sector lending dated 1<sup>st</sup> July, 2009 and banks may be guided by the master circular.

*In view of the above clarification, the meeting decided to **drop** the item.*

### **2.1.10. Clarification on Classification of Export Credit**

The meeting noted that RBI had already issued clarification in this regard.

**Sri. N. Narasa Reddy**, General Manager, Canara Bank informed that RBI had clarified that all types of credit (including export credit) granted by banks (including domestic scheduled commercial banks) to micro and small enterprises (manufacturing and services) are eligible for classification under priority sector, provided such enterprises satisfy the definition of micro and small enterprises as stipulated vide RBI Master Circular dated July 1, 2009 on Lending to Priority Sector.

RBI vide their Circular dated April 9, 2010 had stated that “some commercial banks have sought clarification in respect of classification of loans granted to micro and small enterprises engaged in exports, under priority sector. The issue has been examined and it is clarified that loans granted by commercial banks to micro and small enterprises (MSE) (manufacturing and services) are eligible for classification under priority sector, provided such enterprises satisfy the definitions of MSE sector as contained in MSMED Act, 2006, irrespective of whether the borrowing entity is engaged in export of otherwise”.

Moreover, “the export credit granted to MSEs may be reported separately under heading Export Credit to Micro and Small Enterprises Sector”.

*In view of the above, the meeting decided to **drop** the item.*

## **2.2. FRESH ISSUES**

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

#### **2.2.1.1. Ground Level Credit Flow 2008-09 – Need for sectoral balance**

**Sri. S. N. A. Jinnah**, General Manager, NABARD informed that although the ACP target was overachieved during 2008-09, some potential areas like Minor Irrigation, Dairy Development, Fisheries sectors, the achievement was less than 40% against the ACP target. In view of the low level of achievement viz-a-viz target, he made an appeal to all banks to ensure channelising credit to the above potential sectors under credit plans and also ensure achievement of the allocated plan targets. He added that the details would be available in the PLPs of NABARD.

*SLBC had subsequently vide letter No. SLBC 35 677 2010 RP dated 28.04.2010 written to Controlling Offices of banks in this regard.*

*[Action: Banks]*

#### **2.2.1.2. Widening and deepening the spread of Kisan Credit Card (KCC)**

**Sri. K. C. Shashidhar**, Chief General Manger, NABARD informed that Hon. Finance Minister of the State had given high priority for KCCs in his budget speech and wanted to draw a road map and a committee be formed with Agricultural Production Commissioner, Government of Kerala, NABARD and SLBC as its members.

**Sri. N. R. Venkataramani**, General Manager, Canara Bank & Convenor SLBC said that a sub-committee may be constituted to take up the matter further.

*[Action: SLBC]*

### **2.2.2. Agenda items suggested by Animal Husbandry Department**

#### **2.2.2.1. Food Security Project to be implemented in 14 districts of Kerala State**

The meeting noted that the project had approved in the 100<sup>th</sup> SLBC meeting and noted the guidelines for implementation.

*[Action: Banks]*

#### **2.2.2.2. Integrated Livestock Development Project 2009 to be implemented in Pathanamthitta, Palakkad and Thrissur Districts**

The meeting noted that the project had approved in the 100<sup>th</sup> SLBC meeting and noted the guidelines for implementation.

*[Action: Banks]*

### **2.2.2.3. Induction of Cows in Kuttanad – Informatory Note**

The meeting noted the project details and adopted for implementation in the State of Kerala.

*[Action: Banks]*

### **2.2.3. Scheme for financing Private Milch Cattle Breeders (Suggested by State Bank of India)**

**Sri. N. Narasa Reddy**, General Manager, Canara Bank informed that Canara Bank had a scheme for financing the breeders to set up breeding farms which was a viable and economic scheme.

The meeting adopted the suggestion of SBI for implementation.

*[Action: Banks]*

### **2.2.4. Centrally Sponsored Scheme - Integrated Development of Small Ruminants and Rabbits - Information Note for SLBC members by NABARD**

**Sri. S. N. A. Jinnah**, General Manager, NABARD informed that the scheme meant for integrated development of small ruminants (sheep/goats) and rabbits in 24 states with a focus on 114 districts for small ruminants and 12 districts for rabbits (Idukki & Kannur districts for Sheep/ Goat rearing and Thiruvananthapuram & Ernakulam districts for Rabbit rearing activity in Kerala State. He requested the forum to adopt the scheme and bankers to finance for setting up of sheep, goat and rabbit rearing units in the respective identified districts.

The SLBC meeting adopted the scheme for implementation.

*[Action: Banks]*

### **2.2.5. Assistance for purchase of milking machine to progressive farmers – Note by Dairy Development Department - for information**

The meeting noted the contents of the informatory note.

### **2.2.6. Crisis in Coffee Sector – Informatory Note by Coffee Board**

The meeting noted the contents of the informatory note.

### **2.2.7. Note on Agribusiness Schemes implemented by SFAC – Informatory Note**

The meeting noted the contents of the informatory note.

### **2.2.8. Agenda item suggested by the Director, Groundwater Directorate**

The forum adopted the agenda items provided by the Director, Groundwater Directorate vide 2.2.8.1 & 2.2.8.2 in the agenda and background notes supplied by SLBC.

*[Action: All LDMS]*

### **2.2.9. Extension of the moratorium on fishermen loans for a further period of six months from 02.11.2009 [Tabled Item]**

The meeting noted that the Secretary, Fisheries & Ports (B) Department, Government of Kerala vide letter No.14154/B3/2009/F&PD dated 30.01.2010, informed that as per G.O.(MS) No.74/09/F & PD dated 13.11.2009, the period of moratorium on fishermen loans had been extended for a further period of six months from 02.11.2009.

