

**98th MEETING OF STATE LEVEL BANKERS' COMMITTEE, KERALA
AGENDA AND BACKGROUND NOTES**

Date : 24.04.2009 (Friday)
Time : 10.30 am
Venue : Hotel Residency Tower,
Govt. Press Road, Trivandrum

1. ADOPTION OF MINUTES

The minutes of the 97th Meeting of SLBC, Kerala held on 11th March, 2009 has already been forwarded to the members vide Convener's letter TLB 35 437 2009 SSK dated 4th April, 2009.

The House may adopt the said minutes.

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

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

Government of India have decided that “Special Monthly Meetings” of State Level Bankers’ Committee (SLBC) should be held to oversee the resolution of credit related issues of Micro, Small and Medium Enterprises (MSME) by banks. Accordingly, the Ministry of Finance, Department of Financial Services, Government of India has directed SLBC Convenor to hold “Special Monitoring Meetings” of SLBC, Kerala every month focusing primarily on the implementation of the IBA packages on MSME, Housing and Auto sector. Further, SLBC should submit a detailed report on the Special Monthly meetings conducted along with reviewed data in the prescribed format on or before the fifteenth (15th) day of each month to the Ministry of Finance, Department of Financial Services, Government of India, New Delhi. It was also directed that the new items of the economic package as above should be discussed as additional agenda items during the regular (quarterly) SLBC meetings also.

Special Monthly Meetings of SLBC, Kerala to review the progress in implementation of IBA package on MSME, Housing and Auto sectors for the months of January, February and March were held on 12.02.2009, 06.03.2009 and 07.04.2009 respectively. Apart from the above, a Special Meeting of SLBC on Economic Stimulus Package for MSME, Housing and Auto sectors chaired by Chief Secretary to Government of Kerala was also held on 16.03.2009 in Trivandrum as per the directives from the Cabinet Secretary to Government of India. The reviewed data and other information are appended as Annexure 10.40.

2.2. Jansankhya Sthirata Kosh (National Population Stabilization Fund) – JSK

Smt. Shailaja Chandra, Executive Director of Jansankhya Sthirata Kosh (JSK), Ministry of Health and Family Welfare, Government of India had made a detailed presentation on the National Population Stabilisation Fund during the 94th meeting of SLBC, Kerala held on 24.12.2007 in Trivandrum. During the presentation it was proposed to all the banks to become members of the society. Individuals also could become members. The contributions made to the JSK fund would be given tax exemption. Contribution from banks would be used to promote family planning services in underserved villages where there is lack of health services. It has been requested by the Ministry of Health and Family Welfare, Government of India to deliberate this issue in the SLBCs on regular basis and any important decisions taken may be conveyed to M/s. Jansankhya Sthirata Kosh for doing the needful.

As per the directions from the Ministry of Health and Family Welfare, Government of India the matter was placed before the Steering Committee Meeting to 98 5th SLBC, Kerala held on 17.03.2008 for review.

The matter was reviewed by the 95th meeting of SLBC, Kerala held on 29.05.2008. The Chairman of the meeting requested all the banks to take a positive view on JSK at the appropriate level and to report the information / decisions to JSK New Delhi.

SLBC Convenor had followed up the matter with the controlling offices of all banks for taking appropriate action.

KSCARD Bank has become one of the members of the society.

Other banks may inform the latest developments and action taken in this regard.

2.3. District-wise C D Ratio in the State

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

Sl. No.	District	CD Ratio (%)	Sl. No.	District	CD Ratio (%)
1	Trivandrum	62.07	8	Thrissur	47.80
2	Kollam	67.02	9	Palakkad	65.74
3	Pathanamthitta	40.08	10	Malappuram	60.71
4	Alappuzha	55.16	11	Kozhikkode	79.31
5	Kottayam	64.16	12	Wayanad	97.91
6	Idukki	101.91	13	Kannur	56.39
7	Ernakulam	98.85	14	Kasaragod	77.02

In Kerala, Pathanamthitta was the only district having poor CD Ratio which has been constantly under follow up. As a result, the CD ratio of the district was improved and it touched a level (**40.08 %**) just above the benchmark of 40% as at December 2008. It has been reported by the LDM, Pathanamthitta that the Special Sub-Committee (SSC) of DLCC was formed and the committee has been monitoring the poor level of CD Ratio in the District. It was assured that the position would be improved further by the end of March 2009 which may be monitored and followed up scrupulously.

The forum may review the position and to suggest measures for improvement

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

The Director of Employment and Training, Kerala informed that under the Multipurpose Service Centres/Job Clubs, aimed at providing self employment for the registered unemployed, as on 21.02.2009, the budget allotment of Rs.100 lakhs has been released as subsidy assistance towards the beneficiaries 72 job clubs.

Weekly Progress Report for Multipurpose Service Centres /Job Clubs for the Week Ending 21.02.2009 (For Review and Discussion)

Note by SLBC

The scheme implementation in the State through bank linkage may be reviewed by SLBC for which the position of applications pending with Banks should be informed by the Employment Department before taking up the agenda in the next SLBC meeting.

Sl No.	District	No. Of Job Clubs formed up to 21/02/2009	Amount of Subsidy Granted
1	Thiruvananthapuram	10	8,66,250
2	Kollam	6	7,00,000
3	Pathanamthitta	3	4,65,000
4	Alappuzha	6	6,12,500
5	Kottayam	4	5,44,423
6	Idukki	1	1,99,500
7	Ernakulam	3	2,73,169
8	Thrissur	5	5,59,000
9	Palakkad	9	13,21,000
10	Malappuram	2	4,00,000
11	Kozhikode	3	5,37,500
12	Wayanad	1	1,16,625
13	Kannur	5	8,10,800
14	Kasargod	14	25,94,233
	Total	72	1,00,00,000

Views of the Steering Committee

The Senior Manager, SLBC Cell informed that the details of sanctioned loans and applications pending with banks were not provided by the Employment Directorate. Though the Deputy Director of Employment, Government of Kerala had promised during the Steering Committee Meeting to provide detailed information regarding the applications pending with Banks as of date, the same was not made available for review.

The committee decided to place the matter before SLBC for information.

2.5. IT-enabled Financial Inclusion

The meeting on IT-Enabled Financial Inclusion held at RBI Regional Office on 23.07.2008 had decided to constitute a special committee of SLBC for taking necessary action regarding the process of implementing IT-Enabled Financial Inclusion. As per the directions given by RBI, SLBC Convenor had set up a Special Committee of SLBC with Senior Government officials and major banks.

The first Meeting of the Special Committee of SLBC, Kerala on IT-Enabled Financial Inclusion held on 22.08.2008 at 3 p.m. at Canara Bank, Circle Office, Trivandrum and deliberated various tools and services to implement the project in two districts of the State on a pilot basis. The project would be implemented in the State in a befitting way by utilizing the products and services provided by the service providers / vendor firms. During the meeting four service providers/vendor firms had made detailed power point presentations on their products for implementing the project in the State in a befitting manner.

As decided in the preliminary meeting of the Special Committee of SLBC, Kerala on IT-Enabled Financial Inclusion, one more meeting was convened on 02.09.2008 and took a decision that the project would be implemented in Kollam, Wayanad and Idukki districts on a pilot basis.

The committee decided to prepare a draft project report on the basis of the model project implemented in Karnataka and Andhra Pradesh and requested the SLBC Convenor to prepare the same and place before the SLBC forum for approval and further initiation of action. The Committee had decided to seek the details of NREGP and State's Social Pension beneficiaries such as their total number (village/Panchayath/block-wise), address, surveyed information/data available etc. from the Departments of Local Self Government/Rural Development/Kudumbashree apart from LDMs of Kollam, Idukki and Wayanad. The LDMs concerned had already informed that they could not collect the required data in support of preparation of the draft project proposed by the Special Committee on IT-Enabled Financial Inclusion. The representatives of the Government Departments concerned were requested to provide statistical data and other relevant information required for the preparation of draft project report by the SLBC Convenor at the earliest. Further, as agreed by its representative in the second meeting of the Special

Committee on 'IT-Enabled Financial Inclusion' held on 02-09-2008, Kudumbashree may apprise the forum about the stage of implementation of their Rural Health Insurance Cover programme through Smart Card intervention and the scope and prospects of shared usage of the same Smart Card for our mission of IT-Enabled Financial Inclusion also.

Apart from the above, two representatives of SLBC Convenor Bank along with an RBI representative from Kerala had undergone a capsule programme on "Technologies for Financial Inclusion" organised by "Institute for Development and Research in Banking Technology (IDRBT), Hyderabad recently which would impart more capabilities to our State in chalking out a plan and implementing the same for payment of wages under NREGP and periodical disbursements of Social Security Pensions to beneficiaries in Kerala through Banks.

The Pilot project for implementation in the three select districts was prepared and the same has been placed before the 98th meeting of SLBC for approval of the same by the forum. The project details were initially presented before the "Special Committee of SLBC, Kerala for IT-Enabled Financial Inclusion" for approval. (The details of the Pilot Project presented before the Special Committee of SLBC on the 9th of April 2009 are shown as Annexure 10.44).

The forum may discuss the project proposals and suggest measures that would help SLBC to prepare the "approved final project" for the State more pragmatically with technical feasibility and financial viability. The Special Committee which met in Trivandrum on 09-04-2009 in Trivandrum has approved the project subject to the following modifications which in turn may be authorised by the SLBC forum for proceeding further for implementation.

- a) *District-wise pilot projects in detail should be prepared by the Lead District Managers of each of the three districts viz., Kollam (Lead Bank: Indian Bank), Idukki (Lead Bank: Union Bank of India) and Wayanad (Lead Bank: Canara Bank) identified for implementing the pilot project on similar lines of the project proposals prepared and presented by SLBC, Kerala for the State as a whole. The District-wise pilot projects, with a road map for implementation in the district, should be prepared by the Lead Bank concerned within a timeframe of six (6) weeks and the same should be submitted to SLBC, Kerala after due approval of the District Level Consultative Committee (DLCC).*
- b) *There should be a panel of Service Providers / Vendors of the facility (Both hardware and Software) available at State level for selection as per the choice of the Bank which implements the pilot project in each of the selected districts. The empanelment of Service Providers / Vendors should be undertaken by the "Special Committee of SLBC for Implementation of IT-Enabled Financial Inclusion" at State level.*
- c) *The choice of selection of a particular Service Provider/Vendor to implement the project in the area of jurisdiction of a particular Bank in a district would be the sole discretion of the implementing Bank but the choice should be made only out of the empanelled Service Providers / Vendors as approved by SLBC.*

- d) *The forum of SLBC, Kerala should recommend RBI/IDRBT to consider the suggestion of the “Special Committee of SLBC for implementation of IT-Enabled Financial Inclusion” to Standardise the specifications (Technical and otherwise) for Smart Card to be used by banks for the purpose of “inclusive banking development’ by using “Banking Correspondent Model” uniformly in the country.*
- e) *Similarly, the forum should recommend to RBI/IDRBT for rationalisation and Standardisation of norms for selection and utilization of Banking Facilitators / Banking Correspondents by Banks in the country for the purpose of inclusive growth.*

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

On a review of the performance, it was seen that as at December 2008, banks in Kerala sanctioned an amount of **Rs. 74.81 crores (92 accounts)** and the balance outstanding was **Rs. 204.81 crores (103 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.

2.7. 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. It was decided in the previous meeting of the SLBC that the performance of Banks under the scheme would be reviewed at State level on a regular basis. On a review of the performance during the current fiscal, it is seen that as on 15.02.2009, banks in Kerala sanctioned an amount of **Rs. 97.10 crores (5247 proposals)**. Bankwise analysis reveals that Canara Bank has sanctioned the highest quantum of loans (**Rs. 27.52 crores**) followed by Bank of India (**Rs. 21.22 crores**). Bank-wise details are furnished as Information Note 4.4.4.

3. Follow up of Residual Issues

3.1. Opening of Bank Accounts by Departments/Local Self Governments/Public Sector Units/Public Sector Units – Treatment of RRBs in the State on par with other Nationalised Banks

The 95th meeting of SLBC Kerala held on 29th May 2008 in Trivandrum had deliberated the subject agenda item which is reproduced as under:

During the 23rd meeting of the Empowered Committee on RRBs in Kerala convened by RBI on 04.01.2008 in Trivandrum, it was requested to the official who represented the State Government (i.e. Additional Director, Department of Agriculture, Government of Kerala) to use his good offices to facilitate an early decision by the State Government in the matter of permitting the RRBs to take up Government business. The Additional Director, Agriculture Department stated that the Government was yet to take a decision and this was under the active consideration of the Government.

It was resolved in the meeting that the matter should be pursued further through SLBC forum so that RRBs also would get a share of Government business in future.

During the 95th Meeting of SLBC, the matter regarding State Government Business and the facility of parking of funds to be extended to RRBs had been discussed in detail. The RRBs were expecting more support from State Government by way of Government business to be extended to them.

As decided by the members of the forum, the 95th meeting of SLBC, Kerala resolved to recommend the State Government to park their funds in RRBs also.

During the 96th meeting of SLBC Kerala held in Trivandrum on 30.07.2008, the Additional Secretary, Planning & Economic Affairs Department, Government of Kerala informed that a Government Order in this regard had been issued in 1999 stating that the issue under reference was brought to the notice of the Government informing that public sector undertaking, Government departments and Corporations had been refusing the transactions, banking business and deposit of funds with RRBs on the reason that they were not nationalised banks. When the issue was taken up, necessary clarifications were issued by the Government vide URT-71/99/Plg dated 12.02.99 clarifying that RRBs should be treated at par with Nationalised banks for parking of funds. He added that copies of the G.O. issued 9 years back had been forwarded to all Heads of Departments and District Collectors along with a Government letter No. 15601/F1/2006/Plg dated 11.04.2007. Since the same issue had again come up for discussion in the SLBC meeting, the Department would once again issue a circular reiterating the above and would give wide publicity through the media also.

SLBC forum had requested the Planning Department to provide a copy of the Government Order on the above matter to RRBs and also requested to once again send a fresh communication to the District Collectors and others involved in the issue.

The Additional Secretary, Planning & Economic Affairs Department, Government of Kerala informed that the Department was proposing to issue a fresh circular with a copy of earlier G.O and would give wide publicity through the media.

While reviewing the matter during the State Level Review Meeting of SLBC, Kerala held on 6th & 7th October 2008 in Trivandrum, the representative from Planning Department, Government of Kerala informed that they have initiated necessary action.

In the meeting Chairman of NMGB pointed out that the issue had been pending for a along time. He added that NMGB was not permitted to disburse Government pension because of which the bank was deprived of lot of deposits, which come through retired Government employees.

SLBC Convenor had followed up the matter with the appropriate authority in the Government of Kerala for a favourable decision in this regard.

