

102nd STATE LEVEL BANKERS' COMMITTEE (SLBC), KERALA
ADDITIONAL AGENDA & BACKGROUND NOTES

Date : 15.12.2010 (Wednesday)
Time : 10.30 am
Venue : Hotel Residency Tower,
Govt. Press Road. Trivandrum

1. ADDITIONAL AGENDA & BACKGROUND NOTES

2. PRIMARY SECTOR

2.2. PENDING ISSUES - DEVELOPMENTS

Coffee Debt Relief Package 2010

The matter came up for discussion in the State Level Review Meeting of SLBC, Kerala held on 16th & 17th September 2010 in Trivandrum and the forum adopted the scheme for implementation in our State.

Vide letter LHO/RBU/824 dated 02.11.2010, State Bank of India informed that *“a large number of loans which are awaiting relief under the package are NPAs. In view of the implementation of Coffee Debt Relief Package 2010, it will not be possible to continue with recovery measures in respect of these accounts. Therefore, it is requested that RBI may be approached for permission to treat these coffee loans as standard till such time that the Coffee Debt Relief Scheme 2010 is fully implemented”*.

2.3. INFORMATION NOTE

2.3.4. Revised Scheme Guidelines of National Horticulture Board (NHB) under “Development of Commercial Horticulture through Production and Post Harvest Management”

NHB had forwarded the latest Guidelines (July 2010) on Credit Linked back-ended capital investment subsidy Scheme Viz “Development of Commercial Horticulture through Production and Post Harvest Management” of Horticulture Crops. NHB had requested to place the same in the SLBC for information of Controlling Offices of all banks in the State. The scheme Guidelines are shown as **Annexure 10.54**.

The forum may adopt the scheme for implementation.

2.3.5. Centrally Sponsored Rural Backyard Poultry Scheme – Note by Directorate of Animal Husbandry

The Scheme details are shown as **Annexures 10.50**. The forum may adopt the scheme for implementation.

2.3.6. Cluster Farming for Women Self Help Groups – Note by Directorate of Animal Husbandry

The Scheme details are shown as **Annexures 10.51**. The forum may adopt the scheme for implementation.

Note by SLBC, Convenor

In every SLBC, various types of schemes were proposed by the Directorate of Animal Husbandry for approval. Once approved, the performance of the scheme is not reported to the SLBC. Hence, Directorate of Animal Husbandry need to ensure reporting the progress in the implementation of the scheme to SLBC in future.

3. SECONDARY SECTOR & GOVERNMENT SPONSORED SCHEMES

3.2. PENDING ISSUES - DEVELOPMENTS

3.2.1. CGTMSE Coverage for loans granted to SHGs

(Refer Pager No.15 of Agenda & Background notes of 102nd SLBC)

Vide letter CGTMSE/(65)/5115 dated 04.11.2010, addressed to the DGM, SIDBI, Kochi, the General Manager, Credit Guarantee Fund Trust for Micro and Small Enterprises, informed that *“as per extant guidelines, credit facility sanctioned to SHG is not eligible for coverage under Credit Guarantee Scheme of CGTMSE”*.

In the light of the above clarification, the forum may decide to drop the item from the list of pending issues of SLBC.

3.3. INFORMATION NOTE

3.3.5. “Saranya” - Self Employment Scheme implemented through National Employment Service

“Saranya”, a self employment scheme implemented through National Employment Service in the State of Kerala for registered unemployed widows, abandoned ladies by their husband, legally separated ladies, spinsters above 30 years, unwedded mothers of scheduled tribe community. The scheme has been permitted by the Government of Kerala vide G.O (P) No.31/2010/Labour dated. 24.07.2010. The scheme details are shown as **Annexure 10. 55**.

The forum may adopt the scheme for implementation.

3.3.6. Shortcomings noticed in general in the Margin Money Claims (PMEGP-KVIC)

KVIC had forwarded the details of shortcomings noticed in general in the Margin Money claims submitted by the financing branches to their Nodal Banks after releasing the financial assistance to the entrepreneurs for their PMEGP projects. If the Margin Money claims are not in order then it delays the process of releasing the Margin Money by KVIC and also issuing the Margin Money claim acknowledgement letters by KVIC/KVIB/DIC. Hence, Controlling Offices of all banks to make further necessary arrangements to ensure that the financing branches are submitting the Margin Money claims in order without any defects as pointed out in the list which is shown as **Annexure 10.52.**

4. TERTIARY SECTOR & OTHER MATTERS

4.1. FRESH ISSUES

4.1.6. Agenda item suggested by the Principal Secretary, SC & ST Dev. (A) Department, Government of Kerala

“Usually the subsidy amount sanctioned by the Scheduled Castes Development Department for Self Employment Scheme for unemployed Scheduled Caste youths is being deducted from the loan amount. But certain banks have a practice to deposit the subsidy amount in a separate account and deduct only the interest from the instalments of the loan.

Department has requested SLBC to look into the matter and advice the member Banks to fix the instalments of repayment after deducting the subsidy amount sanctioned by the Scheduled Castes Development Department from the loan amount.”

4.2. PENDING ISSUES - DEVELOPMENTS

4.2.11. Notifying More Centres for Equitable Mortgage

(Refer Pager No.43 of Agenda & Background notes of 102nd SLBC)

Vide letter No.24903/E2/09/TD dated 15.11.2010, the Principal Secretary to Government, Taxes (E) Department, Thiruvananthapuram had forwarded a copy of the Government Order- G.O.(P) No. 252/2010/TD dated 2nd November, 2010 stating that ***“in exercise of the powers conferred by clause (f) of Section 58 of the Transfer of Property Act, 1882 (Central Act 4 of 1882), and in supersession of previous notifications on the subject, the Government of Kerala hereby specify all Corporations, Municipalities and Panchayats in the State of Kerala for the purpose of the said clause”***.

In the light of the above clarification, Banks may implement the same and circulate the decision among its branches. Also item may be dropped from the list of pending issues of SLBC.

*SLBC, vide letter SLBC 35 1715 2010 KRA dated 01.12.2010, informed the same to the Controlling Offices of all Banks and LDMs for information and action. The copy of the G.O. provided in the **Annexure 10.56.***

4.3. INFORMATION NOTE

4.3.7. Finance Minister's Meeting with Chief Ministers of South Zone States and Chief Executives of Public Sector Banks/FIs/NABARD/RBI/IBA held on 20th July, 2010 at Hyderabad

IBA had forwarded the minutes of the meeting of the Hon'ble Finance Minister with the Chief Ministers of South Zone States and Chief Executives of Public Sector Banks/FIs/NABARD/RBI/IBA held on 20th July, 2010 at Hyderabad for taking necessary action. The minutes of the meeting is shown in **Annexure 10.57.**

4.3.8. Bhavanashree loans of Kudumbashree – Government take over Proposal – Present Position - Note by Convenor, SLBC

- Bhavanashree is a housing loan scheme implemented in the State of Kerala under the leadership of Kudumbashree, the State Poverty Eradication Mission.
- As part of Government's policy for providing houses to all homeless poor in the State, Hon'ble Finance Minister in the Budget speech 2010-11 had declared that Government will take over Bhavanashree Loan.
- Accordingly a subcommittee was formulated by SLBC which met thrice for finalising the modalities of takeover proposal and the recommendations of subcommittee was taken to the Government for approval.
- Now Government has approved the same and came out with the Government order (G.O.(MS) No.211/2010/LSGD dated 13/09/2010). As per the G.O a tripartite agreement for between Government, Kudumbashree and Banks is to be executed to operationalise the scheme.
- SLBC convenor was entrusted the responsibility of preparing the draft tripartite agreement. The draft agreement prepared was circulated for approval by other Banks and parties involved in the agreement.
- Some of the member banks gave suggestions/ amendments on the draft agreement and SLBC is in the process of consolidating the amendments for finalising the agreement which would be placed in the sub committee meeting for approval of Banks
- The next sub committee meeting is expected to finalise the take over proposal for implementation by the Banks.

