113th MEETING OF STATE LEVEL BANKERS' COMMITTEE, KERALA

AGENDA AND BACKGROUND NOTES

Date : 18.09.2014 (Thursday)

Time : 10 a.m.

Venue : Banquet Hall (II floor)
Government Guest House
Thycaud, Trivandrum

1. ADOPTION OF MINUTES

The minutes of the State Level Review Meeting (SLRM) of SLBC, Kerala held on 25th & 26th June, 2014 has already been forwarded to the members vide Convener's letter SLBC 35 125 2014 GN dated 17th July, 2014.

The House may adopt the said minutes.

2. ISSUES RELATING TO GOVERNMENT DEPARTMENTS

2.1. PENDING ISSUES IN SLBC & ACTION TAKEN REPORT

2.1.1. PRIMARY SECTOR

Sl. No.	Agenda Item	*Action Points*	Action to be taken by	Present Position/Progress
2.1.1.1	**Allocation of Agri. Term Loan (ATL) - Agency-wise target in each Financial year to promote investment credit and Capital formation in the sector** - (Pending since September 2012)	*In the 107th Meeting of SLBC Kerala, it was proposed that SLBC shall allocate the revised target for term loans, agency wise. Based on the apprehension that the enhanced target may affect the PLP and DCP already put in place, the forum concurred with the view that Government may constitute a committee comprising of various departments so as to enable identification and allocation of the activities.* *Agriculture Department was entrusted to convene a meeting with respective field departments, commodity Boards, Planning Board and Banks to identify and allocate the activities to be promoted under investment credit to improve the credit off take under term loans.*	*Agriculture Department*	The matter was discussed as an agenda item both in 108th & 109th Meeting of SLBC, Kerala. The Agricultural Production Commissioner, Government of Kerala assured convening the meeting in consultation with NABARD and SLBC for allocating agency wise targets. The meeting of the core group was conducted on 14.05.2013 to examine the ways and means for improving the investment credit in the State of Kerala. It was decided to constitute District level committees consisting of the following members: 1. Lead District Manager (Convenor) 2. District Development Manager, NABARD 3. Deputy Director (Credit), Agriculture Department 4. Deputy Director, Dairy Development Department 5. Deputy Director, Animal Husbandry Department 6. Deputy Director, Fisheries Department It was decided that the group in each District shall prepare schemes applicable to the District based on the potential plan; generate required applications for such scheme, sponsor such cases to the financing banks, follow up with Banks for early disposal of applications and reviewing the progress in BLBC/DLRC meetings. A financial plan for the various predominant activities was to be prepared and placed in the DLRC of the respective districts for approval.

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		When the matter came up for discussion in the State Level Review Meeting of SLBC, Kerala held on 25th & 26th June, 2013 the forum advised that: • *Sub-Committee meetings to be conducted immediately in all the remaining districts.* • *Identified Government Departments to present implementable action plan based on the PLP, DCP and the potential available in the district.* • *Field departments shall identify the beneficiaries and help them to prepare viable bankable proposals and forward it to financing banks.* • *Wherever possible model projects are also to be prepared for the popular activities in the District.* • *Review of progress to be undertaken in BLBC/ DCC/ DLRC meetings.*		SLBC Cell, vide letter SLBC 38 186 2013 KRA dated 24.07.2013, had taken up the matter with LDMs/DDMs with action points for various stakeholders and copy forwarded to the Director of Agriculture, Government of Kerala. The matter was discussed in 110th & 111th SLBC meeting and the forum noted that the progress made is not encouraging and decided to bring the same to the notice of Agriculture Production Commissioner, Govt of Kerala. During the 111th meeting of SLBC, Kerala held on 23.12.2013, the Deputy Director of Agriculture informed that meetings were conducted in all the 14 districts. Department officials are preparing the action plan in consultation with bank officials of respective districts. This process is on and finalisation of the plan would be done within 15 days. In the Sub-Committee of SLBC, Kerala on Pending Issues with Government of Kerala held on 04.01.2014 at Government Secretariat chaired by Sri. V. Somasundaran IAS, Additional Chief Secretary, Finance Department, it was informed that Bankable projects have been identified in 4 districts viz. Kannur, Malappuram, Wayanad, Kozhikode. Applications are submitted to the respective LDMs of Malappuram and Wayanad districts. Agriculture Department had given suitable instruction in this regard. The following decisions were taken by the Sub-Committee: • The scheme has to be placed before district level committees and in turn the committee would approve the scheme for implementation. • Agriculture Department should have a plan of action for the current year. • Deadline to be given as one month. • Agricultural Production Commissioner to have a meeting with LDMs, NABARD and other field Departments in this regard.