The forum noted the Government Order and requested Controlling Offices of all Banks and LDMS to take note of the contents for information and necessary action.

*[Action: Banks]*

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

### **3.1. PENDING ISSUES**

#### **3.1.1. CGTMSE Coverage for loans granted to SHGs**

The meeting decided to pursue the matter with the Development Commissioner (MSME), New Delhi for getting CGTMSE coverage for loans granted to SHGs.

*[Action: SLBC]*

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

**Sri. R. K. Moria**, Deputy General Manager, RBI informed that so far RBI had not received any information from the Government of India in this regard. The forum hence decided to carry forward the item.

*[Action: Reserve Bank of India / SLBC]*

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

The Meeting noted that Special Monthly Meetings of SLBC, Kerala to review the progress in implementation of IBA package on MSME, Housing and Auto sectors have been regularly convened by SLBC. The data as at February was tabled for the information of the House.

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

The forum noted the performance report provided in the annexure to the Agenda and background notes.

## **3.2. FRESH ISSUES**

### **3.2.1. Agenda items suggested by Director of Industries & Commerce**

#### **3.2.1.1. Inordinate delay in processing and sanctioning of PMEGP and SSI loan applications**

The Chairman of the meeting **Sri. H. S. Upendra Kamath**, Executive Director of Canara Bank, requested Controlling offices of banks to issue necessary directions to process applications under PMEGP/SSI without delay.

*[Action: Banks]*

#### **3.2.1.2. Awareness on CGTMSE Scheme**

The meeting noted the contents for information. It was proposed that LDM's shall arrange to hold awareness programmes on CGTMSE scheme in their respective districts.

*[Action: LDMs/ Banks]*

#### **3.2.1.3. Sanctioning of Projects under Women Industries Scheme (WIS)**

The meeting noted the contents and requested all banks to speed up the process of sanctioning and disbursement of applications under the Women Industries Scheme without delay.

*[Action: Banks]*

#### **3.2.1.4. Review of assistance to Industrial units**

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

*[Action: Banks]*

### **3.2.2. State Level Monitoring Committee on PMEGP (Suggested by State Level Monitoring Committee on PMEGP through SLBC)**

The meeting noted that the suggestion put forth by the State Level Monitoring Committee that the system of forwarding applications in the erstwhile PMRY scheme may be made applicable for PMEGP also and that no restriction shall be imposed on banks participating in the scheme. The forum felt that the matter may be taken up with the appropriate authorities for modification in system as recommended by State Level Monitoring Committee.

*[Action: SLBC]*

### **3.2.3. Performance under PMEGP – Note by KVIC**

The meeting noted the contents placed for information.

Responding to the agenda item, **Sri. K. Mohanraju**, Director, KVIC informed that up to 25.03.2010, KVIC had settled around 1060 projects amounting to Rs. 21.76 crores registering an achievement of 102 % and released 119 % of Margin Money. KVIC had issued a Circular to nationalized banks permitting to utilize the money available in the accounts of DIC, KVIB and KVIC. He also suggested that margin money could be interchanged from one account to other so as to adjust against the margin money clam within them. In addition to this proposal has been submitted to KVIC Central Office for providing additional fund to the tune of Rs. 8 crores. He added that a proposal has been submitted to the Ministry of MSME for extension of time limit upto 30.04.2010 for utilization of margin money subsidy against the cases sanctioned under PMEGP upto 31.03.2010.

### **3.2.4. Information Note by the Directorate of Coir Development**

#### **3.2.4.1. Debt Relief Scheme**

The forum noted the details of Debt Relief Scheme kept as tabled item and adopted for implementation.

*[Action: Banks]*

#### **3.2.4.2. Scheme for establishing Defibering Mills**

The meeting noted the contents for information.

*[Action: Banks]*

#### **3.2.4.3. Husk procurement scheme**

The meeting noted the contents for information.

*[Action: Banks]*

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

### **4.1. PENDING ISSUES**

#### **4.1.1. Recasting LBR1, SAMIS codes and the Software**

The meeting noted that vide letter RPCD(T)No.LBS/1602/03.02.02/2009-10 dated 24.02.2010, RBI had advised to continue with the present system of reporting till further instructions.

*In view of the above, the meeting decided to **drop** the item.*

#### **4.1.2. Recording Bank Loans in the Ration Cards**

**Sri. Teeka Ram Meena IAS**, Secretary, Planning & Economic Affairs Department, Government of Kerala assured the forum to take up the matter with the concerned.

*[Action: Department of Planning/ Food & Civil Supplies]*

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

The meeting noted that SLBC had taken up the matter with the LDMs of Kollam, Pathanamthitta, Kottayam and Alappuzha districts, requesting to provide the required feedback so as to have a logical conclusion on the issue. *However no issues have since been reported, the meeting decided to drop the item.*

#### **4.1.4. Computerization of Land Records**

The representative of the Revenue Department was not present in the meeting to furnish the progress in this regard. The meeting decided to pursue the matter till logical conclusion.

*[Action: Department of Revenue]*

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

The meeting decided to pursue the matter with Taxes/Revenue Department as it is matter involving revenue for the State. It was suggested to include the matter for being dealt with in the Sub-Committee of SLBC.

The Chairman of the meeting **Sri. H. S. Upendra Kamath**, Executive Director of Canara Bank remarked that the matter may be carried forward as it is affecting the common man. The meeting concurred with this.