5. REVIEW OF PERFORMANCE AS AT SEPTEMBER 2010

Economic Stimulus Package 2008-2009 on MSME, Housing and Auto Sector – Review of the performance of PSU Banks under the Special Package implemented in Kerala State as at September 2010 (Refer Annexure 43)

- The branches of PSU Banks in Kerala sanctioned 113877 Fresh Working Capital Loans to MSME sector amounting to Rs. 638.13 Crores during the second quarter of the financial year 2010-11. The cumulative position of performance by banks in Kerala from December 2008 was 141941 fresh working capital loan accounts with an amount of Rs. 3466.75 Crores.
- Rs 288.06 Crores was distributed through 39052 existing loan accounts of MSME entrepreneurs as incremental working capital loans during the period July – Sept 2010. The cumulative figure under the incremental working capital loans sanctioned to MSME units stood at Rs. 2055.08 Crores in 62837 loan sanctions issued by PSU Banks in Kerala.
- During the second quarter of this Financial Year, PSU Banks in the State have restructured 179 loan accounts amounting to Rs. 44.82 crores under the package announced by IBA. The cumulative position under restructuring was 16804 loans with an amount of Rs. 578.89 crores.
- Up to September 2010, Public Sector Banks in the State had sanctioned 170 Genset loans under the Stimulus package with an amount of Rs. 1.88 crores.
- Housing sector had shown a better performance as at September 2010 as compared to its previous quarter's loan sanctions, especially in the larger spreads of loan limit. It was observed that 4640 Housing loans in the category of loans up to Rs. 5 lakhs per party with a total loan outlay of Rs.160.63 Crores were sanctioned by Public sector banks in the State during the period July – Sept 2010.
- In the categories of Housing loans above Rs. 5 lakhs but up to Rs. 20 lakhs and those above Rs. 20 lakhs, public sector banks in Kerala have sanctioned 5454 and 1442 loans with total outlays of Rs. 626.43 crores and Rs. 348.75 crores respectively during the second quarter ending September 2010. Cumulatively from the month of announcement of the Package i.e. December 2008 up to the end of September 2010, Public sector Banks have sanctioned 55167 housing loans with individual limit up to Rs. 5 lakhs and 48032 loans with limits above Rs. 5 lakhs but not exceeding Rs. 20 lakhs during the period.
- Under the Category of Housing loans above Rs. 20 lakhs, banks in Kerala had granted 10916 loans cumulatively till Sept 2010 quarter end from the date of

announcement of package. Over all, this is a satisfactory performance which justifies the commitment of banks in Kerala towards the crisis management package announced by the Government of India.

- 12059 auto sector loans were sanctioned by PSU Banks in Kerala during the second quarter ending September 2010 with a credit outlay of Rs.8271.36 crores whereas the cumulative figures reveal 87395 loans with a loan amount of Rs. 10581.41 Crores during the period from December 2008 to September 2010. The performance of banks during September 2010 quarter under auto sector under the stimulus package was satisfactory.

District-wise Credit Deposit Ratio in the State

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

District-wise C D Ratio in the State as on 30.09.2010

(Rs. in lakhs)

Sl. No.	District	Deposits	Advances	CD Ratio (%)
1	Trivandrum	2809001.00	1870023.00	66.57
2	Kollam	979452.03	632156.60	64.54
3	Pathanamthitta	1407774.13	586612.54	41.67
4	Alappuzha	1047385.57	622765.01	59.46
5	Kottayam	1366912.35	810594.03	59.30
6	Idukki	238747.09	303097.50	126.95
7	Ernakulam	3149406.00	3453833.00	109.67
8	Thrissur	2846275.00	1584141.00	55.66
9	Palakkad	1123295.43	856842.42	76.28
10	Malappuram	823710.00	570574.00	69.27
11	Kozhikkode	1135232.00	865454.00	76.24
12	Wayanad	133940.00	177775.00	132.73
13	Kannur	1145930.00	719952.00	62.83
14	Kasaragod	295273.00	352547.00	119.40
Total for State		18502333.60	13406367.10	72.46

In Kerala, Pathanamthitta was the only district having poor CD Ratio and the same was under constant monitoring by SLBC/DLRC. As a result, the CD ratio of the district has improved and it touched a level of **41.67 %** as at September 2010, just above the benchmark of 40%. LDM, Pathanamthitta should monitor the developments closely and review the same in DCC/DLRC meetings so as to improve from the current levels on an ongoing basis.

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

On a review of the performance, it was seen that as at September 2010, banks in Kerala sanctioned an amount of **Rs. 668.79 lakhs** (47 accounts) and the balance outstanding was **Rs. 2019.08 lakhs** (806 accounts). The review of performance under this crucial “Housing sector” has become a regular agenda item of SLBC, Kerala at the behest of National Housing Bank (NHB). Details are shown in **Annexure 10.31**.

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

Kerala has got a distinction of having the maximum number of units of MSME covered under the guarantee scheme of CGTMSE. On a review of the performance, it is seen that during the second quarter of the financial year banks in Kerala sanctioned an amount of **Rs. 104.41 crores** (3887 proposals) under CGTMSE coverage. Bank-wise analysis reveals that State Bank of Travancore has sanctioned the highest quantum of loans (**Rs. 24.50 crores**) followed by Indian Overseas Bank (**Rs. 12.25 crores**). District-wise analysis reveals that Ernakulam has sanctioned the highest quantum of loans (**Rs. 21.61 crores**) followed by Kottayam District (**Rs. 12.45 crores**). Bank-wise/district-wise details are shown as **Annexure 10.48 & 10.49**.

6. Review of Performance under Priority Sector Advances

6.1. Review of Priority Sector Advances (Disbursement) as at September 2010 - ACP 2010-11 achievements (Refer Annexures 10.11 & 10.12)

The performance of banks with reference to the Annual Credit Plan 2010-2011 as at September 2010 with Bank wise and District wise break up is furnished in the annexure. The abstract of the performance as at September 2010 under ACP 2010-2011 is as follows.

(Rs. in Crores)

Bank / Banking Group	Primary Sector			Secondary sector			Tertiary Sector			Total Priority Sector Advances		
	Target	Ach.	% Ach.	Target	Ach.	% Ach.	Target	Ach.	% Ach.	Target	Ach.	% Ach.
State Bank Group	3304	1585	48	1068	426	40	4845	2544	53	9217	4555	49
Nationalised Banks	5570	3353	60	1235	320	26	4774	1869	39	11579	5542	48
RRBs	2398	1565	65	152	32	21	1075	721	67	3625	2318	64
Private Sector Banks	2900	3003	104	935	297	32	3683	1461	40	7518	4761	63
Cooperatives	6310	3085	49	584	180	31	9297	6109	66	16191	9374	58
KFC				219	60	27	72	227	317	291	287	99
Total	20482	12591	61	4193	1315	31	23746	12931	54	48421	26837	55
% to Total Disbursement		46.92			4.90			48.18			100	

6.1.1. Overall Performance Under Annual Credit Plan

The banking sector of the state has disbursed **Rs. 26837 crores** to the priority sector during the fiscal 2010-11 as at September 2010. This is **55 %** of the annual target of **Rs. 48421 crores**. There is an increase in total disbursement of **Rs. 6935 crores** in total disbursements over that achieved during the corresponding period of the last financial year.