Note by SLBC

Now, with the appropriate and timely intervention of SLBC Forum through the Secretary, Planning and Economic Affairs Department, *Government of Kerala* have decided in favour of the request and came out with a circular letter quoting their earlier government Order in treating RRBs in Kerala on par with the nationalised banks. The circular letter and the Government Order are shown as Annexure 10.41 for information.

3.2. Registration of mortgage created in favour of the banks with Sub-Registrar

3.2.1. Registration of Equitable Mortgage with Sub-Registrar (Suggested by Bank of Baroda)

It has been recently noticed that in number of loan accounts title deeds/documents of the immovable properties mortgaged to the bank's are detected to be forged. To plug the loopholes in the system some of the States have made suitable amendments. A few of them are as follows.

- (i) By making suitable amendments in the respective Stamp Acts, the State of Tamilnadu, Karnataka and Andhra Pradesh have made it mandatory to pay stamp duty in respect of any instrument evidencing agreement/memorandum relating to deposit of title deeds (If such deposit is made by way of security for the repayment of money advanced or to be advanced by way of loan or an existing or future debt).
- (ii) Further, the amendments have made such instruction optionally registerable with the concerned Registrar of Assurances by payment of requisite registration fee.
- (iii) Experience of other States would show that they were able to arrest fraud/forgery to certain extent, by registering the Equitable Mortgage with SRO as it reflects in Encumbrance Certificate.

In view of the above, Bank of Baroda is of view that the problems can be checked by making amendments in the Stamp Act/Registration Act providing registration of equitable mortgage with the Sub-Registrar. It is requested to take up the matter with the Government officials in this regard through SLBC.

3.2.2. Registration of mortgage created in favour of the banks (Suggested by Indian Bank)

Government of Gujarat has made the registration of the mortgage deed compulsory under Section 17 of Registration Act. By virtue of the above, all the banks who create a charge of any immovable property have to register the simple mortgage with the designated authority by remitting the stamp duty as well as registration fee.

Similarly, in the State of Tamilnadu while the banks have been advised to pay the stamp duty even on the EM created compulsorily, the registration of the mortgage is optional as per the Government notification. While there is a cap of Rs.5000/- towards stamp duty and Rs. 1000/- towards registration in the State of Tamilnadu, the cap prescribed by the Government of Gujarat is slightly on the higher side. Nonetheless both the State

Governments have taken the initiative at the requests of all the banks to obviate frauds that are taking place in creation of charge favouring the banks, particularly in the Home loan segment. Such a provision is also an insurance to the banks even in respect of Corporate loans where creation of charge with Registration of Charge is mandatory.

It is requested to take up the issue with the State Government for a similar provision in Kerala State as well, so as to avoid multiple financing, deposit of fake title deeds etc, which has resulted in substantial loss to almost all the banks in the recent past. It is also requested to place the matter before the SLBC for meaningful deliberation and an appropriate decision on this important issue.

Note by SLBC

The matter has been pending for a favourable decision by the Government since March 2003 SLBC, Kerala.

At present there is no practice of noting/recording the Equitable Mortgage (EM) transactions (ie. Mortgage of deposit of title deeds) in the revenue records of the Government. Also there are no provisions for the same in the revenue regulations of the State of Kerala. The number of frauds reported in related cases is on the increase.

Against this backdrop, SLBC in its 80th meeting (March 2003) observed that it had become necessary to note the EM transactions in the revenue records of Village Offices, even by charging nominal fees for such notings. SLBC arrived at a consensus view that by accepting the above demand, the State Government also would be benefited with additional revenue apart from the benefit accruing to the banks.

The meeting of Secretaries to the Government of Kerala chaired by the Chief Secretary and convened by the Office of Chief Secretary on 16.12.2003 agreed in principle to consider the suggestion and decided that Revenue Department would issue orders for implementation.

Subsequently, during the meeting of Government Secretaries chaired by the Chief Secretary and convened by the Secretary (Planning) held on 23.05.2005, the Secretary (Taxes) pointed out that it would be better to record the equitable mortgage transactions in the Sub-Registrar's office as it would be more foolproof and informed that such a system is in vogue in Tamilnadu State. The Principal Secretaries of Finance Department as well as Revenue Department had taken a supportive view on the above suggestion.

Accordingly, it was decided that the Secretary (Taxes) would prepare a proposal so that a similar system could be implemented in Kerala State also. Such a system would definitely help to augment the flow of credit to agriculture in the State in addition to minimizing the chances of fraudulent transfer of mortgaged property to third party.

As there was no progress on the subject matter, we took up the issue again during the State Level Review Meetings of SLBC, Kerala held on 11th October 2006 and 3rd October 2007 and pursued with the Taxes Department, Government of Kerala.

In the recent years, banks have entered in to the areas of retail housing business in a big way. With the growth in mortgage loans, banks have come across large number of fraudulent transactions where fraudulent title deeds/documents were submitted for availing loans. Absence of a centralized arrangement for registering Equitable Mortgage transactions made it difficult to verify prior charges, resulting in multiple loans against a property.

It was informed by Indian Banks' Association (IBA) that, at the instance of the State Level Bankers' Committee (SLBC), various State Governments such as Tamilnadu, Karnataka, Andhra Pradesh, Madhya Pradesh, Gujarat and Himachal Pradesh have set up "Registries" for recording Equitable Mortgage Transactions (EMTs). Further, IBA has forwarded the official communication issued by the Government of Himachal Pradesh regarding noting of lien by Registering Authority of the State under Equitable mortgages in the revenue records. .

The measures initiated by various Governments such as Tamilnadu, at the instance of SLBC, were found to be effective for registration of equitable mortgages with nominal charges. Following discussions on this issue at their end, Indian Banks' Association (IBA) had requested the Convenor of SLBC to take up with the State Government for setting up similar arrangements in Kerala on the lines of measure taken by the Government s of Tamilnadu, Andhra Pradesh, Karnataka, Himachal Pradesh etc.

On account of the above, the subject issue was once again included as an agenda item for discussion in the 94th Meeting of SLBC, Kerala held on Trivandrum on 24th of December, 2007. There was consensus decision by the SLBC, forum during its 94th meeting that the issue needed to be followed up with the State Government vigorously.

Further, the meeting of the Sub-Committee of the IBA on "Mortgages and Valuation of property" held recently also stressed the need for registration of "Equitable Mortgage (EM)" across the country. The members of the IBA Sub-Committee also felt it appropriate to have an online system for registration of mortgages.

While reviewing the matter during the State Level Review Meeting of SLBC, Kerala held on 6th & 7th October 2008 in Trivandrum, the meeting requested that steps may be initiated at SLBC level for getting the equitable mortgages registered even by charging nominal fees.

SLBC Convenor had followed up the issue with the concerned department of Government of Kerala for a favourable decision on setting up of Registries for noting charge under Equitable Mortgage Transactions (EMT) which may be taken at the earliest, that would help the banks in the State in a big way.

Representative from the Department of Planning and Economic Affairs, Government of Kerala may inform the latest position of the issue to the forum.

4. FRESH ISSUES

4.1. AGRICULTURE/SGSY/SHG

4.1.1. Integrated Livestock Development Programme (ILDP) (Suggested by Animal Husbandry Department, Government of Kerala)

Integrated Livestock Development Programme (ILDP) being implemented by the Animal Husbandry Department is a scheme in which a loan component is also involved. It was requested to include this in the SLBC meeting so that all the bankers will be aware of this programme and will help in speedy implementation of the project. Salient features and Guidelines of the scheme are shown as Annexure 10.42

Views of the Steering Committee

The committee opined that individual banks can take up the project for implementation by considering finance for viable units. The committee decided to place the matter before SLBC for information and action.

4.1.2. Agenda items suggested by NABARD

4.1.2.1. Lending Focus to Thrust areas

Over the last few years it was observed that the bulk of the priority sector loan disbursement of banks are “other priority sector loans and crop loans (Agri Gold Loans) and the involvement of banks to term lending in general is unsustainably low. The overall share of different segments of the Term lending for farm and rural production sectors especially economically critical sectors like plantation/ horticulture, fisheries (marine/inland), land development, Minor Irrigation, Dairy Development, Dry land Farming, Watershed Development, Agro-processing, Agri-Clinic and Agri-Business Centres, handlooms, handicrafts has been declining. This has significantly affected the long term agricultural and rural capital formation in the state. Percentage wise share of agency wise disbursements of priority sector lending for the Half year ended September 2008 is furnished under:

Sl. No.	Particulars	Percentage share of Priority Sector				
		CBs	KSCB	KSCARDB	RRBs	Total
1	Crop loan	34.34	34.23	27.13	66.50	36.72
2	ATL	10.16	3.72	24.88	0.75	7.80
3	NFS	6.51	1.92	9.06	1.29	5.15
4	OPS	48.99	60.13	38.93	31.46	50.33
	Total	100.00	100.00	100.00	100.00	100.00

SLBC is requested to urge Banks to suitably focus and prioritize their bank/branch credit plans for 2009-10 so as to ensure enhanced lending to these sectors in the next fiscal.

The Development/promotional Departments of the Government may be urged to support the plans and enable the bankers to achieve their targets.

Views of the Steering Committee

Representative from NABARD informed that poor pace of lending to thrust areas is a concern to NABARD. It was found that more than 97% of the credit under priority sector goes to short term production. This was an opportunity for bankers to extend credit to the production sector and Short-term credit support was good. At the same time assets created and developments through investment credit was very poor in Commercial Banks, RRBs and C-operative banks. The issue may be deliberated in the SLBC meeting so as to put in place investment promotion in the State.

Representative from Indian Overseas Bank pointed out that the issue has been repeatedly deliberated in earlier SLBCs also. There was a question of credit absorption planning and credit flow taking place in different directions.

Assistant General Manager, NABARD pointed out that PLPs has been prepared by NABARD. Investment credit flow is on a lower side compared to other States because of the potentiality factor. Budget is being prepared based on plans submitted by banks. Plan and achievement were not in the same tandem. However, long term assistance by the economic sector to the primary and secondary sector is needed. Credit flow to primary sector and minority sector to be increased for which banks would be able to assist. Bankers' assistance is required for the activities of Animal Husbandry Department, Government of Kerala where capital formation is made. Bankers are shying away from extending finance, especially Investment credit even though the repayment has been satisfactory. The situation as above may be analysed in detail.

Representative from State Bank of Travancore informed that there was no denial of loans. Dearth of viable schemes formulated and adopted by RBI / Banks is the major reason for the poor performance under the Investment loan sector.

Representatives of Syndicate Bank pointed out that credit absorption under short-term sector is more. We have to plan for term loans/ investment to take place.

The Convenor, SLBC observed that more discussions have taken place and all banks have to ensure focussing on more and more term loan components for which acceptable projects should reach banks.

The committee decided to place matter before SLBC for information of member banks.

4.1.2.2. Revised Interest Rates

The Rate of interest on refinance under investment credit has been revised downward to 9% per annum for Commercial Banks and 8.5% per annum for Cooperative Banks and RRBs with effect from 18 February 2009.

This is for the information of SLBC forum.

Views of the Steering Committee

There has to be a model scheme needed exclusively for investment credit requirements. Banks have to proactively extend investment credit under agriculture sector. We need to take it forward for the long-term interest of banks which goes along with short term lending.

The committee decided to place matter before SLBC for information of member banks.

4.2. SME/PMEGP

4.2.1. Inclusion of Issues pertaining to MSME Sector in SLBC Meetings (Suggested by Reserve Bank of India)

The State Level Bankers' Committee (SLBC) is a critical focal point for coordination among banks and agencies of the State and Central Government to ensure adequate and timely flow of credit to needy sectors.

In this connection, it may be recalled that as proposed in para 157 of the Annual Policy Statements of 2007-08 (announced in April 2007), definition of Small Scale Industry and Small Business Enterprises was changed for the purpose of inclusion in priority sector in alignment with the definition adopted in the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 and in order to improve credit delivery to MSMEs.

Accordingly necessary instructions have been issued to the banks to review their institutional arrangements for delivering credit to SME sector especially in identified clusters with a view to providing adequate and timely credit.

In view of this, SLBC, Kerala is requested to:

- Ensure that adequate attention is paid to the financial needs of MSME Sector in the State and
- Include the issues and discuss the problems faced by this sector in all SLBC meetings, in future.

Views of the Steering Committee

The meeting observed that SLBC, Kerala have been conducting special monthly SLBC meeting to monitor and review the progress in MSME sectors and the review report of the meeting would be placed in the regular SLBC meetings. The committee decided to place the matter before SLBC for information and review.

4.3. OTHERS

4.3.1. Agenda items suggested by Reserve Bank of India

4.3.1.1. SLBC to act as catalyst for IT-Enabled Financial Inclusion

SLBC may be catalysed to draw time-bound plans to ensure banking outposts through permissible alternate modes/models, including mobile offices, satellite offices, business correspondents and ensure that no frill accounts are actively operated.

Views of the Steering Committee

The Assistant General Manager, RBI informed that a “Special committee on IT-Enabled Financial Inclusion” has been constituted for discussing various connected issues. Business correspondents could resolve many of the issues related to banking system concerned with the people. Some of the Banks have already appointed business correspondents and RBI has requested other banks, which have not appointed business correspondents, to establish this facility at their controlling office level. RBI has been monitoring the performance of business correspondents in the districts and follow up of the same has been done. RBI has already issued direction to all banks to ensure that no frill accounts are being actively operated and the information on the above matter may be submitted to SLBC.

The committee decided to place matter before SLBC for information of member banks.

4.3.1.2. Streamlining the issues of SC/ST borrowers

Information regarding problems faced by SC/ST borrowers in accessing bank credit so as to enable RBI to evolve effective strategy and advise Ministry accordingly.

Views of the Steering Committee

The Assistant General Manager, RBI pointed out that as per the directions from the Ministry of Finance, government of India, the problems faced by SC/ST borrowers including availability of credit, problems in repayment etc. may be brought out by SLBC for the policy formulation at RBI level.

The Convenor, SLBC has been requested to escalate the problems faced by ST/ST borrowers and put up the same before SLBC in future meetings.

The committee decided to place matter before SLBC for information and action of member banks.

4.3.1.3. Norms for classification as direct advances to agriculture

Some banks are sanctioning loans for purchase of Passenger cars and treating them as direct finance to agriculture. It has been clarified by Government of India that the harvesters and combines if financed as Direct Agricultural Investment loan will be included, as direct finance to Agriculture, Motor Cycles, Jeeps, Trucks are not included as direct finance to agriculture.

Views of the Steering Committee

The committee decided to place matter before SLBC for information of member banks.

4.3.1.4. Coverage of R-SETIs in all the districts of Kerala State

The issues of setting up of RSETIs and the coordinated approach worked out among the banks to ensure that there is adequate coverage of districts with potential ensuring that there is no glaring gaps in the coverage.