*[Action: Department of Taxes/ SLBC]*

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

The Chairman of the meeting **Sri. H. S. Upendra Kamath**, Executive Director of Canara Bank suggested that being a matter that attracts revenue for the State, the matter may be pursued with.

The meeting hence decided to pursue the matter with Planning/Registration Department and refer the same to the Sub-Committee of SLBC.

*[Action: Department of Planning/Registration / SLBC]*

#### **4.1.7. MN One Lakh Housing Reconstruction Scheme**

The meeting noted that the Secretary to Government, Housing (C) Department, Trivandrum vide letter No.2684/C1/2008/Hsg. dated 18.02.2010, informed that as per the minutes of the meeting held on 18.11.2009, the co-ordination committee of the Local Self Government Department has examined the above decisions and informed as follows.

“Financial assistance as Bank Loan may be made available to the beneficiaries of MN One Lakh Housing Reconstructing Scheme over and above the eligible subsidy through Ayalkootam (neighbourhood groups of Kudumbashree). But the suggestions that the money transactions are to be done through Local Self Government Institutions cannot be agreed to. The liability of loan or interest cannot be taken up by the Local Self Government Institutions”.

*In the light of the above clarification, the meeting decided to **drop** the issue.*

#### **4.1.8. Creation of a Central Registry titled National Mortgage Repository**

In the absence of the appropriate authority in the meeting, it was decided to take up the matter in the Sub-Committee of SLBC.

*[Action: Department of Revenue / SLBC]*

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

The meeting decided to pursue the matter with Taxes Department.

*[Action: Department of Taxes]*

#### **4.1.10. Guarantees issued by the State Government**

The decisions of the Sub-Committee Meeting held on 27.03.2010 at South Conference Hall, Government Secretariat, Trivandrum chaired by Dr. P. Prabhakaran IAS, Additional Chief Secretary, Finance Department, Government of Kerala was tabled in the meeting. As decided SLBC was authorized to collect the details of the position of accounts which are guaranteed by the Government of Kerala to the Secretary, Industries Department at least at Quarterly intervals.

The forum agreed to adopt the above system from the next quarter so that a meaningful follow up could be made.

The SLBC meeting adopted the decision of the Sub-Committee.

*[Action: SLBC]*

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

The meeting noted that responding to the letter from SLBC dated 04.11.2009, the Principal Secretary, Taxes (E) Department, 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.

The Chairman of the meeting **Sri. H. S. Upendra Kamath**, Executive Director of Canara Bank suggested that since the issue being one affecting all banks, requested the State Government to have a re-look on the issue. The forum hence decided to once again take up the matter with Taxes Department.

**Sri. Teeka Ram Meena IAS**, Secretary, Planning & Economic Affairs Department suggested to place the matter in the Sub-Committee of SLBC.

*[Action: SLBC]*

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

The meeting noted that the Principal Secretary, Taxes (C) Department, Government of Kerala, vide letter No.14496/C3/2008/TD dated 14.01.2010, informed that many tax evasion cases were finalized or proved from Bank transaction details of the individuals. This forms the crucial evidence in tax evasion cases. He reminded that the first and foremost public duty is helping to safeguard the revenue of the State and by providing the details the concerned are co-operating with the Central Govt. on Central taxes. It was also pointed out that no such objections are raised with regard to the Central Acts.

*In view of the clarification, the meeting decided to **drop** the item.*

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

**Sri. Teeka Ram Meena IAS**, Secretary, Planning & Economic Affairs Department, Government of Kerala suggested to invite the Principal Secretary, Revenue Department, Government of Kerala in the Sub-Committee Meeting of SLBC to sort out the issue and suggested including the same for the agenda to be discussed in the Sub-committee.

*[Action: SLBC]*

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

The subject agenda item was discussed in the Sub-committee Meeting held on 27.03.2010 at South Conference Hall, Government Secretariat, Trivandrum. Sri. A. K. Ramakrishnan, Inspector General, Registration Department, Government of Kerala informed that as per the recent amendment in the Finance Bill, surcharge duty would be abolished with effect from 01.04.2010. The issue may hence be treated as resolved.

In the light of the above clarification, the Sub-Committee decided to recommend to SLBC to drop the item from the list of pending issues.

*In view of the above clarification, the meeting decided to **drop** the item.*

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

The Sub-committee Meeting held on 27.03.2010 at South Conference Hall, Government Secretariat, Trivandrum noted that the Principal Secretary, Taxes (E) Department, Government of Kerala vide letter No.24898/E2/09/TD dated 07.12.2009, 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.

Sri. A. K. Ramakrishnan, 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.

Dr. P. Prabhakaran IAS, Additional Chief Secretary, Finance Department, Government of Kerala suggested SLBC Convenor to further examine the matter at SLBC level and if found necessary to take up the matter once again with the concerned Department.

In light of the above suggestion, the forum decided to once again take up the matter with Taxes Department for a favourable decision.

*[Action: Department of Taxes]*

#### **4.1.16.Notifying More Centres for Equitable Mortgage**

The Sub-committee Meeting held on 27.03.2010 at South Conference Hall, Government Secretariat, Trivandrum, Dr. P. Prabhakaran IAS, Additional Chief Secretary, Finance Department, Government of Kerala requested the IG, Registration Department to examine the matter.

Sri. A. K. Ramakrishnan, Inspector General, Registration Department, Government of Kerala informed that the issue would be placed before the Principal Secretary for a decision.

Dr. P. Prabhakaran IAS, Additional Chief Secretary, Finance Department, Government of Kerala requested SLBC Convenor to correspond with the Taxes/Registration Department for a final decision.

In light of the above decision, the meeting decided to carry forward the matter.