Banking group wise analysis reveals that Cooperatives have disbursed the highest quantum of priority sector loans in the state during the fiscal (**Rs. 9374 crores**) followed by Nationalized Banks (**Rs. 5542 crores**). A comparison based on percentage achievement of target reveals that achievements of State Bank Group, Nationalized Banks were below that of the state's performance. Disbursement to secondary sector constituted only **4.90 %** of the total disbursement made by banks to the priority sector.

Bank wise analysis reveals that Kerala State Co-operative Bank has disbursed the highest quantum of priority sector loans (**Rs. 9033 crores**) followed by State Bank of Travancore

(**Rs. 3220 crores**). State Bank of Indore, Kotak Mahindra Bank and Yes Bank have reported “nil” disbursement to priority sector in the state.

Among the Districts, Thrissur district stood first in the quantum of priority sector loan disbursement (**Rs.3793 crores**) and first in percentage achievement of target (**72.25 %**). Pathanamthitta District (**29.78%**) has registered poor performance under ACP achievement. Nine districts of the State recorded more than 50% achievement under ACP.

6.1.2. Performance under Primary Sector

The primary sector, which comprises of the agriculture sector, accounted for **46.92 %** of the total disbursements in priority sector. The sector achieved **61 %** of the annual target as at September 2010. An amount of **Rs. 12591 crores** was disbursed to the sector as at September 2010 against the year-end target of **Rs. 20482 crores**. When compared to the disbursements during the corresponding period of the previous fiscal, there is an increase of **30 %** in the disbursements to the sector. Last fiscal during April 2009 to September 2009, the disbursement to primary sector was only **Rs. 9708 crores**.

Nationalized Bank accounted for **27%** of total disbursement to the primary sector by disbursing **Rs.3353 crores** followed by Co-operative Sector which disbursed **Rs. 3085 Crores** and accounted for **25 %** of total disbursement to primary sector. Private Sector banks accounted for **24 %** of disbursement to primary sector by disbursing **Rs. 3003 Crores**. Private sector Banks achieved the March 2010 target by achieving **104%** of annual target, followed by RRBs **65%** and Nationalized Banks **60%**.

Among Commercial Banks, SBT, SMGB, ICICI Bank, Indian Bank and Canara Bank are the top performers with regard to quantum of loans disbursed to the sector. The following banks have not reported any disbursement to primary sector in the state – State Bank of Bikaner & Jaipur, State Bank of Indore, State Bank of Hyderabad, Bank of Maharashtra J&K Bank, Yes Bank and Kotak Mahindra.

Highest disbursement to primary sector was reported in Thrissur district (**Rs. 2010 crore**) followed by Ernakulam district (**Rs. 1599 crore**). Wayanad district with **30.86 %** achievement of the target, Pathanamthitta with **35.47%** , Kottayam district with **38.64 %** and Idukki with **41.75 %** should improve the performance during the remaining part of the fiscal for achieving the annual target.

6.1.3. Performance under Secondary Sector

Under secondary sector, which includes the SME Sector, the banking sector of the state could achieve only **31%** of the annual target as at September 2010. Banks in the state have disbursed loans to the tune of **Rs. 1315 crore** up to September 2010. Another disturbing fact is that the sector accounted for only **4.90%** of the disbursement to priority sector in the state.

However, when compared to the disbursements during the corresponding period of the previous fiscal, there is an increase in disbursements to the sector. Last fiscal during April 2009 to September 2009, the disbursement to the secondary sector was **Rs. 921 crore** whereas during the same period this year banking sector in the State could disburse **Rs. 1315 crore**, registering a **43 %** increase in disbursement.

State Bank group lead in disbursements to the sector (**Rs. 426 crore**) followed by Nationalised Banks (**Rs. 320 crore**) and Private Sector Banks (**Rs. 297 crore**) State Bank of Travancore disbursed **Rs. 250 crore** followed by State Bank of India **Rs. 166 crores**. Kerala State Co-operative Bank (**Rs.152 crore**), Federal Bank Ltd (**Rs.128 crore**) Canara Bank (**Rs. 120 crore**) recorded better performance compared to other Banks. Following banks have not reported any disbursement to the sector- IDBI Bank, United Bank of India, J&K Bank, YES Bank, Kotak Mahindra Bank, State Bank of Indore, State Bank of Hyderabad.

Among districts, highest disbursement to secondary sector was reported in Kollam district (**Rs. 363 crore**) followed by Ernakulam (**Rs. 247 crore**).

6.1.4. Performance under Tertiary Sector

Tertiary sector accounted for **48.18 %** of the total disbursement to the priority sector in the state. The total disbursement to the sector during the fiscal up to September 2010 was **Rs. 12931 crore** thereby achieving **54.46 %** of the target. When compared to the disbursements during the corresponding period of the previous fiscal, there is an increase of **39 %** in the disbursements to the sector. Last fiscal during April 2009 to September 2009, the disbursement to tertiary sector was only **Rs. 9273 crore**.

Under quantum of loans disbursed during the current fiscal, Cooperatives lead other banking groups by disbursing **Rs. 6109 crore** and under percentage achievement of the target, KFC (**316.81%**) topped the list of achievers. State Bank group, Private Sector Banks and Nationalised Banks should have to improve their performance under this sector.

Among Commercial Banks, SBT leads in disbursement to the sector (**Rs.1694 crore**). State Bank of Indore, Kotak Mahindra and Yes Bank had reported no disbursement to Tertiary sector in the state.

District wise analysis reveals that Wayanad, Idukki and Kottayam districts have already achieved **94.76%**, **77.96%** and **76.63%** of the year-end target respectively. The performance of Pathanamthitta (**26.61%**), Kozhikode (**27.27%**) and Kasargode (**38.60%**) districts needs improvement.

All banks/LDMs should review their positions well before year-end and take corrective steps to ensure that the targets for the current year are achieved comfortably.

6.2. Review of Priority Sector Advances (Outstanding) as at September 2010
(Refer Annexure 10.4)

6.2.1. Performance versus National goals

(Figures in percentage)

Sl. No.	PARAMETER	GOAL	Mar. 2007	Mar 2008	Mar 2009	Sep. 2009	Mar 2010	Sep. 2010	Variation	
									Mar.'10 To Sep.'10	Sep.'09 To Sep.'10
1	P. S. Advances to Total Credit	40	55.52	58.53	58.42	58.49	60.01	61.13	1.12	2.64
2	Agri. Advances to Total Credit	18	17.70	21.23	19.27	20.23	22.46	24.67	2.21	4.44
3	Weaker Section Adv. to Total Credit	10	13.01	12.91	14.78	10.45	16.16	17.29	1.13	6.84
4	DRI Advances to Total Credit	1	0.01	0.02	0.26	0.02	0.02	0.03	0.01	0.01
5	C: D Ratio	60	70.09	71.39	63.54	64.26	67.63	70.82	3.19	6.56

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

The growth in outstanding advances under sub sectors of priority sector as at September 2010 is summarized as follows.