Views of the Steering Committee

The Assistant General Manager, RBI informed that they had convened a separate meeting during the last week of February 2009 and discussed the issues regarding setting up of RSETIs where Convenor, SLBC, representative from Commissionerate of Rural Development and all the LDMs were present. He added that this agenda had already been included in the earlier SLBC meetings during the last year and the same was again placed before this SLBC meeting because of the slow progress in the establishment of RSETIs in Kerala. So far Idukki and Thrissur districts have come up for setting up new RSETIs. He requested all the banks to take a proactive approach in setting up of RSETIs and the department concerned in State Government should have to expedite the process for allotting land for construction of building.

The Convenor, SLBC has requested RBI to forward the 'extract' portion of the minutes of the aforesaid meeting for incorporating in the SLBC records.

The committee decided to place matter before SLBC for information and action of member banks.

4.3.1.5. Model Scheme for Financial Literacy Counselling Centres (FLCCs)

Plan for setting up of FLCCs at different levels in phased manner as per the model scheme advised to banks.

Views of the Steering Committee

The Deputy General Manager, RBI informed that the basic idea for setting up of FLCCs is to understand various indications/details on the implications to the borrowers.

The Assistant General Manager, RBI informed that guidelines for functioning of credit counselling centres have been issued by RBI. Kerala State had achieved 100% financial inclusion and certain districts have been identified for setting up credit counselling centres. In Kerala, 26 credit counselling centres have been set up so far by different banks in different names. Any public can access the centres directly. Guidelines of FLCCs have been provided in the website of RBI. He added that the guidelines have been finalised after collecting the feedback for two years from all the stakeholders.

Representative from State Bank of Travancore informed that as per RBI guidelines they have given directions to LDM, Kottayam to find out suitable site for setting up of a credit counselling centre.

The Convenor, SLBC requested all the banks to furnish the details in this regard to SLBC so as to incorporate the same in the agenda notes of future meetings. The committee decided to place matter before SLBC for information and action of member banks. A note on the availability of the Financial Inclusion Fund for funding FLCCs is shown as Annexure 10.47.

4.3.2. Extension of financial services to the Service Centre Agencies under the Common Service Centre (CSC) Scheme (Suggested by NABARD)

The Government of India formulated the National e-Governance Plan, 2006 (NeGP) with the goal of setting up of 1 lakh ICT enabled Common Service Centres (CSCs) to provide citizen/farmer centric data/ information and to deliver various Govt./private sector services. However, only 22000 CSCs have been set up in the country so far. As paucity of funds has been cited as one of the reasons for the slow roll-out of the scheme, the Ministry of Communication, Information and Technology has advised banks to formulate suitable schemes for smooth implementation of the GoI scheme.

The Government of Kerala has to designate an agency to facilitate the implementation of the scheme in the State. The banks have to extend finance to entrepreneurs to set up service centres under the scheme. *In this connection, SLBC may impress upon the RRBs/SCB/DCCBs/SCARDB of the State to formulate suitable schemes for extending financial support to Service Centre Agencies and Village Level Entrepreneurs (VLEs).*

Views of the Steering Committee

The General Manager, NABARD informed that technical offices at the field level would emphasize in providing information and communication technology particularly in the banking sector to the rural masses that needed. To enable this, Government of India had come up with clear guidelines and proposals. Government of India had formulated the National e-Governance Plan 2006 with 1 lakh ICT enabled common service centres to provide information and deliver various Government / private sector services. Progress in this regard was very good. Out of 1 lakh centres envisaged, 22,000 common service centres have been set up in the country and the major reason for the poor progress has been identified as paucity of funds. In this context Government of India has come out with guidelines suggesting that banking sector and banks in the States have to formulate suitable schemes extending financial support to service centre agencies and village level entrepreneurs who will be coming up to take up such activities. It was useful for both the rural and urban banking sector.

The Convenor, SLBC pointed out that Government of Kerala had been implementing the same as “Akshaya scheme” in the State. All the Banks have to co-operate with the scheme. He suggested to NABARD to prepare a model project which could be provided to SLBC members for detailed information and further communication.

Regarding preparation of model project under the scheme, the Assistant General Manager, NABARD, pointed out that the same could be thought of after joint deliberations in the SLBC meeting. Guidelines in this regard have been issued by Government of India in 2006. Regarding common service centres, agencies involved in village and district level / Entrepreneurs have to set up units at villages and district levels on a common basis. Financial education could be done by banks. Under National e-governance scheme, everything would be done on common basis as per the guidelines issued by Government of India in 2006.

The General Manager, NABARD assured to provide background notes in this regard to SLBC.

The background paper has been provided separately as Annexure 10.46 for information.

4.3.3. Overdue Investment in Kerala Industrial Revitalisation Board Fund Bonds (KIRBF) (Suggested by Dena Bank & Canara Bank)

4.3.3.1. Overdue Investment in 13.50 % Kerala Industrial Revitalisation Board Fund Bonds (KIRBF) Series - I (Suggested by Dena Bank)

Dena Bank had invested Rs. 30 crores in 13.50% Kerala Industrial Revitalisation Board Fund Bonds (KIRBF) Series-I in January 2000. The principal and interest payments of the above Bonds are Guaranteed by the Government of Kerala.

As per the terms of the said Bond Certificate, there was staggered redemption of Bonds in the ratio of 30 %, 30 % and 40% due on 01.04.2005, 01.04.2006 and 01.04.2007 respectively.

The first tranche of redemption i.e. Rs. 9 crores, was paid in two instalments and out of 2nd tranche of redemption of Rs. 9 crores, Rs. 6 crores was paid on 31.03.2007 and Rs. 3 crores was paid on 31.03.2008. The final redemption of Rs. 12 crores due on 01.04.2007 has not been paid so far despite their constant follow-up.

Bank, in fact, had the comfort of Kerala State being very prompt in honoring its commitments on repayment. This was for the first time when they found that the State Government bond has not been meeting its commitment in time in spite of guarantee of Government of Kerala.

As per RBI Norms, the said investment had turned as Non Performing Investment.

It was requested to pursue the matter with the Government officials of Kerala in the forthcoming SLBC meeting for the repayment of final redemption of Rs. 12 crores due on 01.04.2007 along with delayed period interest upto date, at the earliest.

Views of the Steering Committee

The committee observed that Department of Finance, Government of Kerala could sort out the matter. The committee decided to place the matter before SLBC.

4.3.3.2. Investment in Bonds issued by Kerala Industrial Revitalisation Fund Board – 6.98% KIRFB Bonds (Suggested by Canara Bank)

Canara Bank's Staff Welfare fund and Employees Gratuity Fund have invested in the subject Bonds to the tune of Rs. 10 crores and Rs. 3 crores respectively. Canara Bank has received only 1st and 2nd part of redemption only so far and there was delay also in redemption. Interest for the delayed redemption also has not been paid.

At present following amounts are payable to Canara Bank. (as on 20.10.2008)

Due to	3rd Redemption	Interest for delay (upto 20.10.2008)
SPF	Rs. 400 lacs	Rs. 6903507
Gratuity Fund	Rs. 120 lacs	Rs. 2699252

Canara Bank had approached the Principal Secretary (Finance), Government of Kerala with a request to persuade KIFRB to make the payments of redemption and interest payable.

Views of the Steering Committee

The committee observed that Department of Finance, Government of Kerala could sort out the matter. The committee decided to place the matter before SLBC.

4.3.4. Levying of Service Charges by Banks for NREG/NOAP transactions (Suggested by Government of India, Ministry of Finance, Department of Financial Services, New Delhi)

It has been brought to the notice of the Finance Secretary by Secretary (Rural Development) that the banks are levying service charges @ Rs. 45 per transaction per NREG/NOAP account. This is putting additional burden on the Government and if it is deducted from the wages of the beneficiaries, it may put hardship on the poor beneficiaries.

In this context the Director (CM/Dev), Ministry of Finance, Department of Financial Services, New Delhi had requested SLBC, Kerala to discuss the matter in the SLBC meeting for appropriate action. Banks/Government of Kerala to report on the position prevailing in the State under the above agenda item.

Views of the Steering Committee

The Senior Manager, SLBC Cell informed that as per the information available with SLBC, none of the banks are charging service charges to NREG transactions. NOAP funds are not routed through banks at present and routed through Local Self Government/Panchayat institutions.

Additional Development Commissioner, Commissionerate of Rural Development, Government of Kerala informed that some banks are charging interest to the amount under collection and the charges have been deducted from the workers/ beneficiaries account.

The Convenor, SLBC pointed out that transactions for NOAP are not routed through banks and there were no reports of collection of charges for NREG transactions by banks. This can be mentioned and placed before SLBC for future guidance and report to the Ministry of Finance.

The committee decided to place matter before SLBC for information of and feedback from member banks.

4.3.5. Agenda item suggested by National Housing Bank

Rural Housing Fund was announced in the Union Budget 2008-09 to enhance the refinance the operations of NHB in the rural sector and its present corpus Rs. 2000 crores. The objective of the scheme is to provide refinance assistance to RRBs in respect of their direct lending up to Rs.15 lakhs to individuals for purchase /construct /repair and upgrade housing units in rural areas, which qualify for classification as weaker sections. NHB has issued detailed guidelines and sent the same to RRBs, Co-operative Banks etc. NHB had requested RRBs in Kerala to avail this facility which has been available at concessional rate of interest of 8%. RRBs were requested to send their applications to NHB immediately.

Views of the Steering Committee

The committee decided to place the matter before SLBC for information of RRBs.

4.4. INFORMATION NOTE

4.4.1. 100% Financial Inclusion – Evaluation by external agencies – Broad Findings

Government of India, Ministry of Finance, Department of Financial Services has called for the attention of bankers to RBI's Circular No.RPCD.CO.MFFI.BC No.85/12.01.015/2008-09 dated 22nd January, 2009 addressed to CEOs of all Scheduled Commercial Banks (SCBs) on the captioned study which is shown as Annexure 10.45.

The said Circular contains the findings of the studies got conducted by RBI in 26 districts on claims of SLBCs having declared several districts as 100% financially included. It has been observed by the RBI that though these sample districts have been declared as such, yet actual financial inclusion has not been to that extent in all the districts.

Moreover, most of the accounts that have been opened as a part of the financial inclusion drive have remained inoperative due to various reasons cited in the said study. It has also been observed by the RBI that there is a need for SLBCs/DCCs to actively step up the awareness with regard to 'no frills' account as this continues to be poor in many districts.

There is an urgent need for making these no frill accounts fully functional through financial education/banking awareness involving State Governments and banking sector. The State Governments/UTs will have to launch a systematic plan for awareness and education of the illiterate and poor population in rural areas by involving functionaries of DRDA, NGOs, local bodies and local media etc. The Chief Secretaries/Administrators of States/UTs are being separately addressed in this regard.

The study has also found that at places where bank employees have played prominent role in motivating people, the results have proved better. There is also a need for role clarity for the bankers at SLBC/DCC and the State Governments/UTs functionaries as well so that they take more responsibility in educating people about banking services.

In the light of the above, the Ministry of Finance issued directions to the Convenors of SLBCs/DLCCs to go through the findings of the Evaluation Study, discuss the same in their quarterly meetings and spell out in definitive terms the steps being taken by them to plug the loop-holes, as pointed out in the Evaluation Study, in their respective districts/States/UTs.

Note by SLBC

As the above agenda note was received at the fag end of preparation of this booklet, we could not deliberate on the same in the Steering Committee to the 98th SLBC meeting. However, we note to place the same for a detailed discussion in the next Steering Committee of SLBC to be held in first quarter of the current fiscal itself so that the study report could be discussed in detail during the 99th SLBC meeting.

4.4.2. Modification in the Credit Guarantee Scheme (CGS)

- Note by MSME Development Institute, Thrissur

Increase in ceiling of coverage

We are happy to inform that in terms of the Economic Stimulus Package announced by Government of India on December 07, 2008, it has been decided to increase the coverage of the eligible credit limit per borrower under the CGS from Rs.50 lakh to Rs.100 lakh extended by Scheduled Commercial Banks and select Financial Institutions to units in the MSE sector.

The consequential changes in the CGS are given below:

Chapter I - Clause 2 (v)

'Guarantee Cover' means maximum cover available per eligible borrower of the amount in default in respect of the credit facility extended by the lending institution.

Chapter II - Clause 4 (Para. 1)

Credit facility eligible under the Scheme:

The Trust shall cover credit facilities (Fund based and/or Non fund based) extended by Member Lending Institution(s) to a single eligible borrower in the Micro and Small Enterprises sector for credit facility (i) not exceeding Rs. 50 lakh (Regional Rural Banks/Financial Institutions) and (ii) not exceeding Rs.100 lakh (Scheduled Commercial Banks and select Financial Institutions) by way of term loan and/or working capital facilities on or after entering into an agreement with the Trust, without any collateral security and/or third party guarantees.

Chapter IV - Clause 9(Para. 1)

Extent of the guarantee:

The Trust shall provide guarantee as under:

Category	Maximum extent of Guarantee where credit facility is		
	Upto Rs.5 lakh	Above Rs.5 lakh upto Rs.50 lakh	Above Rs.50 lakh upto Rs.100 lakh
Micro Enterprises	80% / Rs.4 lakh	75% / Rs.37.50 lakh	Rs.37.50 lakh plus 50% of amount in default above Rs.50 lakh subject to overall ceiling of Rs.62.50 lakh
Women entrepreneurs/ Units located in North East Region (incl. Sikkim)	80% / Rs.40 lakh		Rs.40 lakh plus 50% of amount in default above Rs.50 lakh subject to overall ceiling of Rs.65 lakh
All other category of borrowers	75% / Rs.37.50 lakh		Rs.37.50 lakh plus 50% of amount in default above Rs.50 lakh subject to overall ceiling of Rs.62.50 lakh

(2) All proposals for sanction of guarantee approvals for credit facilities above Rs. 50 lakh and upto Rs.100 lakh will have to be rated internally by the MLI and should be of investment grade. Proposals approved by the MLIs on or after December 8, 2008 will be eligible for the coverage upto Rs.100 lakh.

(3) One time Guarantee Fee of 1.5% and Annual Service Fee of 0.75% will be applicable. All other terms and conditions of the CGS will remain unchanged.

Views of the Steering Committee

The committee decided place the matter before SLBC for information.

4.4.3. Agri-clinics and Agri-business Training Programme

– Information Note by Kerala Agricultural University

Agri-clinic and Agribusiness centre (ACABC) training programme sponsored by Ministry of Agriculture & Cooperation, Government of India and MANAGE, Hyderabad had been conducted at Training Service Scheme (TSS), College of Agriculture, Vellayani Trivandrum from 15.12.2008 to 12.02.2009. Twenty-six candidates had registered for

this programme and majority were retired agri professionals with varied experience of over 20 to 30 years. Apart from agriculture, graduates from veterinary, fisheries and cooperation & banking degree holders too had registered for this programme.