***[Action: Department of Taxes/Registration]***

#### **4.1.17. First Charge claimed by Sales Tax Department**

The meeting noted that during the Sub-committee Meeting held on 27.03.2010 at South Conference Hall, Government Secretariat, Trivandrum noted that the Principal Secretary, Taxes (C) Department, Government of Kerala, vide letter No.14496/C3/2008/TD dated 14.01.2010, informed that the constitutional validity of section 38 of the KGST Act has been upheld by the Hon. Supreme Court of India in the case – Central Bank of India Vs. State of Kerala and others (C.A 95/05). Hence the request could not be considered in the interests of revenue.

Dr. P. Prabhakaran IAS, Additional Chief Secretary, Finance Department, Government of Kerala quoted the above and said that Government would take efforts in other viable proposition of any fundamental reality. He also clarified that the dues to the government are of prime importance and suggested that Bank should find out alternative ways so that the dues to the banks are also ensured in the process if such attachments are brought in. As per the extant guidelines in force, the first charge would always be for recovery of Government dues only. In case any viable suggestions could be suggested by SLBC / Banks it could be examined.

In the light of the above clarification, the Sub-Committee decided to inform SLBC accordingly and to recommend for dropping the item from the list of pending issues of SLBC.

*In view of the above clarification, the meeting decided to **drop** the item.*

#### **4.1.18. Mutation of Land Records**

The meeting noted that SLBC had requested the Controlling Offices of banks operating in Kollam and Pathanamthitta districts, to take up individual cases with the Revenue Department so as to enable obtention of Encumbrance Certificate without delay in their respective Districts.

*In view of the above, the meeting decided to **drop** the item.*

#### **4.1.19. District-wise Credit Deposit Ratio in the State**

The meeting noted the District wise performance under CD Ratio and observed that necessary steps may be taken in Pathanamthitta district to improve the ratio from the current level.

#### **4.1.20. Review of Progress under Reverse Mortgage Loan Scheme of National Housing Bank – for information**

The meeting noted the contents of the informatory note.

#### **4.1.21. IT enabled Financial Inclusion**

Reviewing the progress under IT enabled Financial Inclusion, **Sri. S. Ramaswamy**, Regional Director, Reserve Bank of India observed that there was good progress in implementing the IT enabled Financial Inclusion in Idukki district but the progress in Kollam and Wayanad Districts is not upto the desired level. He requested the Lead Banks of the District viz. Indian Bank and Canara Bank to take necessary initiatives in their respective districts for implementing the IT based financial inclusion.

*[Action: LDM, Kollam/Wayanad]*

#### **4.1.22. Incentive Scheme for quicker adoption of electronic benefit transfer for government payments**

**Sri. Teeka Ram Meena IAS**, Secretary, Planning & Economic Affairs Department, Government of Kerala informed that the issue was related to Information Technology Department and which could be implemented only in consultation with Finance Department. In view of the above, he suggested taking up the matter to the Sub-Committee of SLBC.

*[Action: SLBC]*

#### **4.1.23. Rural Self Employment Training Institute (RSETI) – Informatory Note**

The meeting noted the progress in the implementation of the RSETIs that was tabled as informatory note.

#### **4.1.24. Earmarking of targets for 2009-10 under schemes of various Ministries/Departments included in the Prime Minister's New 15 Point Programme for the Welfare of Minorities**

The meeting requested Controlling Offices of all banks to advise the branches under their jurisdiction to take necessary action for achieving the sub target as suggested in the informatory note.

*[Action: Banks]*

#### **4.1.25.Expansion of banking network in the country – Opening of bank branches in under banked/un banked district/blocks – Follow up**

The data on the progress in providing banking facilities to unbanked area collected from the respective lead banks was tabled in the forum. The meeting reviewed the data on District wise/bank wise number of unbanked villages having population more than 2000 in Kerala and noted the same. It was decided to monitor the progress on an ongoing basis.

#### **4.1.26.Introduction of Computerisation in Revenue Recovery**

The Sub-committee Meeting held on 27.03.2010 at South Conference Hall, Government Secretariat, Trivandrum noted that the issue came up for discussion during the 100<sup>th</sup> Meeting of SLBC held on 21.12.2009 and this was only for information.

Representative of National Informatics Centre (NIC) informed that on line process of revenue recovery was established in Taluk Offices in Malappuram, and Palakkad Districts with the support of banks. He added that Software was ready and working in fine. It was informed that the online process for Revenue Recovery would be started in 9 districts of the State which would depend on the number of Taluk Offices and staff. He requested SLBC to give suitable direction to the Lead Bank Offices of other districts also to extend their support in establishing the process.

Convenor, SLBC assured to take up the matter with Lead Banks and to adopt a uniform process in the matter for implementation in all the Taluks / Districts on a cost sharing basis depending on the number of branches in the district.

In light of the above decision, the SLBC meeting decided to follow up the matter.

*[Action: SLBC]*

#### **4.1.27.Indira Awas Yojana – Top up loan from Banks under DRI Scheme**

**Sri. R. K. Moria**, Deputy General Manager, RBI informed that they have not received details of the scheme so far and requested SLBC to arrange for the same. He assured to look into the aspects on receipt of the same from SLBC.

*[Action : RBI/ SLBC]*

#### **4.1.28.Evaluation Studies report on Financial Inclusion**

The meeting noted the contents of the informatory note placed.

## **4.2. FRESH ISSUES**

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

#### **4.2.1.1. Financial Inclusion**

The meeting concurred with the views of the Steering Committee that the Government may examine the scope of including curriculum to promote financial education at the High School level and Education Department may initiate the process.