(Rs. in Crores)

Parameter	Outstanding					Variation			
	Mar. 2008	Mar. 2009	Sept. 2009	Mar. 2010	Sept. 2010	Mar '08-Mar '09	Mar '09-Sept '09	Mar '09-Mar '10	Mar '10-Sept '10
Priority Sector Adv.	44078	48387	51876	58204	65738	4309	3489	9817	7534
Agriculture Adv.	15991	15959	17945	21786	26529	-32	1986	5827	4743
SSI Adv./SME	6674	8095	9265	11759	14778	1421	1170	3664	2719
Weaker Section Adv.	9724	12240	13485	15674	18589	2516	1245	3434	2915
SC Advances	1700	2204	2163	3359	2791	504	-41	1155	-568
ST Advances	NA	NA	206	300	424	NA	206	300	124
DRI Advances	9.11	10.78	13.51	22.61	30.07	1.67	2.73	11.83	7.46

Performance of the Banking sector inclusive of KSCARDB as at September 2010

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

Performance of KSCARDB under Priority Sector Advances (Amount Outstanding)

(Rs. in Crores)

Parameter	March 2010		KSCARDB % to total advances	September 2010		KSCARDB % to total advances
	KSCARDB	COMM. BANKS + KSCARDB		KSCARDB	COMM. BANKS + KSCARDB	
Total advances	1966.69	101009.76		2038.52	112006.50	
Priority Sector Adv.	1966.69	60171.04	100.00	2038.52	67776.50	100.00
Agriculture Adv.	613.90	22400.07	31.21	646.08	27174.86	31.69
SSI Adv./ SME	278.89	12037.47	14.18	409.39	15187.44	20.08
Weaker Section Adv.	1720.85	17395.22	87.50	1850.50	20439.25	90.78
SC Advances	78.15	3359.18	3.97	91.50	2882.42	4.49
ST Advances	NA	300.03		NA	424.00	
DRI Advances	0.00	2261.49	0.00	0.00	30.07	

6.2.2. Priority Sector Advances in Total Advances – Bank Group wise (Refer Annexure 10.4)

(Rs. in Crores)

Parameter	Outstanding					Variation			
	Mar. 2008	Mar. 2009	Sept. 2009	Mar. 2010	Sept. 2010	Mar. '08-Mar. '09	Mar. '09-Sept. '09	Sept. '09-Sept. '10	Mar. '10-Sept. '10
Priority Sector Adv.	44078	48387	51876	58204	65738	4309	3489	13862	7534

During the half year, April 2010–September 2010, a growth of **Rs. 7534 crore** was recorded by the under priority sector outstanding.

During the first half-year of 2010-11 Priority Sector Advances of Commercial banks in the state increased by **Rs. 7534 crore** as against **Rs. 3489 crore** added during the corresponding period of last fiscal. A year-on-year analysis reveals that there was a growth of **Rs. 13862 crore** in priority sector advances over September 2009, recording a growth of 26.72%.

Against the mandatory norm of 40% under priority sector advances, as at September 2010, 61.13 % of the total advances of the banks in the state was to priority sector.

**Banking Group Wise Performance Under
Priority Sector Advances as at September 2010**

(Rs. in Crores)

BANK	Total Advances			Priority Sector Advances			% PSA to Total Adv. (Sept 10)
	March 2010	Sept. 2010	Growth Mar.'10-Sept.'10	March 2010	Sept. 2010	Growth Mar.'10-Sept.'10	
State Bank Group	33166	36039	2873	18311	20116	1805	55.82
Nationalised Banks	30632	34359	3727	22551	24951	2400	72.62
RRBs	4764	5364	600	4202	4601	399	85.78
Private Sector Banks	27885	31771	3886	13013	16070	3057	50.58
Foreign Banks	540	NA	NA	127	NA	NA	NA
GRAND TOTAL	96987	107533	11086	58204	65738	7661	61.13

Quantum wise, highest contribution to the Priority Sector advances of the state is by Private Sector Banks (**Rs. 3057 crore**) followed by the Nationalised Banks (**Rs. 2400 crore**). RRBs have **85.78%** of their advances and Nationalised Banks have **72.62%** of their advances under priority sector. State Bank Group (55.82%) and Private Sector Banks (**50.58%**) were below the level achieved by the state (**61 %**) in terms of percentage of priority sector advances to total advances.

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

6.2.3. Agriculture Advances (Refer Annexure 10.5)

(Rs. in Crores)

Parameter	Outstanding				Variation			
	Mar. 2009	Sept. 2009	Mar. 2010	Sept. 2010	Mar. '09-Sept. '09	Sept. '09-Sept. '10	Mar. '09-Mar. '10	Mar. '10-Sept. '10
Agriculture Adv.	15959	17945	21786	26529	1986	8584	5827	4743

The outstanding advances to agriculture sector in the state has increased by **Rs. 4743 crore** during the first half of the current fiscal. The outstanding agriculture advances stood at **Rs. 26529 crore** as at September 2010, which is **24.67 %** of the total advances outstanding in the state. This is gradually increasing and has crossed the mandatory norm of 18% fixed by RBI.

Year-on-year there was an increase of **Rs. 8584 crore** in agriculture advances outstanding recording a growth rate of **47.80%**.

**Banking Group Wise Performance Under
Agriculture Advances as at September 2010**

(Rs. in Crores)

BANK	Total Advances			Agriculture Advances			% Agri. Adv to Total Adv. (Sept.10)
	March 2010	Sept. 2010	Growth Mar.'10-Sept.'10	March 2010	Sept. 2010	Growth Mar.'10-Sept.'10	
State Bank Group	33166	36039	2873	4175	4939	764	13.70
Nationalised Banks	30632	34359	3727	9569	10945	1376	31.85
RRBs	4764	5364	600	2545	2542	-3	47.39
Private Sector Banks	27885	31771	3886	5497	8103	2606	25.50
Foreign Banks	540	NA	NA	0	NA	NA	
GRAND TOTAL	96987	107533	11086	21786	26529	4743	24.67

Private Sector banks has contributed the highest quantum growth in agriculture advances outstanding (**Rs. 2606 crore**) followed by Nationalised Banks (**Rs. 1376 Crore**). State Bank group has shown a growth of **Rs. 764 crores**. Unusually it is noted that RRBs have recorded a negative growth of **Rs. 3 crores**.

47.39 % of the advances outstanding with RRBs in the State is to agriculture sector. State Bank Group has the least outstanding under agriculture in terms of percentage of agriculture advances to total advances (only **13.70%**).

The following Public Sector apart from both the RRBs had crossed the mandatory norm of 18% under agriculture advances. – Bank of Baroda, Canara Bank, Central Bank of India, Dena Bank, Indian Overseas Bank, Union Bank of India, UCO Bank, United Bank of India, Syndicate Bank, Vijaya Bank, Punjab National Bank. Federal Bank, Catholic Syrian Bank, Dhanalakshmi Bank, HDFC Bank, ICICI Bank, ING Vysya Bank, Karura Vysya Bank, Lakshmi Vilas Bank, Tamilanadu Mercantile Bank and AXIS Bank are the only Private Sector Banks in the state having agriculture advances more than 18%.

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

As far as KSCARDB is concerned, **31.69%** of their advances was to agriculture sector.

6.2.4. SME Advances (Priority) (Refer Annexures 10.6 & 10.42)

It includes Micro and Small Enterprises portion of the SME sector advances to form the priority credit part of SME.