The training programme was in the last phase and majority of the participants had formulated projects related to Agriclinc or Agribusiness centres. The participants had indicated banks of their choice for getting the finance under this scheme. It was requested to inform the members of SLBC regarding this programme and to send communication to the official in charge of the individual banks to participate in the process of channelising bank finance for the successful implementation of the Agriclinc and Agribusiness centre (ACABC) programme in Kerala.

Views of the Steering Committee

The committee decided to place the matter before SLBC for information.

4.4.4. Prime Ministers Employment Generation Programme (PMEGP)

- Information Note from KVIC, State office, Trivandrum

The Commission has communicated tentative targets under PMEGP for the year 2008-09. The allotment to the Kerala State is 1770 projects with an involvement of Margin Money of Rs. 2123.50 lakhs for employment generation of 17,695 nos. As per the system adopted in Kerala State District wise targets with involvement of M.M, employment generation were communicated to LDMs, Banks District level Task Force Committees for implementation.

Districtwise Tentative Target under PMEGP for 2008-09

Sl. No	Name of District	Target No of Units	Target Margin Money in Lakhs	Target Employment in Nos.
1	Thiruvananthapuram	117	141.02	1186
2	Kollam	132	160.40	1350
3	Alappuzha	92	101.12	844
4	Pathanamthitta	108	130.76	1106
5	Kottayam	96	123.06	1048
6	Idukki	150	157.24	1304
7	Ernakulam	116	153.64	1300
8	Thrissur	126	161.04	1320
9	Palakkad	128	155.88	1278
10	Malappuram	157	193.50	1612
11	Kozhikode	133	158.46	1274
12	Wayanad	179	212.96	1792
13	Kannur	111	127.80	1054
14	Kasargode	134	152.48	1277

CONSOLIDATED PERFORMANCE OF THE PRIME MINISTERS EMPLOYMENT GENERATION PROGRAMME 2008-2009
(UP TO 28TH FEBRUARY 2009)

Name of the State: Kerala

Sl. No.	Name of the District	No.of applications received till 20 th Feb.2009				Task Force Interviews			No.of applications forwarded to Banks				M.M. requirement for each projects (Rs.in Lakhs)	No.of Project sanctioned by the Bank	M.M. Involvement
		KVIC	KVIB	DIC	TOTAL	Total No. of Applicants Interviewed	Total No.of Applications selected	Total No.of Applications rejected	KVIC	KVIB	DIC	TOTAL			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	Trivandrum	156	51	151	358	332	-	-	-	-	-	-	Interview over, The minutes to be approved by the Chairman of the TFC		
2	Kollam	26	24	90	140	137	59	-	6	5	6	17	-	-	-
3	Pathanamthitta	21	19	159	199	144	80	-	11	5	10	26	-	-	-
4	Alleppey	45	49	95	189	183	142	-	23	22	60	105	-	-	-
5	Kottayam	70	61	94	225	188	167	-	25	26	88	139	-	2	-
6	Idukki	92	13	100	205	141	104	-	53	7	44	104	-	2	-
7	Ernakulam	90	63	140	293	230	133	-	-	-	-	-	Interview over, The minutes to be approved by the Chairman of the TFC		
8	Thrissur	70	54	75	199	129	100	-	23	10	47	80	-	-	-
9	Palakkad	20	17	100	137	104	48	-	10	11	27	48	-	-	-
10	Malappuram	30	39	151	220	77	46	-	8	7	95	110	-	4	-
11	Kozhikode	150	52	594	796	369	150	-	22	20	-	42	-	-	-
12	Wayanad	6	51	120	177	160	134	-	4	45	85	134	-	-	-
13	Kannur	5	33	125	163	133	114	-	4	8	86	98	-	13	-
14	Kasaragodu	10	27	89	126	109	56	-	-	8	42	50	-	5	-
	Total	791	553	2083	3427	2436	1333		189	174	590	953		26	65 Lakhs

Views of the Steering Committee

Representative from KVIC requested to include the above note in the 98th SLBC and to give direction to all the banks to sanction more cases under PMEGP after adequate review.

Meanwhile, the latest District-wise performance position of the State under PMEGP for the year 2008-'09 as on 31.03.2009 was made available by the State Director of KVIC which is annexed to this agenda & background notes (Annexure 10.43).

The committee decided place the matter before SLBC for information.

4.4.5. Credit Guarantee Fund Trust for Micro And Small Enterprises: Bank-wise position – Information Note

MLI Wise Report for KERALA (Guarantee Approved) From Date 01/04/2000 To 15/02/2009			
SNo.	Bank Name	Proposals	Approved Amount (in Rs. Lakh)
1	ALLAHABAD BANK	1	9
2	ANDHRA BANK	29	86.33
3	AXIS BANK LIMITED	2	50
4	BANK OF BARODA	130	801.83
5	BANK OF INDIA	991	3616.86
6	BANK OF MAHARASHTRA	3	19.5
7	CANARA BANK	11110	11584.15
8	CENTRAL BANK OF INDIA	182	270.23
9	CORPORATION BANK	108	206.97
10	DENA BANK	71	114.03
11	INDIAN BANK	614	625.74
12	INDIAN OVERSEAS BANK	694	1680.57
13	ORIENTAL BANK OF COMMERCE	6	31.02
14	PUNJAB & SIND BANK	20	16.74
15	PUNJAB NATIONAL BANK	355	849.31
16	SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA	20	593.1
17	SOUTH MALABAR GRAMIN BANK	275	297.84
18	STATE BANK OF HYDERABAD	1	1
19	STATE BANK OF INDIA	256	866.3
20	STATE BANK OF MYSORE	6	48.29
21	STATE BANK OF TRAVANCORE	3742	6469.85
22	SYNDICATE BANK	441	1309.65
23	THE FEDERAL BANK LTD	815	1050.83
24	UCO BANK	157	504.1
25	UNION BANK OF INDIA	455	1046.76
26	VIJAYA BANK	276	524.99
Total		20760	32674.99

MLI Wise Report for KERALA (Guarantee Approved) From Date 01/04/2008 To 15/02/2009			
SNo.	Bank Name	Proposals	Approved Amount (in Rs. Lakh)
1	ANDHRA BANK	19	17.05
2	AXIS BANK LIMITED	1	30
3	BANK OF BARODA	54	329.29
4	BANK OF INDIA	610	2122.53
5	BANK OF MAHARASHTRA	1	6.5
6	CANARA BANK	2395	2752.7
7	CENTRAL BANK OF INDIA	34	48.8
8	CORPORATION BANK	8	17.94
9	DENA BANK	8	34.3
10	INDIAN BANK	182	153.07
11	INDIAN OVERSEAS BANK	212	581.97
12	PUNJAB & SIND BANK	4	2.87
13	PUNJAB NATIONAL BANK	89	211.26
14	SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA	6	214
15	SOUTH MALABAR GRAMIN BANK	233	214.13
16	STATE BANK OF HYDERABAD	1	1
17	STATE BANK OF INDIA	133	321.68
18	STATE BANK OF TRAVANCORE	358	891.51
19	SYNDICATE BANK	220	582.96
20	THE FEDERAL BANK LTD	581	868.64
21	UCO BANK	24	93.9
22	UNION BANK OF INDIA	45	160.92
23	VIJAYA BANK	29	53.81
Total		5247	9710.83

4.4.6. Details of Project Pending with Bank for Availing Loan – Note by SFAC

Sl. No.	Name of the project	Name of Bank	Date of Submission
1	Project for the establishment of a vetiver nursery and its oil extraction cum value addition unit at Parekkonam in Ottasekharamangalam Grama Panchayath of Thiruvananthapuram District	SBT Poovachal	30.12.2008
2	Project for the establishment of a cocoa and nutmeg processing plant in Mazhuvannur Panchayath of Ernakulam District	SBI Kolencherry	10.11.2008
3	Project for the establishment of coconut oil processing unit at Ottappanavila in Karode Panchayat of Trivandrum District	Bank of India Uchakkada branch	10.11.2008
4	Project for the establishment of a coconut oil processing unit at Mukkampalamoode Naruvamoodu in Pallichal Panchayat Trivandrum District	State Bank of Travancore Pravachmbalam	19.12.2008
5	Project for the establishment of a coconut processing cum value addition unit at Karuthamkode in Kattakada Panchayat Thiruvananthapuram District.	State Bank of Travancore Poovachal	30.12.2008
6	Project for the processing of Medicinal plants at Kundalassery in Keralassery Panchayath, Palakkad	State Bank of India Palakkad	31.12.2008
7	Project for the establishment of Agro processing unit (privacy spices, Thrissur) in Vadanappally Panchayat, Thrissur	Union Bank of India Vadanappally	31.12.2008
8	Project for the establishment of Pepper processing unit at Ottasekharamangalam	Canara Bank Manacaud Branch	31.12.2008
9	Project for the establishment of coconut processing unit at Perumpazhathoor Neyyattinkkara	Indian Overseas Bank Aralummoode	31.12.2008
10	Project for the establishment of Medicinal plants processing unit (Sreedhary Pharmaceuticals) at Kurichithanam near Uzhavoor	State Bank of Travancore Uzhavoor	31.12.2008
11	Project for the production of organic lotion at Koliyakode in Manikkal Panchayath, Thiruvananthapuram District	State Bank of India Pothencode	31.12.2008
12	Project for the establishment of medicinal plants processing unit at Aencheri in Alakode Panchayath Idukki District.	Union Bank of India Thodupuzha	31.12.2008

It is requested to discuss the matter in the SLBC meeting and give direction to Bank Managers to sanction the loan immediately so as to enable them to release the venture capital assistance.

5. Review of Performance under Priority Sector Advances

5.1. Disbursements to Priority Sector – Review of ACP 2008-09 achievement up to December 2008 (Refer Annexures 10.11 & 10.12)

The performance of banks with reference to the Annual Credit Plan-2008-2009 as at December 2008 with Bank wise and District wise break up is furnished in the annexure. The abstract of the performance as at December 2008 under ACP 2008-2009 is as follows.

(Amount in Rs. Crore)

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	2428	1539	63.37	684	343	50.10	3381	2257	66.76	6493	4139	63.74
Nationalised Banks	4278	2791	65.24	857	355	41.47	3635	1957	53.83	8770	5103	58.19
RRB s	1732	1471	84.93	89	29	32.27	779	614	78.83	2600	2113	81.29
Private Sector Banks	2191	2580	117.80	931	376	40.41	2993	2007	67.06	6115	4964	81.18
Cooperatives	5162	3101	60.06	437	167	38.26	6431	4545	70.67	12030	7813	64.94
KFC	0.00	5	NA	136	62	45.61	49	46	93.60	185	113	61.02
Total	15791	11487	72.74	3134	1332	42.50	17268	11426	66.17	36193	24245	66.99
% to Total Disbursement	--	47.38	--	--	5.49	--	--	47.13	--	--	100.00	

5.1.1. Overall Performance Under Annual Credit Plan

The banking sector of the state has disbursed **Rs. 24245 crores** to the priority sector during the fiscal 2008-09 as at December 2008. This is **66.99 %** of the annual target of **Rs. 36193 crores**. There is an increase in total disbursement of **Rs. 2999 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. 7813 crores**) followed by Nationalised Banks (**Rs. 5103 crores**). A comparison based on percentage achievement of target reveals that achievements of State Bank Group, RRBs and Private Sector Banks were much above that of the state's overall performance whereas the performance of the Nationalised Banks and Co-operative sector banks were less than the benchmark share by the State as a whole. Disbursement to secondary sector constituted only **5.49 %** of the total disbursement made by banks to the priority sector.

Bankwise analysis reveals that Kerala State Co-operative Bank has disbursed the highest quantum of priority sector loans (**Rs. 7531 crores**) followed by State Bank of Travancore (**Rs. 2775 crores**). Three Banks viz., Bank of Rajasthan, State Bank of Indore have reported “nil” disbursement to priority sector in the state during the period from 01.04.2008 to 31.12.2008 which needs immediate attention.

Ernakulam district stood first in the quantum of priority sector loan disbursement (**Rs. 3130 crores**) closely followed by Thrissur with a disbursement of **Rs. 2978 crores** to Priority Sector. Thrissur district was first in percentage achievement of target (**80.79%**) followed by Malappuram (**80.77%**), Kozhikode (**80%**), Ernakulam (**74.02 %**), and Kannur (**73.43 %**) districts which had achieved targeted levels above the State’s average position. However, Pathnamthitta district (**46.03%**), Trivaandrum (**53.02%**), Kollam (**57.74%**) and Idukki (**59.50 %**) have registered poor performance under ACP achievement.

5.1.2. Performance under Primary Sector

The primary sector, which comprises of the agriculture sector, accounted for **47.38 %** of the total disbursements in priority sector. The sector achieved **72.74 %** of the annual target as at December 2008 which is highly appreciable. An amount of **Rs. 11487 crores** was disbursed to the sector as at December 2008 against the year-end target of **Rs. 15191 crores**. When compared to the disbursements during the corresponding period of the previous fiscal, there was an increase of **8.98 % (Rs. 1031 crores)** in the disbursements to the sector. Last fiscal during April 2007 to December 2007, the disbursement to primary sector was only **Rs. 10456 crores**.

Cooperative Sector, by disbursing **Rs. 3101 crores**, accounted for more than one-fourth (**30%**) of the total disbursement to the sector. Nationalised Banks accounted for **24.29 %** of the total disbursement to the primary sector of the state by disbursing **Rs. 2791 crores**.

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

Highest disbursement to primary sector was reported in Kollam district (**Rs. 1371 crores**) followed by Ernakulam (**Rs.1199 crores**) Palakkad district (**Rs.1178 crores**). Among the poor performing districts, Idukki district with **52.87 %** achievement of the target and Kasargod with **55.04 %** achievement of the target should improve the performance during the remaining part of the fiscal for achieving the annual target.

5.1.3. Performance under Secondary Sector

Under secondary sector, which includes the SME Sector (Micro and Small Enterprises), the banking sector of the state could achieve only **42.51 %** of the annual target as at December 2008. Banks in the state have disbursed loans to the tune of **Rs. 1332 crores** upto December 2008. Another disturbing fact is that the sector accounted for only **5.49 %** of the disbursement to priority sector in the state.

When compared to the disbursements during the corresponding period of the previous fiscal, there was a sharp decline (**Rs. 209 crores decreased**) in disbursements to the sector during the first three quarters of 2008-'09. Last fiscal during April 2007 to December 2007, the disbursement to the secondary sector was **Rs. 1541 crores** whereas during the same period this year banking sector in the state could disburse **Rs. 1332 crores** only, registering a **13.56 %** downfall in disbursement.

Private Sector Banks lead in disbursements to the sector (**Rs. 376 crores**) followed by Nationalised Banks (**Rs. 355 crore**) and State Bank Group (**Rs. 343 crores**). State Bank of India leads in quantum disbursement to secondary sector in the state by disbursing **Rs. 199 crores** followed by Federal Bank (**Rs. 162 crores**), State Bank of Travancore (**Rs. 138 crores**), Canara Bank (**Rs. 125 crore**). The following Banks have not reported any disbursement to the sector - State Bank of Indore, United Bank of India, IDBI Bank, Bank Of Rajasthan, J&K Bank, Allahabad Bank, Kotak Mahindra Bank.