**Smt. Sarada Muraleedharan, IAS**, Executive Director, Kudumbashree informed that a programme for Balasabha could be arranged during the month of May 2010. 10 lakh children have been covered under Balasabha which could be utilized for improving the Financial Literacy levels. She added that some of the children were already maintaining bank accounts.

**Sri. Teeka Ram Meena IAS**, Secretary, Planning & Economic Affairs Department, Government of Kerala suggested to include the item in the Sub-Committee of SLBC since many issues are related to Finance Department.

*[Action: SLBC / Finance Department / Education Department]*

#### **4.2.1.2. High Level Committee to Review Lead Bank Scheme - Providing banking services in every village having population of over 2000 by March 2011**

As per the data consolidated from LDMs, 116 villages were identified from the 14 districts in the State. Since the data available was provisional, Convenor, SLBC requested all banks to update the latest data so as to enable consolidation of the same for submission to RBI.

The meeting concurred with the views of the Steering Committee. It was decided that the list provided shall be examined/scrutinised closely for further refinement. It suggested that district level committees identifying the area may cross check the centres identified with the District Collector before finalisation of the list. It was also suggested giving more focus to the tribal areas for providing banking facilities.

The meeting appealed to all banks to ensure the data integrity.

*[Action: Banks/ SLBC]*

#### **4.2.1.3. Non-Achievement of Target under Differential Rate of Interest (DRI) Scheme**

The meeting examined the suggestions given by the Steering Committee on the subject agenda which are as follows:

- (i) The income ceiling for eligibility norms for being included under DRI norms shall be enhanced
- (ii) The maximum limit of loans that could be granted under DRI scheme shall be enhanced to Rs. 50,000 in urban centres and Rs. 40,000 in rural areas.

- (iii) The stipulation that the second dose of financial assistance under DRI will not be permitted shall be re-examined and relaxation may be permitted duly taking into account the financial status of the family.
- (iv) DRI loans could be integrated with other schemes.
- (v) DRI scheme is an exclusive scheme and cannot be clubbed with Government sponsored schemes. This stipulation shall be re-examined.

The meeting decided to refer the matter in the Sub-Committee of SLBC consisting of State Bank of Travancore, State Bank of India, Canara Bank, Union Bank of India, Federal Bank and South Indian Bank and the report of sub-committee may be placed in the next SLBC meeting.

*[Action: SLBC]*

#### **4.2.2. Extending loan facilities for Rehabilitation of Gulf returnees** (Suggested by Secretary, NORKA Department, Government of Kerala)

The following suggestions of the Steering Committee of SLBC was noted by the forum.

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

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

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

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

*[Action: SLBC]*

#### **4.2.3. Education Loan - Sub-Committee Report of SLBC**

Responding to the recommendations of the sub-committee, **Sri. L. M. Ganesan**, Assistant General Manager, RBI clarified that as per RBI guidelines the bank branch nearest to the place of residence of the parents or the branch wherein the parent of the student is having an operative account shall extend the education loan. The Service Area concept methodology for considering the loan applications under Education Loan is contrary to the RBI guideline.

The meeting adopted the recommendations of the Sub-Committee for implementation and instructed to take up with appropriate authorities for formalisation of the recommendations.

*[Action: SLBC]*

#### **4.2.4. Financing MFIs for on lending** (Suggested by LDM, Thrissur/Alappuzha)

Responding to the issue, **Sri. L. M. Ganesan**, Assistant General Manager, RBI informed that since regulations are already in force, RBI had not issued any clear cut instructions regarding the rate of interest. As per RBI guideline, only reasonable interest rate is chargeable. He suggested that individual banks may take a decision in this regard. He further clarified that some banks are extending finance to MFIs at the same rate to which they are lending to SHGs directly.

**LDM, Thrissur** pointed out that MFIs were getting funds at 12 % to 13% interest rate and in turn are lending at 18% interest rate to SHGs. Moreover, MFIs were enjoying the longer repayment period with banks and at the same time they are fixing shorter repayment period to the actual beneficiaries. Thus MFIs were getting adequate internal funds which were utilised for lending at exorbitant interests which is the crux of the issue.

**Smt. Sarada Muraleedharan IAS**, Executive Director, Kudumbashree suggested that this aspect shall be examined and some restrictions are to be brought in, in light of the revelation by the LDM, Thrissur. She suggested that SLBC should debate on the issue and bring out a concrete suggestion in this regard to nullify the anomaly.

*[Action : RBI/ SLBC]*

#### **4.2.5. Extending relief measures to Tsunami displaced persons** (Suggested by LDM, Alappuzha)

The meeting decided to call for the bank-wise details and review the position in their respective districts.

*[Action: Lead Banks]*

#### **4.2.6. Stay being granted by Kerala Government by Revenue Department with regard to RR filed cases for recovery of dues involved in NPA loan accounts** (Suggested by Syndicate Bank)

Deliberating on the issue, **Sri. Itty Thomas**, Assistant General Manager, Syndicate Bank informed that the Bank was not against stay being granted in RR filed cases. However he requested that the Government has to look into the genuineness of the cases where stay is granted. He opined that there cannot be a general system of granting of stay that too with more number of instalments. Normally banks are forced to send RR claims only after exhausting all the steps. Even after that if the Government is again granting further time to

pay back in instalments, the money is not going to come back and it may happen only after 4 or 5 years. There has to be some reasonable time stipulation and suggested that the granting of stay has to be restricted, may be for a maximum of 6 months.

**Sri. Teeka Ram Meena IAS**, Secretary, Planning & Economic Affairs Department, Government of Kerala agreed with the opinion and stated that some times stay has to be granted on account of many reasons. He requested Syndicate Bank to provide some cases, which would be placed in the Sub-Committee meeting with Revenue Secretary for examining the matter.