(Rs. in Crores)

Parameter	Outstanding					Variation			
	Mar. 2008	Mar. 2009	Sep. 2009	Mar. 2010	Sep. 2010	Mar. '08- Mar. '09	Mar. '09- Sep. '09	Mar. '09- Mar. '10	Mar. '10- Sep. '10
SME Advances	6674	8095	9265	11759	14778	1421	1170	3664	3019

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

(Rs. in Crores)

Banking Group	SME Outstanding (Priority)									
	March 2010					September 2010				
	Micro Enterprises		Small Enterprises		Micro Enterprises		Small Enterprise		Retail Trade	
	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt
State Bank Group	46086	988	131474	1970	21579	800	137253	1807	102852	1089
Nationalised Banks	18318	2639	46683	2003	15693	2459	48445	2565	57041	706
RRBs	14405	619	1202	57	8467	452	1071	58	219522	761
Private Sector Banks	24157	1326	50798	2156	4314	1570	46790	2319	9148	192
Grand total	39747	5572	230157	6186	30633	5281	233559	6749	388563	2748

6.2.5. Advances to Weaker Section (Refer Annexure 10.9)

(Rs. in Crores)

Parameter	Outstanding					Variation			
	Mar. 2008	Mar. 2009	Sept. 2009	Mar. 2010	Sept. 2010	Mar.'08 - Mar.'09	Mar.'09-Sept.'09	Mar.'09- Mar.'10	Mar.'10-Sept.'10
Weaker Section Adv.	9724	12240	13485	15674	18589	2516	1245	3434	2915

Weaker Section advances grew by **Rs. 2915 crore** during the first half of the fiscal as against **Rs. 1245 crore** added during the corresponding period of last fiscal. Year-on Year increase as at September 2010 was **Rs. 5104 crore**.

6.2.6. Advances to SC/STs (Refer Annexure 10.9)

(Rs. in Crores)

Parameter	Outstanding					Variation			
	Mar. 2008	Mar. 2009	Sept. 2009	Mar. 2010	Sept. 2010	Mar. '08- Mar. '09	Mar. '09- Sep. '09	Mar. '09- Mar. '10	Mar. '10- Sep. '10
SC Advances	1545	2003	1966	3359	2791	458	-37	1356	-568
ST Advances	155	201	197	300	424	46	-4	99	124
Total SC/ST Advances	1700	2204	2163	3659	3215	504	-41	1455	444

As evident from the table below, almost **96.89 %** of the SC advances of the state is contributed by Public Sector Banks (including RRBs), while the share of Private Sector Banks is just about **3.11%**. In the case of ST advances **82.60 %** advances is contributed by Public Sector Banks (including RRBs) while the share of Private Sector Banks is just about **17.40%**.

**Banking Group Wise Performance under SC/ST advances
As at September 2010**

(Rs. in crores)

BANK	SC Advances			ST Advances		
	Outstanding		% O/S to total	Outstanding		% O/S to total
	No.	Amount		No.	Amount	
State Bank Group	77158	1423	50.97	22106	357	71.40
Nationalised Banks	129284	1202	43.05	6682	49	9.80
RRBs	53778	80	2.87	2982	7	1.40
Private Sector Banks	13819	87	3.11	1380	11	17.40
GRAND TOTAL	274039	2792	100.00	33150	424	100.00

KSCARDB has an outstanding advance of **Rs. 91.50 crore** to SC/STs. All banks, especially Private Sector Banks, should give more attention for rendering assistance to these most vulnerable sections of the society. The National Commission for SC has suggested that all banks should provide separate data on SC/ST advances especially under the Government sponsored schemes, to review the position and to improve lending to SC/ST sections. Though this is reiterated in various communications many Banks are yet to follow this. Hence all banks are requested to provide the data on SC and ST separately to have a fruitful discussion in future.

6.2.7. DRI Advances (Refer Annexure 10.10)

(Rs. in Crores)

Parameter	Outstanding					Variation			
	Mar. 2008	Mar. 2009	Sept. 2009	Mar. 2010	Sept. 2010	Mar. '08-Mar. '09	Mar. '09-Sept. '09	Mar. '09-Mar. '10	Mar. '10-Sept. '10
DRI Advances	10.78	211.82	21.09	22.61	30.07	201.04	-190.73	-189.21	7.46

Against the national goal of 1% of the previous year's Gross Bank Credit, only **0.03 %** of the total credit could be given under the DRI scheme in the state by Commercial banks as at September 2010.

The table below reveals that, Public Sector Banks account for bulk of the DRI advances (**87.74%**) in the state whereas private sector banks contribute only **12.26 %** of the DRI advances of the State. It is often noticed that data submitted by banks under DRI advance is highly inconsistent.

**Banking Group Wise Performance Under DRI advances
As at September 2010**

(Rs in lakhs)

BANK	DRI Advances	
	O/S	% to total
State Bank Group	288.30	9.59
Nationalised Banks	2294.76	76.32
Private Sector Banks	368.82	12.26
RRBs	55.00	1.83
GRAND TOTAL	3006.88	100.00

7. Review of Performance under Special Focus Programmes

7.1. Swarozgar Credit Card Scheme (Refer Annexure 10.23)

The data submitted by the controlling offices reveal that commercial banks in the state have sanctioned **1664** Swarozgar Credit Cards (SCCs) during the second quarter of the year 2010-11. The limits sanctioned was to the tune of **Rs. 6.85 crore**. Since inception of the scheme the banks have sanctioned **78445** cards in the state amounting to **Rs. 258.64 crore**. The amount outstanding as at September 2010 is **Rs. 100.39 crore** in **38689** cards. The Bank wise data is furnished in the annexure. During the quarter NMGB leads the performance by sanctioning maximum number of cards followed by SMGB and The Federal Bank Ltd.

7.2. Artisans Credit Card Scheme (Refer Annexure 10.23)

Commercial banks in the state have sanctioned only **11** Artisans Credit Cards (ACCs) during the quarter ending September 2010. The total limits sanctioned are to the tune of **Rs. 4.30 lakhs**. Since inception of the scheme, the banks have sanctioned **4228** cards in the state with a limit amounting to **Rs. 25.02 crore**. The amount outstanding as at September 2010 is **Rs. 5.69 crore** in **1448** cards.

Canara Bank leads among the commercial banks in the state by issuing the highest number of cards. Private sector banks have not sanctioned any loans under the scheme during the quarter. The Bank wise data is furnished in the annexure.

7.3. Laghu Udhyaami Credit Cards (Refer Annexure 10.23)

Commercial banks in the state have sanctioned only **386** Laghu Udhyaami Credit Cards (LUCC) during the second quarter of 2010-11 making available credit limits to the tune of **Rs. 7.82 crore** to small entrepreneurs of the state. Since inception of the scheme, the banks have sanctioned **17865** LUCCs in the state sanctioning credit limits amounting to **Rs. 309.91 crore**. The amount outstanding as at September 2010 is **Rs. 70.15 crore**. SBT leads in the State by issuing highest number of LUC Cards followed by Syndicate Bank and Canara Bank. Private sector banks have not sanctioned any loans under the quarter. The Bank wise data is furnished in the annexure.

7.4. Performance under General Credit Card Scheme (Refer Annexure 10.28)

As per the data submitted by the controlling offices of banks to the Convener SLBC, banks in the state have been actively issuing General Credit Cards (GCC). During the quarter under review (July-September 2010), banks in the State have sanctioned **6213** GCCs with limits amounting to **Rs.14.20 crores**. The outstanding under GCCs as at 30.09.2010 is **73418** cards with a liability of **Rs. 145.57 crores**.