Among the districts, highest disbursement to secondary sector was reported in Kollam district (**Rs. 302 crores**) followed by Ernakulam district (**Rs. 193 crores**) and Thrissur (**Rs.148 crores**).

5.1.4. Performance under Tertiary Sector

Tertiary sector accounted for **47.13 %** of the total disbursement to the priority sector in the state thereby slightly increasing its share in the Priority sector credit disbursement as compared to the disbursement during the same period in the previous fiscal. The total disbursement to the sector during the current fiscal upto December 2008 was **Rs. 11426 crores** thereby achieving **66.17 %** of the annual target. When compared to the disbursements during the corresponding period of the previous fiscal, there is an increase of **23.52 %** in the disbursements to the sector. Last fiscal during April 2007 to December 2007, the disbursement to tertiary sector was only **Rs. 9250 crores**.

In the case of quantum of loans disbursed during the current fiscal, Cooperatives lead other banking groups by disbursing **Rs. 4545 crores** followed by State Bank Group with **Rs. 2257 crores** of disbursement, Private sector Banks (**Rs. 2007 crores**) and Nationalised Banks (**Rs. 1957 crores**). Under the parameter of percentage achievement of target, KFC (**93.60%**) topped the list of achievers. RRBs, Banks in the Co-operative

sector, Private sector Banks, and Nationalised Banks follow suit with percentage achievement of annual target as **78.83 %**, **70.06%**, **67.06%** **66.06%** and **53.83 %** respectively

Among Commercial Banks, SBT leads in disbursement to the sector (**Rs. 1551 crores**) followed by the Federal bank Ltd. (**Rs.1168 crores**), State Bank of India (**Rs. 688 crores**) and Canara Bank (**Rs. 372 crores**). Poor performers under Annual Credit Plan such as Bank of Rajasthan, State Bank of Indore and have reported 'NIL' disbursement to the Tertiary sector in the State.

District wise analysis reveals that Thrissur district has achieved **88.70 %** of the year-end target. The performance of Pathanamthitta (**36.60 %**), Trivandrum (**51.71 %**) Kollam (**52.67%**) districts needs improvement.

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

5.2. Outstanding Under Priority Sector Advances As at December 2008 (Refer Annexure 10.4)

5.2.1. Performance versus National goals

(Figures in percentage)

Sl. No.	PARAMETER	Goal	March 2005	March 2006	March 2007	March 2008	Dec. 2007	Dec. 2008	Variation	
									Mar.'08 To Dec.'08	Dec.'07 To Dec.'08
1	P. S. Advances to Total Credit	40	51.05	53.47	55.52	58.53	58.60	56.55	-1.98	-2.05
2	Agri. Advances to Total Credit	18	14.17	15.91	17.70	21.23	19.27	19.32	1.91	0.05
3	Weaker Section Adv. to Total Credit	10	11.79	12.40	13.01	12.91	13.68	12.03	-0.88	-1.65
4	DRI Advances to Total Credit	1	0.01	0.01	0.01	0.02	0.02	0.24	0.22	0.22
5	C: D Ratio	60	59.01	66.84	70.09	71.39	71.48	66.35	-5.04	-5.13

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 December 2008 is summarized as follows.

Amount in Rs. Crore

Parameter	Outstanding						Variation			
	Mar. 2006	Mar. 2007	Mar 2008	Dec. 2007	Sept. 2008	Dec 2008	Mar. 06-Mar. 07	Mar. 07-Mar. 08	Mar. 07-Dec. 07	Mar. 08-Dec. 08
Priority Sector Adv.	27763	35683	44078	41644	46323	46006	7920	8395	5961	1928
Agriculture Adv.	8259	11337	15991	13697	16701	15714	3078	4654	2360	-277
SSI Adv./ SME	3708	4391	6674	5889	7461	7265	683	2283	1498	591
Weaker Section Adv.	6168	8361	9724	9722	9829	9787	2193	1363	1361	63
SC/ST Advances	697	942	1700	929	1743	3216	245	758	-13	1516
DRI Advances	9.00	9.11	10.78	11.69	13.51	194.23	0.11	1.67	2.58	183.45

Performance of the Banking sector inclusive of KSCARDB as at December 2008

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

Performance of KSCARDB under Priority Sector Advances

(Amount Outstanding)

(Amount in Crore)

Parameter	December 2007		KSCARDB % to total Advances	December 2008		KSCARDB % to total Advances
	KSCARDB	Comm. Banks + KSCARDB		KSCARDB	Comm. Banks + KSCARDB	
Total advances	1798.43	72865.59	----	1774.56		----
Priority Sector Adv.	1798.43	43442.22	100.00	1774.56	47780.46	100.00
Agriculture Adv.	672.58	14369.82	39.43	602.30	16316.02	33.94
SSI Adv./ SME	186.06	6075.39	10.88	292.74	7557.69	16.50
Weaker Section Adv.	1538.80	11260.78	48.99	1561.50	11348.22	87.99
SC/ST Advances	53.95	982.99	1.99	53.25	3268.43	3.00
DRI Advances	0.00	11.69	0.00	0.00	194.23	0.00

5.2.2. Priority Sector Advances (Refer Annexure 10.4)

Parameter	Outstanding					Variation			
	Mar. 2006	Mar. 2007	Dec. 2007	Mar. 2008	Dec. 2008	Mar. 06 Mar. 07	Mar. 07- Mar. 08	Dec. 07- Dec. 08	Mar. 08- Dec. 08
Priority Sector Adv.	27763	35683	41644	44078	46006	7920	8395	4362	1928

During the financial year, from April 2008 to December 2008, a growth of **Rs. 1928 crores** was recorded by the commercial banks in the state under priority sector outstanding.

During the first three quarters of the year of 2008-09, Priority Sector Advances increased by **Rs. 1928 crores** as against **Rs. 5961 crores** added during the corresponding period of last fiscal. A year-on-year analysis reveals that there was a growth of **Rs. 4362 crores** in priority sector advances over December 2007 position.

Against the mandatory norm of 40% under priority sector advances, as at December 2008, **56.55%** of the total advances of the banks in the state was to priority sector. This shows a year-on-year decrease of **2.05** percentage points.

Banking Group Wise Performance Under Priority Sector Advances as at December 2008

(Amount in Rs. Crore)

BANK	Total Advances			Priority Sector Advances			% PSA to Total Adv. (Dec.08)
	Mar. 2008	Dec. 2008	Growth Mar. 08- Dec. 08	Mar.2008	Dec. 2008	Growth Mar. 08- Dec. 08	
State Bank Group	24787	27140	2353	14097	14070	-27	51.84
Nationalised Banks	22189	24476	2287	15380	16488	1108	67.36
RRBs	3451	3665	214	3061	3267	206	89.14
Private Sector Banks	24548	25737	1189	11438	12073	635	46.91
Foreign Banks	330	334	4	102	108	6	32.33
GRAND TOTAL	75305	81352	6047	44078	46006	1928	56.55

Quantum wise, highest contribution to the Priority Sector advances of the state is by Nationalised Bank (**Rs.16488 crores**) followed by the State Bank Group (**Rs. 14070 crores**). During the first three quarters of the year, highest growth in priority sector advances was contributed by Nationalised Banks (**Rs. 1108 crores**) followed by Private sector banks (**Rs. 635 crores**). RRBs have **89.14 %** of their advances under priority sector and Nationalised Bank Group (**67.36 %**) and the State Bank Group with **51.84 %** were also above the level achieved by the state (**58.60 %**) in terms of

percentage of priority sector advances to total advances. The State Bank Group has a shown a negative growth of Rs. 27 crores.

Private Sector Banks in the State have regained their March 2007 position under Priority sector advances and registered a share of **46.91 %** of their total advances. This is slightly above the mandatory level for Priority Sector Advances fixed by RBI at **40%**.

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

5.2.3. Agriculture Advances (Refer Annexure 10.5)

Parameter	Outstanding				Variation			
	Mar. 2007	Dec. 2007	Mar. 2008	Dec. 2008	Dec.07- Dec.08	Mar.07- Dec.07	Mar.07- Dec.08	Mar.08- Dec.08
Agriculture Adv.	11377	13697	15991	15714	2017	2320	4337	-277

The outstanding advances to agriculture sector in the state have decreased by **Rs. 277 crores** during the first three quarters of the current fiscal. This growth is comparatively lower than the growth recorded (**Rs. 2320 crores**) during the corresponding period of the previous fiscal. The outstanding agriculture advances stood at **Rs.15714 crores** as at December 2008, which is **19.32%** of the total advances outstanding in the state. This has been gradually increasing (as at December 2007 it was **16.80 %**), and has already crossed the mandatory norm of 18% fixed by RBI.

Year-on-year there was an increase of **Rs. 3599 crores** in agriculture advances outstanding- an increase of **35.64 %**

Banking Group Wise Performance Under Agriculture Advances as at December 2008

(Amount in Rs. Crore)

BANK	Total Advances			Agriculture Advances			% Agri. Adv to Total Adv. (Dec.08)
	Mar. 2008	Dec. 2008	Growth Mar. 08 Dec. 08	Mar. 2008	Dec. 2008	Growth Mar. 08 Dec. 08	
State Bank Group	24787	27140	2353	4194	3281	-913	12.09
Nationalised Banks	22189	24476	2287	5418	5680	262	23.21
RRBs	3451	3665	214	1922	1857	-65	50.67
Private Sector Banks	24548	25737	1189	4457	4896	439	19.02
Foreign Banks	330	334	4	0	0	0	0.00
GRAND TOTAL	75305	81352	6047	15991	15714	-277	19.32

Private Sector Bank group has contributed the highest quantum growth in agriculture advances outstanding (**Rs. 439 crores**) followed by Nationalised Bank group

(**Rs. 262 crores**), State Bank group and RRBs have shown a negative growth of -913 crores and -65 crores respectively.

50.67% 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 agriculture advances to total advances (only 12.09%)

Apart from both the RRBs, the following Public Sector banks had crossed the mandatory norm of 18% under agriculture advances. – Bank of Baroda, Canara Bank, Indian Overseas Bank, Union Bank of India, Indian Bank, UCO Bank, Central Bank Of India, Syndicate Bank and Vijaya Bank. Federal Bank, ICICI Bank, Dhanalakshmi Bank are the only private sector banks having agriculture advances more than 18% of their total credit.

The performance of the Private Sector Banks has to be improved further.

As far as KSCARDB is concerned, **33.94 %** of their advances was to agriculture sector.

5.2.4. SME Advances (Priority) (Refer Annexures 10.6 &10.36)

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

(Amount in Rs. Crores)

Parameter	Outstanding				Variation			
	Mar. 2007	Dec. 2007	Mar. 2008	Dec. 2008	Mar. 07- Mar. 08	Mar. 07- Dec. 07	Dec.07 - Dec.08	Mar. 08- Dec. 08
SME Advances	4391	5889	6674	7265	2283	1498	1376	591

The outstanding advance of commercial banks in the state to SME (Priority) sector has grown up by **Rs. 591 crores** during the first three quarters of the current fiscal. The growth is encouraging as compared to that recorded (**Rs. 1498 crores**) during the corresponding period of the previous fiscal.

The good performance under SME sector (Priority) may probably be due to the correct classification by a almost all banks as the new system as per MSMED Act 2006 has been put in place and the reporting to SLBC also got streamlined with effect from the last quarter. Despite all the above, we come across with the controlling offices of a few Banks which are still reporting data on SME advances incorrectly to SLBC. The focussed attention in this area is very much required so that the reporting under SME Sector becomes accurate and error free.

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

(Amount in Rs. Crores)

Banking Group	SME (Priority)				Total SME under Priority	
	Micro Enterprises		Small Enterprises			
	No.	Amt	No.	Amt	No.	Amt
State Bank Group	49849	411	4828	981	54677	1392
Nationalised Banks	139803	1766	25274	1215	165077	2981
RRBs	88721	331	1213	104	89934	435
Private Sector Banks	27179	922	21631	1535	48810	2457
GRAND TOTAL	305552	3430	52946	3835	358498	7265

5.2.5. Advances to Weaker Section (Refer Annexure 10.9)

Parameter	Outstanding				Variation			
	Mar. 2007	Dec. 2007	Mar. 2008	Dec. 2008	Mar. 07- Mar. 08	Mar. 07- Dec. 07	Dec. 07 - Dec. 08	Mar. 08- Dec. 08
Weaker Section Adv.	8361	9722	9724	9787	1363	1361	65	63

Weaker Section advances grew by **Rs. 63 crores** during the first three quarters of the current fiscal as against **Rs. 1361 crores** added during the corresponding period of last fiscal. Year-on Year increase as at December 2008 was **Rs. 65 crores**.

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

Parameter	Outstanding				Variation			
	Mar. 2007	Dec. 2007	Mar. 2008	Dec. 2008	Mar. 07- Mar. 08	Mar. 07- Dec. 07	Dec. 07 - Dec. 08	Mar. 08- Dec. 08
SC/ST Advances	942	929	1700	3215	758	-13	2286	1515

The advances to SC/STs showed an increase of **Rs. 1515 crores** during the first three quarters of the fiscal 2008-09 as against a decrease **Rs.13 crores** of quantum growth recorded during the corresponding period of the last fiscal. The controlling offices of all the Banks are requested to classify their credit portfolio properly so as to avoid under reporting in areas such as lending to SC/ST beneficiaries.

As evident from the table below, almost **97.45 %** of the SC/ST advances of the state is contributed by Public Sector Banks (including RRBs), while the share of Private Sector Banks is just about **2.52%**. In total, loans of about **4.31 lakh** to SC/ST people is outstanding with commercial banks of the state.

Banking Group Wise Performance Under SC/ST advances
As at December 2008 (Amount in crore)

BANK	SC/ST Advances		
	Outstanding		% O/S to total
	No.	Amount	
State Bank Group	202192	2260	70.30
Nationalised Banks	161235	816	25.38
RRBs	53704	58	1.80
Private Sector Banks	14147	81	2.52
GRAND TOTAL	431278	3215	100.00

KSCARDB has an outstanding advance of Rs. 53.25 crores 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:

5.2.7. DRI Advances (Refer Annexure 10.10)

Parameter	Outstanding				Variation			
	Mar. 2007	Dec 2007	Mar. 2008	Dec. 2008	Mar. 07- Mar. 08	Mar. 07- Dec. 07	Dec 07 - Dec. 08	Mar. 08- Dec. 08
DRI Advances	9.11	11.69	10.78	194.22	1.67	2.58	182.53	183.44

Against the national goal of 1% of the previous year's Gross Bank Credit, only 0.24% of the total credit could be given under the DRI scheme in the state by Commercial banks as at December 2008.