*[Action : SLBC]*

#### **4.2.7. Stay against Revenue Recovery proceedings against Akshaya centres by Information Technology Department** (Suggested by LDM, Kollam)

The meeting decided to club the matter with item 4.2.6 and take up in the Sub-Committee of SLBC.

*[Action : SLBC]*

#### **4.2.8. High percentage of NPAs in cases financed under Bhavanashree loans of Kudumbashree** (Suggested by State Bank of India)

Referring to the issue, **Sri. Surendra Kumar**, Deputy General Manager, State Bank of India informed that the total NPAs in the case of both Kudumbashree and Bhavanashree loans has gone upto over Rs. 6 crores. Hence this matter was brought as an agenda item in the SLBC for immediate attention.

**Smt. Sarada Muraleedharan, IAS**, Executive Director, Kudumbashree clarified that unfortunately Bhavanashree loans were complicated because of bulk loan nature and assured to take necessary action in this regard. She further informed that the matter would be taken care of by the State Government for which a budgetary provision of Rs. 10 crores in the first instance is allotted by the Hon. Finance Minister for the payment in the defaulted cases. She also added that during the current year Kudumbashree would be able to come up with strategies for recovery under Bhavanashree loans as well as CDS bulk loans.

*[Action : Kudumbashree]*

#### **4.2.9. Rural Self Employment Training Institute (RSETI) – MoU with Government Department**

The draft of the MoU to be entered into by banks with the Government was placed as an agenda in the annexure provided along with the background papers. The forum noted the same. It was suggested that banks assign with the role of establishing RSETIs shall execute the MoU with the Government before transfer of land for the construction purpose.

*[Action: Banks]*

#### **4.2.10. Activity Group loans issues** (Suggested by Kudumbashree)

The meeting noted that the item was similar to the SMERA scheme which was approved by SLBC earlier and hence requested all banks to take note of the same.

**Smt. Sarada Muraleedharan, IAS**, Executive Director, Kudumbashree clarified that SMERA guidelines actually do not make a clear distinction between SHGs and activity groups. Kudumbashree would like to equate the activity groups with JLGs. The activity groups might have a mixture of SHGs rather than one sub sect of SHG. Kudumbashree had documented evidence on the basis of the studies which showed that activity groups actually performed as entrepreneurs than SHGs, because they come together on the basis of aptitude. She requested SLBC to consider this and necessary instructions may be passed on so as to enable these groups to approach and convince bank branches easily. She further added that the entire strategy of Kudumbashree would be based on activity groups rather than SHGs henceforth.

Representative of **Indian Overseas Bank** informed that primarily JLG was intended for the farm sector and if included in micro enterprise concept, the credit guarantee cover would not be available. He suggested to introduce a partnership concept for this.

The meeting took a decision to consider these activity groups on the same lines as that of JLGs. It also decided to adopt the scheme only after an in depth study by a Sub-committee duly collecting the details from Kudumbashree.

*[Action: Kudumbashree / SLBC]*

#### **4.2.11. Information Note by Reserve Bank of India**

##### **4.2.11.1. Report of the High Level Committee to Review Lead Bank Scheme- Implementation of the recommendations** – Information Note by RBI

The meeting noted the contents for information.

##### **4.2.11.2. Priority Sector Lending- Loans to Housing Finance Companies (HFCs)** – Information Note by RBI

The meeting noted the contents for information.

##### **4.2.12. Japan Fund For Poverty Reduction Project** – Note by Principal Secretary & Project Director, JFPR, Disaster Management, (TRP-Cell) Dept, Govt. of Kerala

The meeting noted the contents for information.

##### **4.2.13. Employment Scheme for Rehabilitation of Manual Scavengers** (Suggested by Reserve Bank of India) [**Tabled Item**]

The meeting noted that Kerala State was declared as scavenger free State, hence felt that there is no applicability for the scheme in Kerala context.

**4.2.14. Review of Interest Subsidy Scheme for Housing to Urban Poor [ISHUP]**  
(Suggested by National Housing Bank) [Tabled Item]

The representative of **National Housing Bank** informed that Interest Subsidy Scheme for Housing to Urban Poor was a Government of India scheme and requested SLBC to consider the scheme and review the progress. The forum noted the suggestion of the representative.

*[Action: Commissioner, Housing / Kudumbashree]*

**Other Matters**

Referring the data on FLCCs, **Sri. R. K. Moria**, Deputy General Manager, RBI observed that some discrepancy was there in the data and suggested drawing up the same with due diligence.

Since the data integrity was not comfortable, the forum decided to call for fresh details of FLCCs and present the same in the next SLBC on an on going basis.

*[Action : SLBC]*

**Sri. P. Ramasamy**, Assistant Director, National Commission for SC requested the forum to provide separate data on the SC/ST in the achievement of priority sector especially under Government sponsored scheme.

The forum decided to call for the data and furnish particulars as desired from the next SLBC.

*[Action : SLBC]*

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

The forum reviewed the performance under various sectors and suggested that if any observations were to be made, that could be made in the next SLBC meeting.