Canara Bank leads in issuance of GCC during the quarter by granting **3447** cards with a loan amount of **Rs. 7.70 crores**. This is followed by NMGB with **857** cards, SMGB with **838** cards, Corporation Bank with **367** cards, Punjab National Bank with **260** cards. The bank wise data is given in the annexure.

7.5. Performance under Kisan Credit Card Scheme (Refer Annexure 10.20)

As per the reports available with the Convenor SLBC, **70582** Kisan Credit Cards with an amount of **Rs.740.83 crores** have been issued during the second quarter of the current fiscal. In the State, **3024038** KCCs were issued since inception involving a credit outlay of **Rs. 12802.64 crores**. As at September 2010, the outstanding number of loan accounts under KCC is **1553440** with **Rs. 5188.10 crores**. **683440** farmers were covered under Personal Accident Insurance Scheme (PAIS) linked to KCC. Bank wise data is given in the annexure.

7.6. Agri-Clinics and Agri Business Centres (Refer Annexure 10.19)

The outstanding accounts under Agri clinics in the State by Commercial Banks are **12** with a credit outlay of **Rs. 37.26 lakhs**.

248 Agri-Business Centres were financially assisted in the State from the date of inception of the scheme with a credit outlay of **Rs. 3033.80 lakhs**. As at September 2010, **112** Agri-Business centres loans exist with an outstanding amount of **Rs. 609.87 lakhs**.

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

7.7.1. Progress achieved in claiming interest waiver under Relief Package

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

7.7.2. Progress in Rescheduling of loans under Relief Package

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

7.7.3. Fresh loans provided against rescheduled accounts under Relief Package

Under the PM's Relief Package **Rs. 34.74 crores** in **9386** accounts was provided as fresh finance against the rescheduled accounts. Though the fresh finance against the rescheduled accounts show a less brighter picture, banks in the 3 identified districts surpassed its target under Annual Credit Plan during 2007-08 by disbursing **Rs. 2324.30 crores** of agriculture advance against the target of **Rs. 1957.83 crores**. In the second quarter of the fiscal 2010-11, banks in these 3 districts disbursed **Rs. 1726 crores** of agriculture loans taking a share of **44.98%** of target under ACP.

7.8. Credit Flow to Minority Communities (Refer Annexures 10.41)

As per RBI directions, credit flow to minorities in specified districts should be reviewed in all SLBC meetings. At present all the districts in the State of Kerala are notified for reporting under this head. In Kerala state without giving due share to minorities credit expansion is not at all possible. The comparative position with regard to the previous year is given in the annexure. The data reveal that there is significant increase in amount of loans availed by minorities. However, all the banks in the state are yet to comply with the instructions of the controlling bank (RBI) in respect of reporting the data under Advances to Minority Communities in the format stipulated for the purpose. The controlling offices of all the banks are requested to report their bank's share under Advances to minority communities covering all the 14 districts of the State hereafter in the format specified for the purpose. It can be seen from the table given below that **50.94 %** of the total priority advances has gone to the minority communities as at September 2010.

Data on Minority Sector Advances in the State of Kerala

(Rs. In crores)

Year	Total Priority Sector Advances	Minority Sector Advances	Percentage
31.03.2008	45900	22240	48.45
30.06.2008	46257	23698	51.23
30.09.2008	48107	25395	52.79
31.12.2008	47780	26040	54.50
31.03.2009	50217	26070	51.91
30.06.2009	51830	26120	50.40
30.09.2009	53743	26432	49.18
31.12.2009	55842	38831	69.54
31.03.2010	58204	38532	66.20
30.06.2010	60967	41149	67.49
30.09.2010	65738	33485	50.94

7.9. Performance under Micro-credit (Annexures 10.24 to 10.27)

SLBC had compiled the data obtained from all banks regarding the cumulative performance of banks in the state as at September 2010. The bank-wise performance is given as annexure.

On a review of the performance, it is seen that about **3.55 lakh** SHGs maintain savings account with commercial banks as at September 2010 in the state.

The banking group-wise data is as follows.

(Rs. in Crores)

Banking Group	SHGs maintaining Savings a/c		Of which No. of SHGs under	
	No.	Amt.	Govt. Sponsored	Excl. Women
State Bank Group	178184	197.40	54423	166251
Nationalised Banks	97689	247.48	21853	76058
RRBs	37779	10.32	12025	32266
Private Sector Banks	41089	33.78	7973	37129
Total - Kerala State	354741	488.98	96274	311704

As evident from the above **88 %** of the SHGs are exclusive women SHGs and 27.14 % are formed under various government-sponsored schemes.

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

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

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

Mode of Linkage	No. of SHGs Financed		
	Total	of which	
		Under Govt. Sponsored	Women SHGs
Financing SHGs directly by banks	203622	61736	182863
Financing SHGs directly with the facilitation of NGOs	79068	13367	68049
Financing SHGs through the medium of NGOs	67214	39333	67214
Total No. of SHGs linked	349904	114436	318126

As could be seen from the above table, about **3.50 lakh** SHGs have been linked in the state so far under the SHG-Bank linkage programme. Over **58.19 %** of the SHG linkages have been done directly by banks.

7.10. Small and Medium Enterprises (SME) Advances (Refer Annexures 10.6 & 10.42)

Consequent on the promulgation of MSME Act, 2006 the advances classified under SME comes under priority (Micro & Small Enterprises) as well as Non-Priority (Medium Enterprises). The total advances under SME priority as on September 2010 come to **Rs. 14778 crores** for the commercial banks in the state. Out of this, Micro and Small Enterprises constitute **Rs. 5281 crores** and **Rs. 6749 crores** and Retail trade under SME **Rs. 2748 crores** respectively for Commercial banks, which forms part of Priority Credit. The non-priority part of SME credit component that includes Medium Enterprises has shown an outstanding level of **Rs. 7421 crores** covering **7376** loan accounts with commercial banks. The bank wise details are given in the annexure.

8. Review of Performance under Government Sponsored Schemes

8.1. Swarna Jayanti Shahari Rozgar Yojana (SJSRY) as at September 2010 (Refer Annexures 10.15 to 10.18)

The performance of the State under SJSRY up to September 2010 is summarized hereunder:

(Rs. in Lakhs)

Sub component	No. of Applications							Subsidy Released Amount	Amount of Loan	
	Forwarded	Rejected	Sanctioned	Pending Sanction	Disbursed	Pending Disbursement	Total Pending		Sanctioned	Disbursed
USEP	56267	25247	25661	5359	23982	1679	7038	831.03	5943.63	5513.41
DWCUA	2560	239	2018	303	1928	90	393	1480.89	2738.58	2476.83
Total	58827	25486	27679	5662	25910	1769	7431	2311.92	8682.21	7990.24

The banks have sanctioned **25661** loans to individual beneficiaries (for micro enterprises under USEP scheme) as at September 2010 involving loan amount of **Rs. 5943.63 lakhs**. Under DWCUA (Development of Women and Children in Urban Areas), **2018** groups were sanctioned with loans to the tune of **Rs. 2738.58 lakhs**.

Banking Group wise performance under SJSRY as at September 2010

(Rs in lakhs)

Sl. No.	Bank	USEP		DWCUA		Total SJSRY	
		Sanctions		Sanctions		Sanctions	
		No	Amount	No	Amount	No	Amount
1	Public Sector Bank	20592	5058.12	1564	2200.80	22156	7258.92
2	Private Sector Banks	2894	550.72	151	194.55	3045	745.27
3	Others	2175	334.79	303	343.23	2478	678.02
	Total	25661	5943.63	2018	2738.58	27679	8682.21

Analysis of the Bank wise performance reveals that Public Sector Banks (including RRBs) accounted for **80.04 %** of the loans (Number) sanctioned and **83.61 %** of loan amount sanctioned. There is a need for greater participation by Private Sector Banks in the implementation of the scheme. There is no involvement by some of the private sector banks in the implementation of the scheme which may be corrected by their Controlling offices. The details are available in the annexures.