As could be seen from the following table, Public Sector Banks (**99.51 %**) account for bulk of the DRI advances in the state whereas **0.49%** of the DRI advances of the state is contributed by private sector banks. The contribution by Private Sector Banks under this national priority item has been showing a slight upward growth over the last quarter of the current fiscal.

Banking Group Wise Performance Under DRI advances
As at December 2008 (Amount in lakh)

BANK	DRI Advances	
	O/S	% to total
State Bank Group	18524	95.37
Nationalised Banks	748.51	3.85
Private Sector Banks	93.44	0.49
RRBs	57	0.29
GRAND TOTAL	19422.95	100

DRI is an exclusive scheme that caters to the credit needs of the weakest of the weak among rural and urban population. Recently, Reserve Bank of India has advised upward revision in 'Family Income Ceiling' for DRI loan eligibility. Accordingly, annual family income ceiling under DRI scheme is increased to **Rs. 18,000/-** in rural areas and **Rs. 24,000/-** in Urban/Semi-urban areas. Enhanced ceiling in loan quantum for DRI loans has already been communicated.

In view of the above changes and relaxation in norms, all the banks in the state are requested to lend actively under the Differential Rate of Interest (DRI) Scheme so that the banks in Kerala could achieve the mandatory target level of **1%** of the previous year's gross credit as fixed by RBI.

6. Review of Performance under Special Focus Programmes

6.1. Swarozgar Credit Card Scheme (Refer Annexure 10.23)

The data submitted by the controlling offices reveal that commercial banks in the state have sanctioned **2652** Swarozgar Credit Cards (SCCs) during the third quarter of the year 2008-09 sanctioning credit limits to the tune of **Rs. 4.99 crore**. Since inception of the scheme the banks have sanctioned **47600** cards in the state sanctioning **Rs. 143.61 crores**. The amount outstanding as at December 2008 is **Rs. 99.22 crore** with **31323** cards. The Bank wise data is furnished in the annexure. SMGB leads in the performance by sanctioning maximum number of cards followed by the Federal Bank.

6.2. Artisans Credit Card Scheme (Refer Annexure 10.23)

Commercial banks in the state have sanctioned only **1735** Artisans Credit Cards (ACCs) during the quarter ending December 2008 sanctioning credit limits to the tune of **Rs. 3.40 crore**. Since inception of the scheme, the banks have sanctioned only **4664** cards in the state sanctioning credit limits amounting to **Rs. 12.91 crore**. The amount outstanding as at December 2008 is **Rs. 3.85 crore** with **1750** cards. Canara Bank leads among the commercial banks in the state by issuing the highest number of cards (**1706 cards**). Private sector banks are yet to sanction any loans under the scheme during the quarter. Their outstanding position under the ACC scheme is also "Nil". The Bank wise data is furnished in the annexure.

6.3. Laghu Udhyami Credit Cards (Refer Annexure 10.23)

Commercial banks in the state have sanctioned only **466** Laghu Udhyami Credit Cards (LUCC) during the third quarter of 2008-09 making available credit limits to the tune of **Rs.11.11 crore** to small entrepreneurs of the state. Since inception of the scheme, the banks have sanctioned **16568** LUCCs in the state sanctioning credit limits amounting to **Rs 334.06 crores**. The amount outstanding as at December 2008 is **Rs. 289.90 crores**. SBT leads in the state by issuing highest number of LUC Cards followed by Syndicate Bank and Canara Bank and Private sector banks are yet to sanction any loans under the scheme. The Bank wise data is furnished in the annexure.

6.4. 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 (October-December 2008), banks have sanctioned **10136** GCCs and disbursed loans amounting to **Rs. 27.41 crore** in the state. Canara Bank leads in issuance of GCC with **5352** GCCs issued during the quarter and with **38065** cards outstanding. This is followed by SMGB with **8657** cards NMGB with **6819** cards and Indian Overseas Bank with **2810** cards Punjab National Bank with **2618** cards outstanding. The bankwise data is given in the annexure.

6.5. Performance under Kisan Credit Card Scheme (Refer Annexure 10.21)

As per the reports available with the Convenor SLBC, **81363** Kisan Credit Cards with an amount of **Rs. 410.31 crores** have been issued during the third quarter of the current fiscal. In the State, **2736162** KCCs were issued since inception involving a credit outlay of **Rs. 10311.23 crores**. The outstanding number of loan accounts under KCC is **1798738** with **Rs. 6198.49 crores** as at December 2008. **977936** farmers were under the cover of personal accident insurance scheme linked to KCC. Bankwise data is given in the annexure.

6.6. Agri-Clinics and Agri Business Centres (Refer Annexure 10.20)

Under the novel scheme of Agri-Clinics, banks in Kerala have not performed well as they did not open any clinics during the quarter ended December 2008. However, there are **12** such Agri-clinics opened right from inception (credit outlay **Rs. 38.20 lakhs**). The outstanding accounts under Agri clinics in the State by Commercial Banks are **12** in number with a credit outlay of **Rs. 38.20 lakhs**.

There was **7** Agri-Business Centres opened in the State from the date of inception of the scheme with a credit outlay of **Rs. 51 lakhs**. As at December 2008, **7** Agri-Business centres exist with an outstanding amount of **Rs. 39 lakhs** in the books of accounts of Banks in Kerala.

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

6.7.1. 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. The bankwise details of interest waived, claimed and settled are available in the annexure.

6.7.2. 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). The bank wise details of rescheduled accounts are available in the annexure.

6.7.3. 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 2006-07 by disbursing **Rs. 2324.30 crores** of agriculture advance against the target of **Rs. 1957.83 crores**. In the first three quarters of the current fiscal, banks in these 3 districts disbursed **Rs.1976 crores**.

6.8. Credit Flow to Minority Communities (Refer Annexures 10.34 & 10.35)

As per RBI directives, credit flow to minorities in specified districts should be reviewed in all SLBC meetings. Till recently, the specified districts identified in Kerala were Palakkad, Malappuram, Kozhikode, Wayanad and Kannur. But, at present all the districts in the State of Kerala are notified for reporting under this head. In Kerala state credit expansion is not at all possible without giving due share to minorities. 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 in all these districts. 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.

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

The Convener, SLBC had compiled the data obtained from all banks regarding the cumulative performance of banks in the state as at December 2008. The bank-wise performance is given as annexure.

On a review of the performance, it is seen that about **3.04 lakh** SHGs maintain savings account with commercial banks as at December 2008 in the state.

The banking group-wise data is as follows.

(Amount in Rs. Crores)

Banking Group	SHGs maintaining Savings a/c		of which No. of SHGs under	
	No.	Amount	Govt. Sponsored	Excl. Women
State Bank Group	135196	499.13	22589	118787
Nationalised Banks	110811	122.35	18228	89602
RRBs	26638	5.66	10568	23217
Private Sector Banks	30868	108.20	4395	27918
Total - Kerala State	303513	735.36	55780	259524

As evident from the above **85.51%** of the SHGs are exclusive women SHGs and **18.38%** 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	166902	71637	165869
Financing SHGs directly with the facilitation of NGOs	77445	12408	66575
Financing SHGs through the medium of NGOs	73825	26060	69349
Total No. of SHGs linked	318172	110105	301793

As could be seen from the above table, about **3.18 lakh** SHGs have been linked in the state so far under the SHG-Bank linkage programme. About **52.46%** of the linkage has been done by banks by financing SHGs directly.

NABARD has informed that, they have already opened a separate line of credit for financing farm production and investment activities through SHGs, in addition to the existing refinance facility for SHGs.

6.10. Small and Medium Enterprises (SME) Advances (Refer Annexures 10.6 & 10.36)

Consequent upon the promulgation of MSMED Act, 2006 the advances classified under SME comes under priority (Micro & Small Enterprises) as well as Non-Priority (Medium Enterprises). The total advances under SME priority as on December 2008 comes to **Rs. 13927.52 crores** for the commercial banks in the state. Out of this, Micro and Small Enterprises constitute **Rs. 7246 crores** for Commercial banks, which forms part of Priority Credit. The non-priority part of SME credit component includes Medium Enterprises which show an outstanding amount of **Rs. 6681 crores** with **192312** loan accounts with commercial banks. The bank wise details are given in the annexure.

7. Review of Performance under Government Sponsored Schemes

7.1. Swarna Jayanthi Shahari Rozgar as at December 2008 Yojana (SJSRY) (Refer Annexures 10.16 to 10.19)

The performance of the State under SJSRY upto December 2008 is summarized hereunder:

Sub component	No. of Applications							Subsidy Released Amount	Amount of Loan	
	Forwarded	Rejected	Sanctioned	Pending to Sanction	Disbursed	Pending to Disburse	Total Pending		Sanctioned	Disbursed
USEP	54289	24264	23536	6489	22507	1029	7518	754.80	5427.79	5046.01
DWCUA	2052	207	1533	312	1455	77	389	1257.71	2109.27	1981.00
Total	56341	24471	25069	6801	23962	1106	7907	2012.51	7537.06	7027.01

The banks have sanctioned **23536** loans to individual beneficiaries (for micro enterprises under USEP scheme) as at December 2008 involving loan amount of **Rs. 5427.79 lakhs**. Under DWCUA (Development of Women and Children in Urban Areas), **1533** groups were sanctioned with loans to the tune of **Rs.2109.27 lakhs**.

Banking Group wise performance under SJSRY as at December 2008

Sl. No.	Bank	USEP		DWCUA		Total SJSRY	
		Sanctions		Sanctions		Sanctions	
		No	Amount	No	Amount	No	Amount
1	Public Sector Bank	19101	4640.62	1137	1649.63	20238	6290.25
2	Private Sector Banks	2385	518.43	141	186.33	2526	704.76
3	Others	2050	268.74	255	273.31	2305	542.05
	Total	23536	5427.79	1533	2109.27	25069	7537.06

Analysis of the Bank wise performance reveals that Public Sector Banks (including RRBs) accounted for **80.73%** the loans (Number) sanctioned and **83.46 %** 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.

7.2. Swarnajayanthi Gram Swarozgar Yojana (SGSY) - Performance as at December 2008 (Refer Annexures 10.13 to 10.15)

The credit mobilisation target for 2008-09 is **Rs. 8293.37 lakhs**. As at December 2008, the state has reached only **72.32%** of the target. Banking group wise analysis reveals that State Bank group had achieved **72.72 %** of the target while Nationalised Banks had achieved **71.08%** of the target and Cooperative banks with **103.64%** which are above the State's performance level. The performance of Private Sector Banks (**48.41%**) and RRBs (**61.37%**), which is below the State's performance position, needs improvement.

SGSY – Performance as at December 2008

(Amount in lakh)

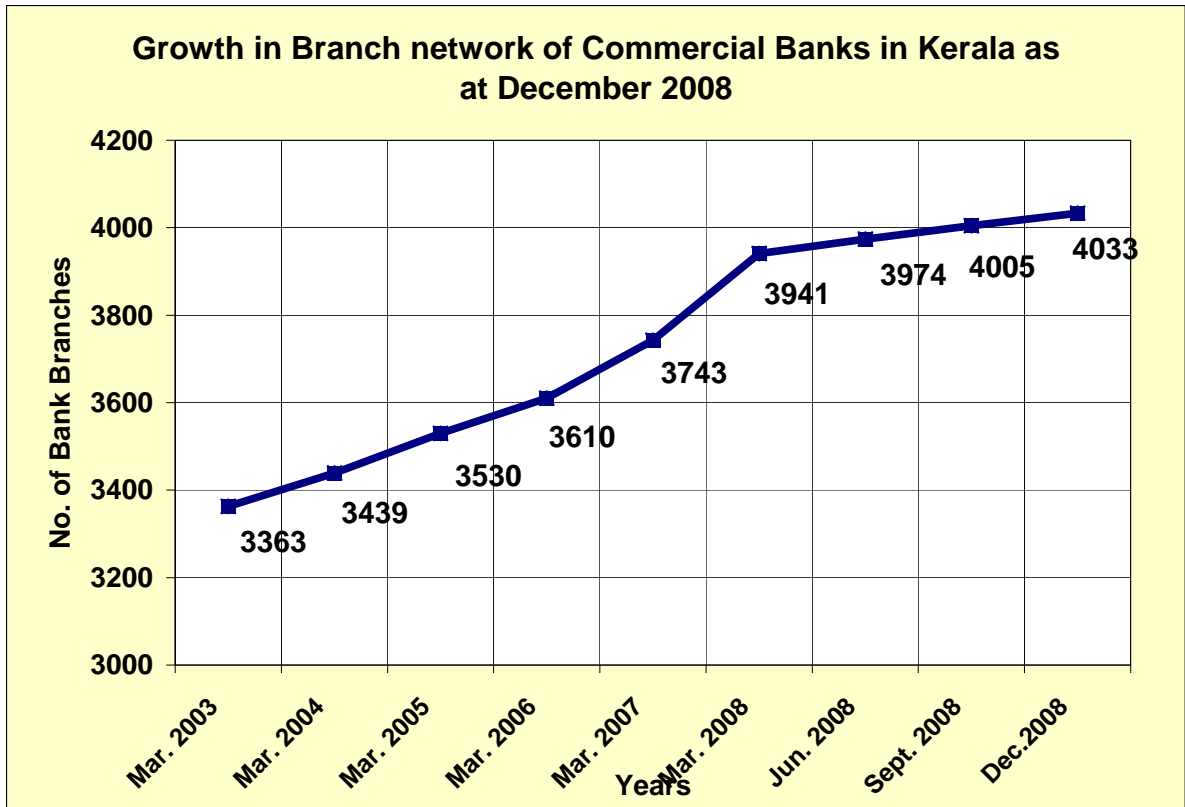
Sl. No	Name of Bank	Target	Total SGSY						% Achvmt.
			Forwarded		Sanctioned		Disbursed		
			No.	Amount	No.	Amount	No.	Amount	Sanc.Amt
1	State Bank Group	1925.84	2773	2096.57	1813	1400.56	1347	1139.08	72.72
2	Nationalised Banks	2678.46	3455	2811.76	2309	1903.79	1746	1472.73	71.08
3	Private Sector Banks	1226.91	1344	1029.79	797	593.98	609	442.38	48.41
4	RRBs	1069.25	1352	961.83	916	656.21	745	499.42	61.37
5	Co-operative Banks	1392.91	2241	2031.93	1404	1443.68	1090	1170.78	103.64
	State Total	8293.37	11165	8931.88	7239	5998.22	5537	4724.39	72.32

All the banks have improved their performance so that during the third quarter of the year of 2008-2009, the performance could be improved to reach a level of **72.32%**.

8. Review of Performance of the Banking Sector

8.1. Banking Statistics as at December 2008 (Refer Annexure 10.1 to 10.3)

The detailed banking statistics for the State as at December 2008 is furnished in the Annexure. A comparative analysis of the data over the previous fiscals is presented below.