The 101<sup>st</sup> meeting of SLBC, Kerala concluded with the above deliberations,

**Sri. Gurunath Joshi**, Deputy General Manager, Canara Bank proposed vote of thanks.

## LIST OF PARTICIPANTS

### CHAIRMAN OF THE MEETING

**Sri. H. S. Upendra Kamath**

Executive Director, Canara Bank

### GOVERNMENT OF KERALA/DEVELOPMENTAL AGENCIES

- |                                  |  |
|----------------------------------|--|
| 1. Sri. S. M. Vijayanand, IAS    | Principal Secretary, Local Self Government Department  |
| 2. Sri. Teeka Ram Meena IAS      | Secretary, Planning & Economic Affairs Department      |
| 3. Smt. Sarada Muraleedharan IAS | Executive Director, Kudumbashree                       |
| 4. Sri. Alkesh Kumar Sharma, IAS | Secretary, Industries (Investment Promotion)           |
| 5. Sri. J. K. Mehan              | Under Secretary, Dept. of Financial Services, GoI      |
| 6. Sri. Joan Lopez               | Additional Secretary, Agriculture Department           |
| 7. Sri. S. Dinesh                | Addl. Development Commissioner, Rural Development      |
| 8. Sri. R. Ajith Kumar           | Additional Director, Agriculture Department            |
| 9. Dr. K. G. Suma                | Additional Director, Animal Husbandry Department       |
| 10. Sri. Sam C. Ittycheria       | Additional Director, Industries & Commerce             |
| 11. Sri. K. Mohanraju            | Director, KVIC   |
| 12. Sri. K. G. Dinachandran      | Assistant Director, Dairy Development                  |
| 13. Sri. Crimon Wester           | Joint Secretary, Higher Education Department           |
| 14. Sri. N. Sasidharan           | Joint Secretary, SC ST Development Department          |
| 15. Smt. C. R. Valsala           | Joint Secretary, Co-operation Department               |
| 16. Smt. Sailaja Devi K          | Deputy Secretary, Agriculture (Animal Husbandry) Dept. |
| 17. Sri. Padmanabhapillai S      | Under Secretary, Taxes Department                      |
| 18. Smt. G. Chandraleela         | Deputy Registrar of Co-operative Societies             |
| 19. Smt. H. Meena                | Deputy Registrar, Coir Development                     |
| 20. Sri. M. K. Rajendran         | Director, KVIB   |
| 21. Sri. P. Ramasamy             | Assistant Director, National Commission for SC         |
| 22. Dr. K. Prathapan             | Director, State Horticulture Mission                   |
| 23. Sri. Radhakrishnan V         | Assistant Director, KVIC                               |
| 24. Sri. R. Sundara Raman        | Senior Divisional Manager, National Insurance Co. Ltd. |
| 25. Sri. K. S. Anand Murthy      | Divisional Manager, Oriental Insurance                 |
| 26. Dr. R. Kanagaraj             | Senior Branch Manager, National Insurance Co. Ltd.     |
| 27. Sri. G. N. Somdeve           | Regional Manager, National Housing Bank                |
| 28. Sri. M. Krishna Dhas         | Nodal Officer (PMEGP), KVIC                            |
| 29. Sri. V. Chacko               | General Manager, KINFRA                                |
| 30. Sri. E. Erani                | General Manager, SIDCO                                 |
| 31. Smt. Daisy Xavier            | Manager, SIBDI   |
| 32. Sri. Sreenivasa Sarma        | Manager, KFC   |
| 33. Smt. Sabitha Narayan         | Project Officer, SFAC                                  |
| 34. Sri. Vipu Das                | Assistant Manager, New India Assurance Co. Ltd.        |
| 35. Sri. V. R. Vinod             | Assistant Director, MSME Development Institute         |

### RESERVE BANK OF INDIA

- |                       |                           |
|-----------------------|---------------------------|
| 1. Sri. S. Ramaswamy  | Regional Director         |
| 2. Sri. R. K. Moria   | Deputy General Manager    |
| 3. Sri. L. M. Ganesan | Assistant General Manager |
| 4. Sri. P. Ravindran  | Assistant General Manager |
| 5. Sri. D. Asainathan | Assistant General Manager |

## **NABARD**

- |                          |                           |
|--------------------------|---------------------------|
| 1. Sri. K. C. Shashidhar | Chief General Manager     |
| 2. Sri. S. N. A. Jinnah  | General Manager           |
| 3. Smt. Rohini Varma     | Assistant General Manager |

## **STATE BANK GROUP**

- |                             |                             |
|-----------------------------|-----------------------------|
| 1. Sri. A. K. Jagannathan   | Managing Director, SBT      |
| 2. Sri. B. S. Bahasin       | Chief General Manager, SBI  |
| 3. Sri. S. Balachandran     | Chief General Manager, SBT  |
| 4. Sri. A. K. Pradhan       | General Manager, SBT        |
| 5. Sri. Surendra Kumar      | Deputy General Manager, SBI |
| 6. Sri. N. Raghavendra      | Deputy General Manager, SBT |
| 7. Sri. B. M. Chandrakantha | Senior Manager, SBM         |
| 8. Sri. Seeju T.            | Assistant Manager, SBH      |