8.2. Swarnajayanthi Gram Swarozgar Yojana (SGSY) - Performance as at September 2010 (Refer Annexures 10.13 & 10.14)

The credit mobilisation target for 2010-11 is **Rs. 9347.25 lakhs**. As at September 2010, the State has reached **62.09 %** of the target. Banking group wise analysis reveals that State Bank group had achieved **66.56%** of the target, Nationalised Banks had achieved **59.20%** of the target and Cooperative banks **110.73%** all of which are above the State's performance level. The performance of Private Sector Banks (**24.96%**) and RRBs (**41.43%**) are below the State's performance level and needs improvement.

SGSY – Performance as at September 2010

(Rs. in lakhs)

Sl. No	Name of Bank	Target	Total SGSY						% Achvmt. Sanctioned Amt
			Forwarded		Sanctioned		Disbursed		
			No.	Amount	No.	Amount	No.	Amount	
1	State Bank Group	2073.64	2576	2693.26	1141	1380.32	638	728.53	66.56
2	Nationalised Banks	2984.18	2783	3256.69	1406	1766.68	760	948.00	59.20
3	Private Sector Banks	1478.26	1087	1018.94	396	368.93	234	195.77	24.96
4	RRBs	1193.88	1128	952.51	709	494.63	430	289.87	41.43
5	Co-operative Banks	1617.29	2542	2948.03	1418	1790.86	952	1191.40	110.73
6	Others	0	3	3.10	1	2.50	1	2.50	
	State Total	9347.25	10119	10872.53	5071	5803.92	3015	3356.07	62.09

All the banks have improved their performance such that during the second quarter of the year of 2010-11 the overall performance could be improved to reach a level of **62.09 %**.

9. Review of Performance of the Banking Sector

9.1. Banking Statistics as at September 2010 (Refer Annexure 10.1 to 10.3)

The detailed banking statistics for the State as at September 2010 is furnished in the Annexure. A comparative analysis of the data over the previous fiscals is presented below.

(Rs. in crores)

Parameter	Outstanding					Variation				
	March 2009	Sept. 2009	March 2010	June 2010	Sept. 2010	Mar.'09-Mar.'10	Mar.'09-Sep.'09	Mar.'10-Jun.'10	Mar.'10-Sep.'10	Sep.'09-Sep.'10
No. of Branches	4084	4187	4310	4361	4446	226	103	51	136	259
Total Deposits	130350	138005	143404	147369	151846	13054	7655	3965	8442	13841
Domestic Deposits	93331	100551	106518	109333	114406	13187	7220	2815	7888	13855
NR Deposits	37019	37454	36886	38036	37440	-133	435	1150	554	-14
Total Advances	82818	88686	96987	99885	107533	14169	5868	2898	10546	18847
Investments	3712	4163	3929	3769	4199	217	451	-160	270	36
Adv. + Investment	86530	92849	100916	103654	111732	14386	6319	2738	10816	18883
C: D Ratio	63.54	64.26	67.63	67.68	70.82	4.09	0.72	0.05	3.19	6.56
C+l: D Ratio	66.38	67.28	70.37	70.34	73.58	3.99	0.9	-0.03	3.21	6.30

9.2. Branch Network

As at the end of September 2010, the total number of branches of Commercial Banks in the State was **4446**.

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

Banking Group	Number of Branches				Percentage distribution			
	Rural	S.Urban	Urban	Total	Rural	S.Urban	Urban	Total
Public Sector Banks	206	2021	695	2922	4.63	45.46	15.63	65.72
Private Sector Banks	264	943	317	1524	5.94	21.21	7.13	34.28
Total	470	2964	1012	4446	10.57	66.67	22.76	100.00

Of the total Commercial banks in the state, Public sector Banks account for **65.72 %** of the branch network in the state. Private sector banks are having the highest number of rural branches (**264** branches). Of the total branch network of Commercial banks in the State, only **10.57%** are in rural areas whereas Semi-urban areas have **66.67%** of the bank branches in the State. Urban branches constitute **22.76%** of branch network.

On a comparison with March 2010 position, it is found that Public sector banks have increased their tally of branches by **44** branches whereas that of Private Sector Banks increased by **97** branches.

9.3. Deposit growth

During the first half-year of the fiscal 2010-11, there was a growth of **Rs. 8442 crore** in the total deposits with the commercial banking sector of the state and outstanding total deposit reached a level of **Rs.151846 crores**. During the corresponding period of the previous fiscal the total deposit of the State was **Rs. 138005 crores**.

Another significant feature in this deposits growth is that the share of domestic deposits in total deposits is gradually increasing. As at March 2004, the share of domestic deposits in the total deposits was **54.37%**, which has now steadily increased to **75.34 %** as at September 2010.

Sectoral Growth of Deposit over the Years

(Rs. In Crores)

Type of deposit	March 2004	March 2005	March 2006	March 2007	March 2008	March 2009	Sept. 2009	March 2010	Sept. 2010	Variation	
										Mar.'10 to Sept.'10	Sept.'09 to Sept.'10
Total Deposit	65961	69396	77677	91697	105488	130350	138005	143404	151846	8442	13841
Domestic Deposit	35861	40276	47006	58394	75599	93331	100551	106518	114406	7888	13855
N R Deposit	30100	29120	30671	33303	29889	37019	37454	36886	37440	554	-14
% Share of Domestic deposits	54.37	58.04	60.51	63.68	71.67	71.60	72.86	74.28	75.34	1.06	2.48

A. Banking Group wise Growth in Deposits

As evident from the following table, Private Sector Bank (**40.84%**), followed by Nationalised Bank (**36.13%**), has the highest share in growth of deposits among the Commercial Banks in the State.

Banking Group wise Growth in Deposits

(Rs. in crores)

Sl. No.	Banking group	Total Deposits			% Share in Total Deposits (Sept.10)	Variation		% Share in Growth	
		Sept. 2009	Mar. 2010	Sept. 2010		Mar.'10 to Sept.'10	Sept.'09 to Sept.'10	Mar.'10 to Sept.'10	Sept.'09 to Sept.'10
1	State Bank Group	48739	51197	53284	35.09	2087	4545	22.54	31.12
2	Nationalised Banks	41230	42510	45856	30.20	3346	4626	36.13	31.67
3	RRBs	4107	4324	4369	2.88	45	262	0.49	1.79
4	Private Sector Banks	43164	44555	48337	31.83	3782	5173	40.84	35.42
5	Foreign Banks	765	817	NA	NA	NA	NA		
	Total	138005	143403	151846	100.00	9260	14606	100.00	100.00

Banking Group wise comparison reveals that **31.12 %** of the deposits in the state is with State Bank Group which has got a **22.33%** share in branch network. The corresponding figures for Private Sector group are **34.28%** share in branch network and **31.83 %** share in deposits. Nationalised Banks, which have **34.17 %** of the branch network in the state, have a share of **30.20 %** in total deposits. RRBs, in spite of having a share of **9.22 %** of the branch network has only **2.88 %** share in total deposits of the state.