(Amount in Rs. crore)

Parameter	Outstandings					Variation				
	Mar. 2007	Dec. 2007	Mar. 2008	Sept. 2008	Dec. 2008	Mar.07 - Mar.08	Mar.07 - Dec. 07	Dec.07 - Dec.08	Mar.08- Dec. 08	Sept.08- Dec. 08
No. of Branches	3743	3843	3941	4005	4033	198	100	190	92	28
Total Deposits	91697	99427	105488	113986	122613	13791	7730	23186	17125	8627
Domestic Deposits	58394	68771	75599	82401	87964	17205	10377	19193	12365	5563
NR Deposits	33303	30656	29889	31585	34649	-3414	(-2647)	3993	4760	3064
Total Advances	64273	71067	75305	79834	81352	11032	6794	10285	6047	1518
Investments	2451	2311	1832	2148	2202	-619	(-140)	(-109)	370	54
Adv. + Investment	66725	73378	77137	81982	83553	10412	6653	10175	6416	1571
C: D Ratio	70.09	71.48	71.39	70.04	66.35	1.30	1.39	(-5.13)	(-5.03)	(-3.69)
C+I: D Ratio	72.77	73.80	73.12	71.92	68.14	0.35	1.03	(-5.66)	(-4.98)	(-3.78)

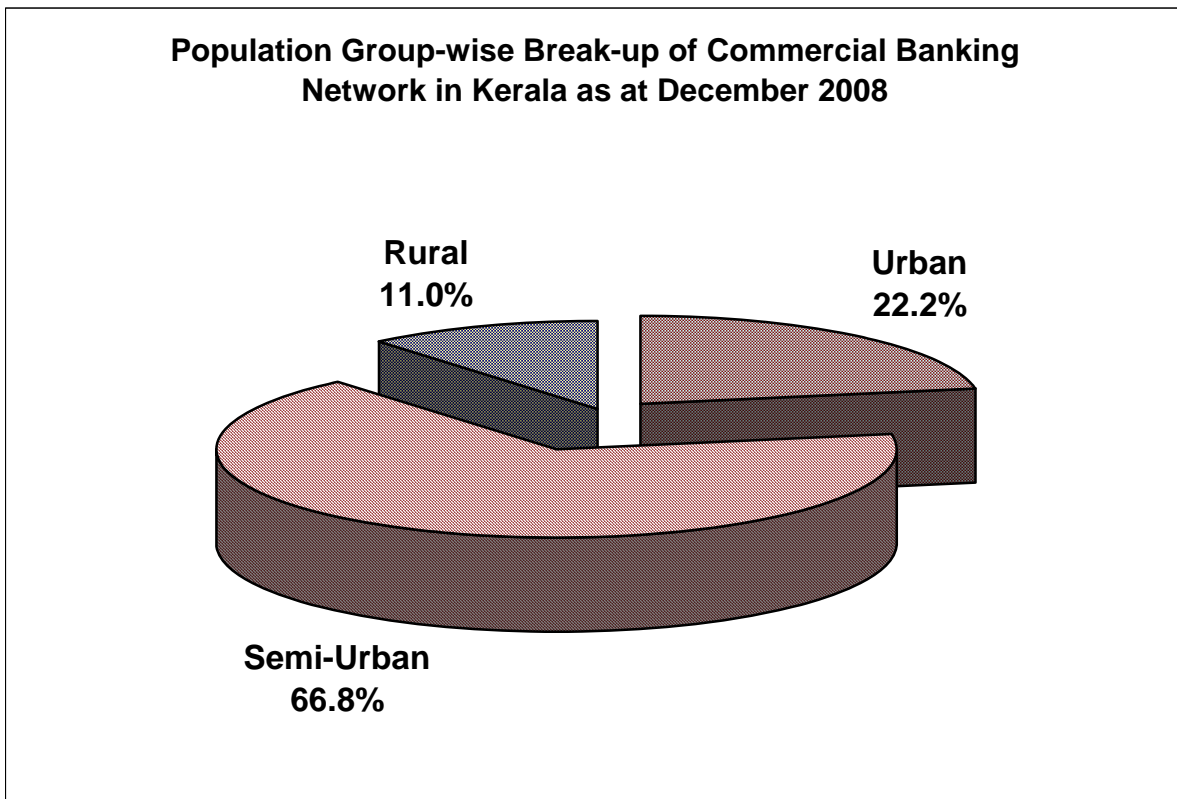
8.2. Branch Network

As at the end of December 2008, the total number of branches of Commercial Banks in the State was 4033.

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	200	1874	617	2691	4.96	46.46	15.30	66.72
Private Sector Banks	243	819	275	1337	6.03	20.31	6.82	33.16
Foreign Banks	0	0	5	5	0.00	0.00	0.12	0.12
Total	443	2693	897	4033	10.99	66.77	22.24	100.00

Of the total Commercial banks in the state, Public sector Banks account for **66.72 %** of the branch network in the state. Private sector banks are having the highest number of rural branches (243 branches). Of the total branch network of Commercial banks in the State, only **10.99 %** are in rural areas whereas Semi-urban areas have **66.77 %** of the bank branches in the state.



On a comparison with March 2008 position, it is found that Public sector banks have increased their tally of branches by **108** branches whereas that of Private Sector Banks increased by **82** branches by December 2008.

8.3. Deposit growth

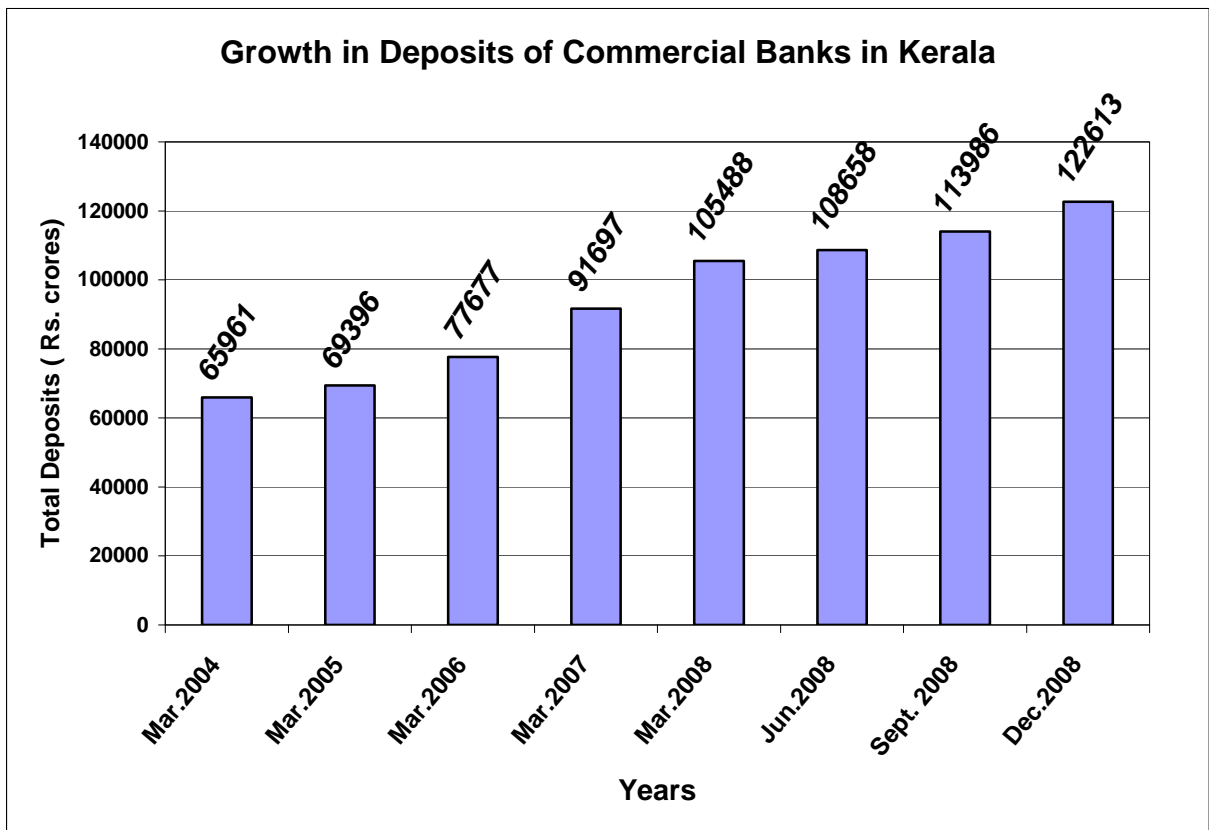
During the first three quarters of the fiscal 2008-09, there was a robust growth of **Rs. 17125 crores** in the total deposits with the commercial banking sector of the state. During the corresponding period of the previous fiscal, the growth was **Rs. 7730 crores**. Quantum wise, the total deposits have grown from **Rs. 99,427 crores** in December 2007 to **Rs. 122613 crores** in December 2008, a year-on-year growth of **18.91 %**.

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 **71.74%** as at December 2008.

Sectoral Growth of Deposit over the Years

(Amount in Rs. Crore)

Type of deposit	Mar. 2004	Mar. 2005	Mar. 2006	Mar. 2007	Dec. 2007	Mar. 2008	Dec. 2008	Variation	
								Mar.'08 Dec.'08	Dec.'07 Dec.'08
Total Deposit	65961	69396	77677	91697	99427	105488	122613	17125	23186
Domestic Deposit	35861	40276	47006	58394	68771	75599	87964	12365	19193
N R Deposit	30100	29120	30671	33303	30656	29889	34649	4760	3993



A. Banking Group wise Growth in Deposits

As evident from the following table, Nationalised Banks group (36.31 %) followed by State Bank Group (32.77 %), has the highest share in growth of deposits among the Commercial Banks in the State.

Banking Group wise Growth in Deposits

(Amount in Rs. crore)

Sl. No.	Banking group	Total Deposits			% Share in Total Deposits (Dec.08)	Variation		% Share in Growth	
		Dec. 2007	Mar. 2008	Dec. 2008		Mar.08 Dec.08	Dec.07 Dec.08	Mar.'08 to Dec.'08	Dec.'07 to Dec.'08
1	State Bank Group	32525	34905	43416	35.41	8511	10891	49.70	46.97
2	Nationalised Banks	31666	33238	36484	29.76	3246	4818	18.95	20.78
3	RRB s	2987	3186	3604	2.94	418	617	2.44	2.66
4	Private Sector Banks	31689	33618	38442	31.35	4824	6753	28.17	29.13
5	Foreign Banks	560	541	667	0.54	126	107	0.74	0.46
	Total	99427	105488	122613	100.00	17125	23186	100.00	100.00

Banking Group wise comparison reveals that **35.41 %** of the deposits in the state is with State Bank group, which has got a **22.42 %** share in branch network. The corresponding figures for Private Sector Banks group are **33.15** share in branch network and **31.35 %** share in deposits. Nationalised Banks, which have **34.49 %** of the branch network in the state, have a share of **29.76 %** in total deposits. RRBs, inspite of having a share of **9.82 %** of the branch network has only **2.94 %** share in total deposits of the state.

B. Population GroupWise/Banking Group Wise Distribution of Deposits

Population Group wise Distribution of deposits

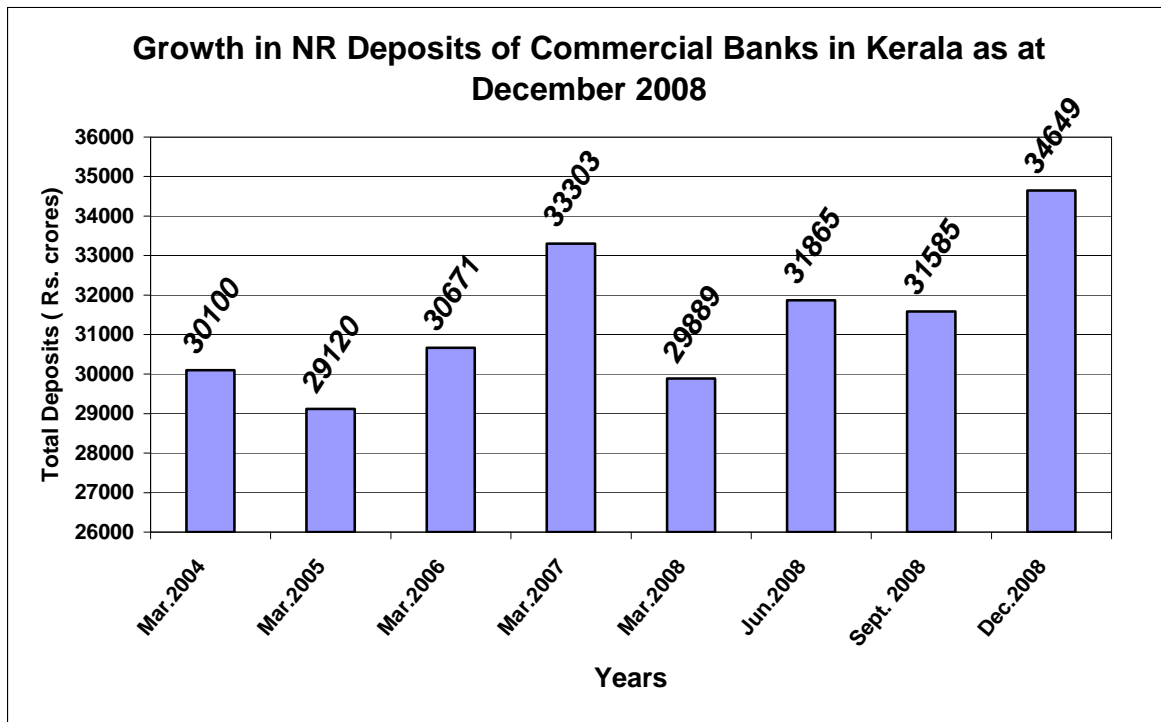
(Amount in Rs. Crores)

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	2333	27201	13882	43416	5.37	62.65	31.98	100	35.41
Nationalised Banks	1428	20430	14626	36484	3.91	56.00	40.09	100	29.76
RRB s	361	2614	629	3604	10.02	72.53	17.45	100	2.94
Private Sector Banks	4692	21042	12708	38442	12.20	54.74	33.06	100	31.35
Foreign Banks	0	0	667	667	0	0	100	100	0.54
Total	8814	71287	42512	122613	7.19	58.14	34.67	100	100.00

As evident from the above table, **58.14 %** of the total deposits of the state is from semi-urban areas where **66.77 %** of the branch network exists. Urban areas accounted for **34.67 %** of the deposits and rural areas, **7.19 %**. On a comparison with December 2007 position, it is found that the share of semi-urban and urban areas in total deposits has been showing a gradual increasing trends.

8.4. NR Deposits (Refer Annexure 10.2)

The NR deposits of the state stood at **Rs. 30656 crore** as at December 2007 which touched level of **Rs. 34649 crores** as at December 2008. There was an increase of **Rs. 3993 crores**.