## **PUBLIC SECTOR BANKS**

- |                              |   |
|------------------------------|---|
| 1. Sri. N. Xavier Thomas     | Deputy General Manager, Indian Overseas Bank    |
| 2. Sri. R. Somanathan Niar   | Regional Manager, Central Bank of India         |
| 3. Sri. M. R. C. Murthy      | Zonal Manager, Bank of India                    |
| 4. Sri. T. S. Panicker       | Assistant General Manager, Punjab National Bank |
| 5. Sri. P. J. Jacob          | Assistant General Manager, Indian Bank          |
| 6. Sri. Itty Thomas          | Assistant General Manager, Syndicate Bank       |
| 7. Sri. Vidyod N.            | Assistant General Manager, IDBI Bank            |
| 8. Sri. R. Ezhilarasu        | Deputy Regional Manager, Dena Bank              |
| 9. Sri. G. S. Nair           | Chief Manager, Union Bank of India              |
| 10. Sri. V. Krishnan Nair    | Chief Manager, Corporation Bank                 |
| 11. Sri. K. P. Radhakrishnan | Chief Manager, Bank of Baroda                   |
| 12. Smt. S. Nalini           | Chief Manager, Vijaya Bank                      |
| 13. Sri. V. M. Sundareswaran | Chief Manager, Oriental Bank of Commerce        |
| 14. Sri. K. Jaikumar         | Chief Manager, Allahabad Bank                   |
| 15. Sri. P. Balasundaran     | Senior Manager, Indian Overseas Bank            |
| 16. Sri. Francis Borgia A    | Senior Manager, Syndicate Bank                  |
| 17. Sri. V. R. G. Nair       | Senior Manager, Bank of Maharashtra             |
| 18. Sri. Sebastian Thomas    | Senior Branch Manager, Andhra Bank              |
| 19. Sri. Narayana Naik       | Manager, Syndicate Bank                         |
| 20. Sri. C. Thulaseedharan   | Manager, UCO Bank                               |
| 21. Sri. N. S. Subramanian   | Deputy Chief Officer, Central Bank of India     |

## **CONVENOR BANK (CANARA BANK)**

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|-----------------------------|--|
| 1. Sri. N. R. Venkataramani | General Manager (Convener, SLBC, Kerala) |
| 2. Sri. N. Narasa Reddy     | General Manager, Canara Bank             |
| 3. Sri. Gurunath Joshi      | Deputy General Manager                   |
| 4. Sri. U. Arunkumar Nayak  | Deputy General Manager                   |
| 5. Sri. Anil Kumar P        | Divisional Manager                       |
| 6. Sri. K. Mohanan          | Manager                                  |
| 7. Sri. A.P.R.N. Swamy      | Manager                                  |

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|--------------------------|---------|
| 8. Sri. K. R. Arun Kumar | Manager |
| 9. Sri. Sumit Kumar      | Manager |
| 10. Sri. Neeraj Kumar    | Manager |
| 11. Sri. R. Padmanabhan  | Officer |

### **REGIONAL RURAL BANKS**

- |                           |                       |
|---------------------------|-----------------------|
| 1. Sri. G. Pandurangan    | Chairman, SMGB        |
| 2. Sri. V. Sriramaprakash | Chairman, NMGB        |
| 3. Sri. U. Ramesh Kumar   | General Manager, SMGB |
| 4. Sri. P. Aravindan      | Senior Manager, SMGB  |
| 5. Sri. Mukundan T        | Senior Manager, NMGB  |

### **PRIVATE SECTOR BANKS**

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|---------------------------|--|
| 1. Sri. K. I. Varghese    | Deputy General Manager, Federal Bank       |
| 2. Sri. John Thomas       | Deputy General Manager, South Indian Bank  |
| 3. Sri. P. Manikandan     | Deputy General Manager, Dhanalaxmi Bank    |
| 4. Sri. R. Kamalasekaran  | Deputy General Manager, Lakshmi Vilas Bank |
| 5. Sri. K. G. Ramesh Rao  | Deputy General Manager, Karnataka Bank     |
| 6. Sri. A. J. Joseph      | Zonal Manager, Catholic Syrian Bank        |
| 7. Sri. Hari Velloor      | Senior Vice President, HDFC Bank           |
| 8. Sri. Abey Abraham      | Regional Head, ICICI Bank                  |
| 9. Sri. T. T. Homas       | Chief Manager, HDFC Bank                   |
| 10. Sri. Ajith Kumar C. H | Senior Manager, Federal Bank               |
| 11. Sri. Ambi P. K        | Senior Manager, Karur Vysya Bank           |
| 12. Sri. K. Varadharajan  | Credit Relationship Manager, ICICI Bank    |
| 13. Smt. Arya Sudhakaran  | Regional Manager, ING Vysya Bank           |
| 14. Sri. N. Kandaswamy    | Senior Manager, City Union Bank            |

### **CO-OPERATIVE BANKS**

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|------------------------|--|
| 1. Smt. C. Jayalekshmi | Deputy General Manager, Kerala State Co-op. Bank |
| 2. Sri. S. Perumal     | ADM, KSCARD Bank                                 |

### **LEAD BANK OFFICES**

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|-------------------------------|---------------------------------------|
| 1. Sri. V. R. Muralidhar      | LDM, Indian Overseas Bank, Trivandrum |
| 2. Sri. M. Surendran Pillai   | LDM, Indian Bank, Kollam              |
| 3. Sri. S. Sudharman          | LDM, SBT, Pathanamthitta              |
| 4. Sri. R. Prabhakaran        | LDM, SBT, Kottayam                    |
| 5. Sri. V. Ramanathan         | LDM, Union Bank of India, Idukki      |
| 6. Sri. K. R. Jayaprakash     | LDM, Union Bank of India, Ernakulam   |
| 7. Sri. R. Rajagopalan        | LDM, Canara Bank, Thrissur            |
| 8. Sri. O. Raveendran         | LDM, Canara Bank, Palakkad            |
| 9. Sri. P. Unnikrishnan       | LDM, Canara Bank, Malappuram          |
| 10. Sri. J. R. Anilkumar      | LDM, Canara Bank, Kozhikode           |
| 11. Sri. K. Balan             | LDM, Canara Bank, Wayanad             |
| 12. Sri. V. S. Jayaram        | LDM, Syndicate Bank, Kannur           |
| 13. Sri. P. S. Rajamohan Nair | Chief Manager, SBT, HO                |