B. Population GroupWise/Banking Group Wise Distribution of Deposits

Population Group wise Distribution of deposits (Rs. in Crores)

Banking Group	Total deposits				Percentage Distribution				Share of Banking Group in Total Deposits
	Rural	Semi-Urban	Urban	Total	Rural	Semi-Urban	Urban	Total	
State Bank Group	1724	31735	19825	53284	3.24	59.56	37.20	100	35.09
Nationalised Banks	1585	25750	18521	45856	3.46	56.15	40.39	100	30.20
RRB s	451	3208	709	4368	10.33	73.44	16.23	100	2.88
Private Sector Banks	5913	25900	16525	48338	12.23	53.58	34.19	100	31.83
Total	9673	86592	55580	151846	6.37	57.03	36.60	100	100.00

As evident from the above table, **57.03 %** of the total deposits of the state is from semi urban areas where **66.67%** of the branch network exists. Urban areas accounted for **36.60%** of the deposits and rural areas, **6.37%**. On a comparison with March 2010 position, it is found that the share of semi-urban branches in total deposits is showing a small decrease, and that of urban areas and rural are showing an increasing trends.

9.4. NR Deposits (Refer Annexure 10.2)

Though there was an increase in the NR Deposits during the first quarter of the fiscal, it declined by **Rs.596 crores** over June 2010 position. However, the NR Deposits have registered an increase of **Rs. 554 crores** from the March 2010 level. The NR deposits of the state that stood at **Rs. 37454 crore** as at September 2009 marginally declined to a level of **Rs. 37440 crores** as at September 2010. The year-on-year decline was **Rs. 14 crore** in NR Deposits as at September 2010.

Population GroupWise/Banking Group Wise Distribution of NR Deposits

(Rs. in crores)

Banking Group	N R Deposits				Percentage Distribution				Share of Banking Group in Total NR Deposits
	Rural	Semi-Urban	Urban	Total	Rural	Semi-Urban	Urban	Total	
State Bank Group	416	11177	4624	16217	2.57	68.92	28.51	100	43.31
Nationalised Banks	390	6732	2741	9863	3.95	68.26	27.79	100	26.34
RRB s	33	160	11	204	16.18	78.43	5.39	100	0.55
Pvt . Sector Banks	1465	6776	2915	11156	13.13	60.74	26.13	100	29.80
Total	2304	24845	10291	37440	6.15	66.36	27.49	100	100.00

State Bank group has the highest share (**43.31 %**) in the NR deposits from the State followed by Private Sector Banks (**29.80%**) and Nationalised Banks (**26.34%**). Of the total Non-Resident deposits **66.36%** deposits were from Semi-Urban areas while Urban areas accounted for **27.49%** and rural areas, **6.15%**.

9.5. Domestic Deposits

The growth in domestic deposits during the first half year of the fiscal 2010-11 (**Rs. 8442 crore**) was higher than the quantum growth during the previous fiscal (**Rs. 7220 crore**).

Share of Domestic Deposits in Total Deposits (%)

March 2009	Sept. 2009	March 2010	Sept. 2010
71.60	72.86	74.28	75.34

As at September 2010, domestic deposits accounted for **75.34%** of the total deposits and this ratio is gradually increasing as evident from the table given above.

9.6. Credit Expansion (Refer Annexure 10.2)

Growth in Advances of the Banking sector in the State

(Rs. in crores)

Parameter	Total Advances Outstanding over the Years							Variation	
	Mar. 2006	Mar. 2007	Mar. 2008	Mar. 2009	Sep. 2009	Mar. 2010	Sep. 2010	Mar.'10 Sept.'10	Sept.'09 Sept.'10
Total Advances	51919	64273	75305	82819	88686	96987	107533	10546	18847
Percentage Growth	26.79	13.56	17.16	9.07	11.09	17.11	10.87		

During the first half year of the current fiscal the total advances grew by **Rs. 10546 crores** to reach **Rs. 107533 crore** as at September 2010.

Comparison of the growth in advances during the first half-year of the current fiscal with that of the previous fiscal reveals that the advances growth during the current fiscal so far was **Rs. 10546 crore**. Against **Rs. 5867 crores** added during the first half of last year, this year **Rs. 10546 crores** could be added from March 2010 to September 2010. Thus it is evident that the credit growth in the State is gaining momentum during the current fiscal when compared to the pace of growth during the previous fiscal.

On a year-on-year basis from September 2009-September 2010 period there was a growth of **Rs.18847crores** in advances, recording a growth rate of 21.25%.

Share Of Banking Groups In Total Advances Of The State

State Bank Group has the highest share (**33.51%**) in the total advances outstanding in the state closely followed by the Nationalised Banks (**31.95%**). Private Sector Banks accounted for **29.55%** of the total advances against a **34.28%** share in total branch network.

(Rs. in crores)

Banking Group	Total Advances				Percentage Distribution				Share (%) in Total Advances
	Rural	Semi-Urban	Urban	Total	Rural	Semi-Urban	Urban	Total	
State Bank Group	1829	17754	16455	36038	5.08	49.26	45.66	100	33.51
Nationalised Banks	1179	16055	17125	34359	3.43	46.73	49.84	100	31.95
RRB s	557	4350	457	5364	10.38	81.10	8.52	100	4.99
Private Sector Banks	3101	13252	15419	31772	9.76	41.71	48.53	100	29.55
Total	6666	51411	49456	107533	6.20	47.81	45.99	100	100.00

Further, **47.81 %** of the total advances in the state is to semi urban areas where **66.67%** of the branch network exists. Urban areas had **45.99%** share in total advances against a share of **22.76 %** in branch network. Rural areas had a share of **6.20 %** only in the total advances deployed in the state where as they hold a share of **10.57 %** in total commercial branch network.

9.7. Credit-Deposit Ratio (C D Ratio) (Refer Annexure 10.3)

The Credit-Deposit ratio of the Commercial Banking sector of the State has increased by **3.04** percentage points during the quarter to reach **70.82 %** as at September 2010.

Banking Group wise C D ratio as at September 2010

Banking Group	C D Ratio			
	Percentage Distribution as at September 2010			
	Rural	Semi-Urban	Urban	Total
State Bank Group	106.12	55.95	83	67.64
Nationalised Banks	74.36	62.35	92.46	74.93
RRB s	123.42	135.60	64.51	122.80
Private Sector Banks	52.44	51.17	93.31	65.73
Total	68.91	59.37	88.98	70.82

The C D Ratio of rural areas of the state at **68.91 %** which is more than the mandatory norm of 60%. Further, the urban areas have a high CD ratio of **88.98%** whereas that in Semi urban area is at **59.37%**, just below the mandatory norms.

The C D ratio of RRBs is the highest at **122.80 %**. Further, the CD ratios of State Bank Group, Nationalised Banks, RRBs and Private sector Banks are above the desired level of 60% in the State. In rural areas, all the public sector banks have shown a better C D Ratio level well above the RBI stipulated 60 %. Private Sector Banks have shown a C D Ratio of **52.44%** and **51.17%** in Rural and semi urban Centres respectively. In the Semi-Urban areas, State Bank Group and Private Sector Banks could only attain a C D Ratio level of **55.95%**, **51.17%** respectively which is below the national benchmark of 60 %.

9.8. Credit + Investment :Deposit ratio (C+I:D ratio) (Refer Annexure 10.3)

The C+I D ratio of the commercial Banking Sector of the state as at September 2010 stood at **73.58%**. There is an increase of **3.21%** from the level of **70.37%** as at March 2010 to the present level of **73.58 %** as at September 2010.

10. Annexures