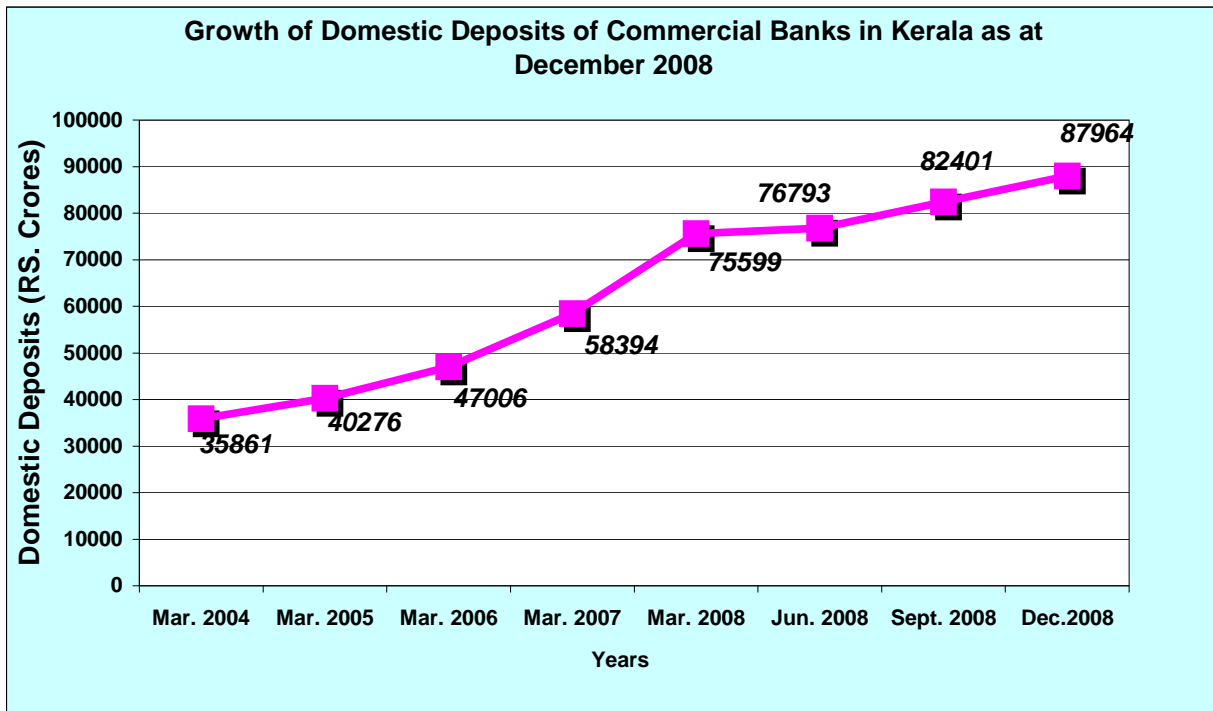
Population Group Wise /Banking Group Wise Distribution of NR Deposits

(Amount in Rs. crore)

Banking Group	N R Deposits				Percentage Distribution				Share of Banking Group in Total N R Deposits
	Rural	Semi-Urban	Urban	Total	Rural	Semi-Urban	Urban	Total	
State Bank Group	784	10716	3143	14643	5.35	73.18	21.47	100.00	42.26
Nationalised Banks	356	7155	2455	9966	3.57	71.79	24.64	100.00	28.76
RRB s	36	175	12	223	16.14	78.48	5.38	100.00	0.64
Pvt . Sector Banks	1251	5988	2194	9433	13.26	63.48	23.26	100.00	27.23
Foreign Banks	0	0	384	384	0	0	100	100.00	1.11
Total	2427	24034	8188	34649	7.00	69.36	23.64	100.00	100.00

State Bank group has the highest share (**42.26 %**) in the NR deposits from the State followed by Nationalised Banks (**28.76 %**) and Private Sector Banks (**27.23 %**) and of the total Non-Resident deposits, **69.36 %** deposits were from Semi Urban areas while Urban areas accounted for **23.64 %** and rural areas, **7%**. During the present quarter under review, the share of N R Deposits in both rural and semi-urban areas showed an increasing trend and urban areas showed a declining trend.

8.5. Domestic Deposits



The domestic deposits accounted for **71.74%** of the total deposits and this ratio is gradually increasing. During the fiscal so far there was a growth of **Rs. 12365 crores** in domestic deposits whereas the growth during the corresponding period of the previous fiscal was **Rs.10378 crores**.

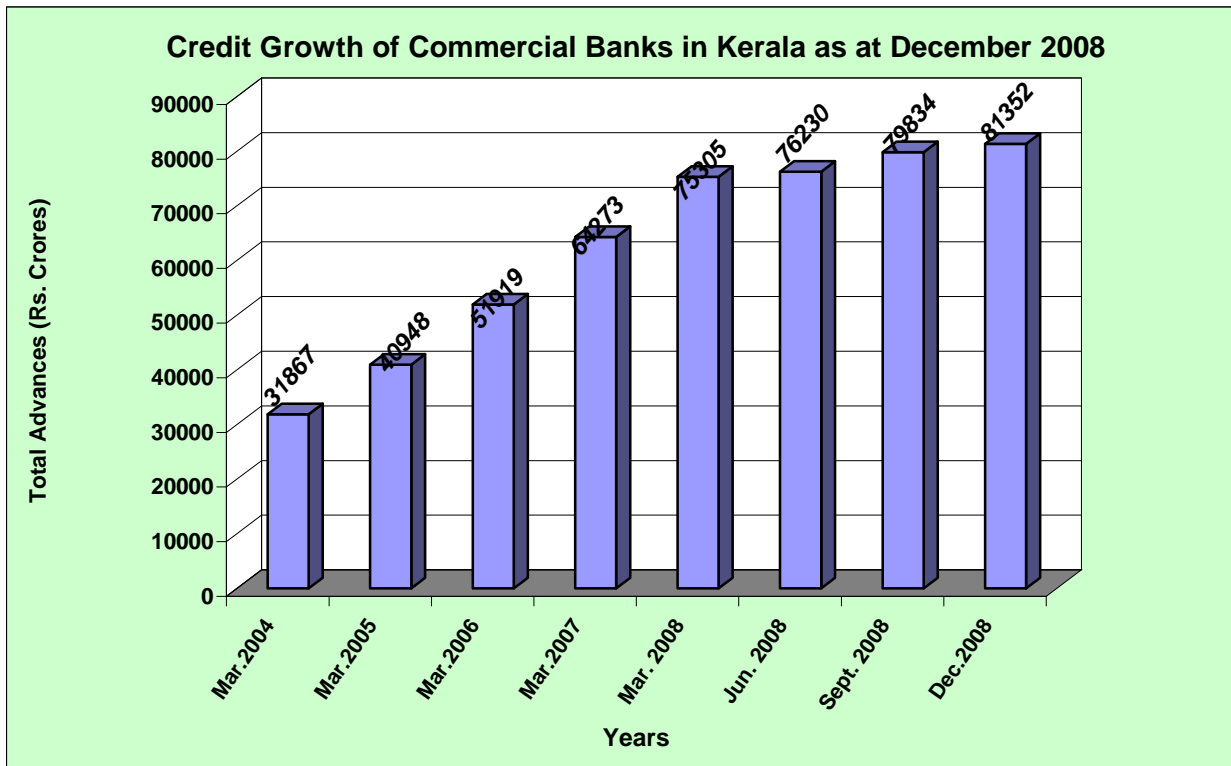
8.6. Credit Expansion (Refer Annexure 10.2)

Growth in Advances of the Banking sector in the State

(Amount in Rs. crore)

Parameter	Total Advances Outstanding over the Years								Variation	
	Mar. 2004	Mar. 2005	Mar. 2006	Mar. 2007	Dec. 2007	Mar. 2008	Sept 2008	Dec 2008	Mar.'08 Dec.'08	Dec.'07 Dec.'08
Total Advances	31867	40948	51919	64273	71067	75305	79834	81352	6047	10285
Percentage Growth (Yr on Yr)	18.00	28.50	26.79	13.56	18.25	17.16	18.01	14.47	8.03	14.47

During the third quarter of the current fiscal, the total advances grew by **Rs. 6047 crores** to reach **Rs. 81352 crores** as at December 2008.



Comparison of the growth in advances during the first three quarters of the current fiscal with that of the previous fiscal reveals that the advances growth during the current fiscal so far was **Rs. 747 crores** less than that of last year. Against **Rs. 6794 crores** added during the first three quarters of last year, this year **Rs. 10285 crores** could be added upto December 2008. Thus it is evident that the credit growth in the state is growing up during the current fiscal when compared to the pace of growth during the previous fiscal.

On a year-on-year basis there was a growth of **Rs. 10285 crores** during December 2007- December 2008 period.

State Bank group (**33.36 %**) along with Private Sector Banks (**31.64 %**) contributed the largest share equally towards the growth in total advances whereas the nationalized banks accounted for **30.09 %**.

Share Of Banking Groups In Total Advances Of The State

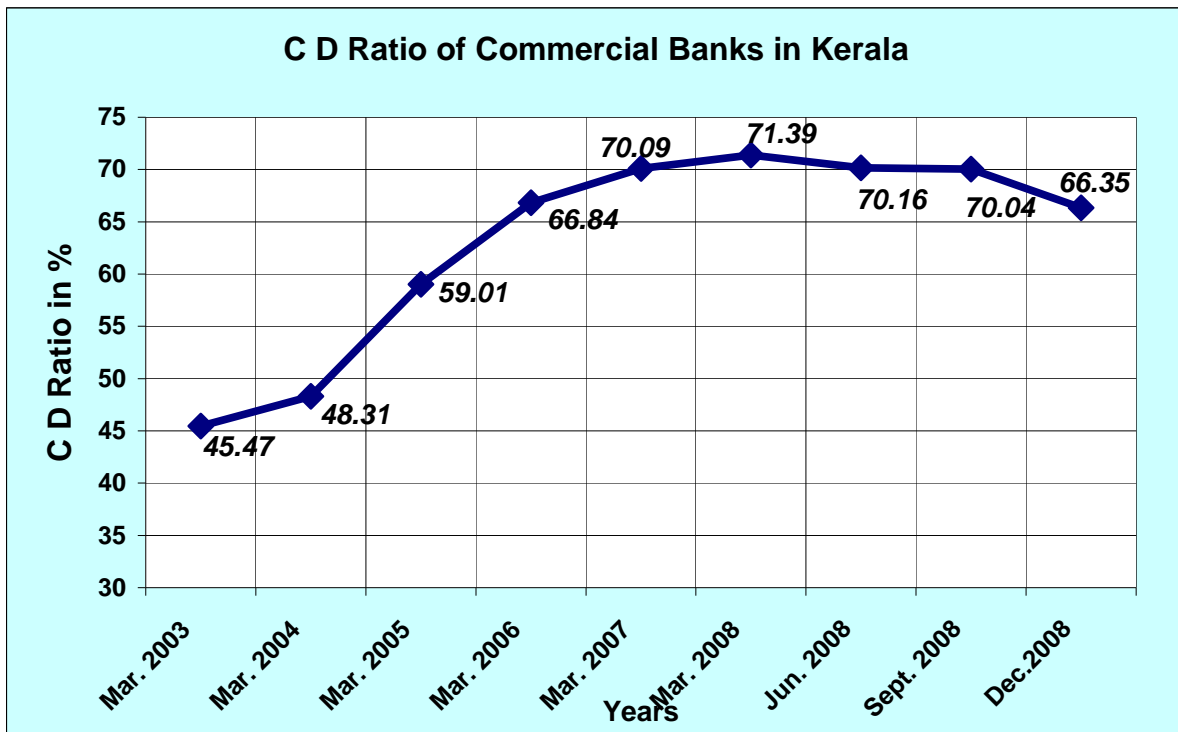
State Bank Group and the Private Sector Banks have the highest share (**32.55 %** each) in the total advances outstanding in the state closely followed by the Nationalised Banks which contributed at **29.88 %**. The Public Sector Banks accounted for **67.45 %** of the total advances against a **67.21 %** share in total branch network.

(Amount in Rs. crore)

Banking Group	Total Advances				Percentage Distribution				Share (%) in Total Advances
	Rural	Semi-Urban	Urban	Total	Rural	Semi-Urban	Urban	Total	
State Bank Group	1677	15086	10377	27140	6.18	55.59	38.23	100.00	33.36
Nationalised Banks	916	11383	12177	24476	3.74	46.51	49.75	100.00	30.09
RRBs	382	3014	269	3665	10.42	82.24	7.34	100.00	4.50
Private Sector Banks	2480	11221	12036	25737	9.64	43.60	46.76	100.00	31.64
Foreign Banks	0	0	334	334	0	0	100	100.00	0.41
Total	5455	40704	35193	81352	6.71	50.03	43.26	100.00	100.00

Further, **50.03 %** of the total advances in the state is to semi urban areas where **66.77 %** of the branch network exists. Urban areas had **43.26 %** share in total advances against a share of **22.24 %** in branch network. Rural areas had a share of **6.71** only in the total advances deployed in the state where as they hold a share of **10.98 %** in total commercial branch network.

8.7. Credit-Deposit Ratio [C D Ratio] (Refer Annexure 10.3)



The Credit-Deposit ratio of the Commercial Banking sector of the State has decreased by **5.03** percentage points during the quarter to reach **66.35 %** as at December 2008.

Banking Group wise C D ratio as at December 2008

Banking Group	C D Ratio - Percentage Distribution as at Dec. 2008			
	Rural	Semi-Urban	Urban	Total
State Bank Group	71.88	55.46	74.76	62.51
Nationalised Banks	64.14	55.72	83.26	67.09
RRB s	106.04	115.31	42.73	101.71
Private Sector Banks	52.86	53.33	94.70	66.95
Foreign Banks	0	0	50.00	50.00
Total	61.90	57.10	82.78	66.35

The C D Ratio of rural areas of the state at **61.90 %** is more than the mandatory norm of **60%**. Further, the urban areas have a high CD ratio of **82.78 %** whereas that in Semi urban area is at **57.10 %**.

The C D ratio of RRBs is the highest at **101.71 %**. 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 whereas that of Foreign Banks is at **50 %**. In rural areas, all the public sector have shown a better C D Ratio level well above the RBI stipulated 60 % Private sector banks have shown a figure of **52.86%**. In the Semi-Urban areas, the Nationalised, State bank group and Private Bank Groups could attain a C D Ratio level of **55.72%, 55.46%, 53.33 %** respectively which is just below the national benchmark of 60%.

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

Credit + Investment Deposit Ratio of Commercial banking sector of the State as at December 2008 stands at **68.14 %**.

9. Any other matter with the permission of the chair

10. Annexures

(Annexures 10.41 to 10.47 are being provided separately)