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				Directorate of Agriculture vide letter TP($)44689/13 dated 22.02.14 had informed the following: 1) Instructions had been issued to District level officers to finalise implementable action plans, identify beneficiaries and to help them to prepare viable bankable proposals. 2) Credit linked projects are being submitted by the Principal Agricultural Officers to LDMs. The Sub-Committee of SLBC that met on 06.03.2014 noted that the above meeting and suggested action points is not conducted so far and hence decided to pursue the matter with Agriculture Department. During the 112th Meeting of SLBC, Kerala held on 21.03.2014, Sri. K. R. Jyothilal IAS, Secretary, Agriculture Department, Government of Kerala informed that data base of 18.77 lakh registered farmers is readily available. He added that Agriculture Department would prepare term loan projects for all these 18.77 lakh registered farmers wherever they are in need of a term loan. This would take care of the investment loan requirement of the State. The process would be covered within a period of one year. During the State Level Review Meeting of SLBC, Kerala held on 25th & 26th June, 2014, it is observed that term lending under agriculture is comparatively very low, the percentage of achievement being 14% and hence there is an increased need to ensure adequate credit flow to this sector for increasing the capital formation. The forum recommended the following: • Agriculture department to scout for bankable projects suited to individual farmers and sponsor them to banks for financing. Model bankable projects can be prepared in co-ordination with SLBC and made available to the Agricultural Officers and Bank Managers.

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				• On pilot basis, one or two potential Krishi Bhavans/other concerned departments in each District may be identified and they may be prompted to implement the programme through wide publicity. • Interest subvention as well as incentive for prompt repayment may be extended for agricultural term loans wherever capital subsidy is not available. Representative from Directorate of Agriculture informed that direction in this regard has been given by the Department to district level and block level officers to convene meeting with LDMs and Agriculture officers so as to formulate bankable projects. He added that a video conference is arranged the day to review the progress. Agriculture Department may inform the progress.
2.1.1.2	**Issues affecting Credit flow to Animal Husbandry Sector**	*(i) <u>Pollution Clearance</u>* *At present Pollution control Board's clearance is required for dairy units having 5 animals and above. Further such units are placed under "Orange" (Hazardous) category. Govt. may consider a graded policy in respect of issuing pollution clearance to AH units. Further, while in cities and corporations there may be restriction on 2-5 animal units in panchayat areas no such restrictions relating to pollution control need be placed*	*Local Self Government Department*	The matter came up for discussion in the 111th meeting of SLBC, Kerala held on 23.12.2013 at Trivandrum as suggested by NABARD. In the meeting, the Assistant Director, Animal Husbandry Directorate informed that dairy farmers are subject to mandatory licensing from Local Self Government Departments. Below 5 animals there is no need to get pollution clearance. But unfortunately many of the Local Self Government Departments are insisting farmers rearing below 5 animals for pollution control certificate clearance. That causes lot of inconveniences to small scale farmers and many are slowly closing down the unit for due to such implications. He requested that SLBC may recommend for a clarification from the Government in this regard. Sri. V. Somasundaran IAS, Additional Chief Secretary, Finance Department directed Local Self Government Department to issue a circular with clarity.

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		(ii) <u>Taxation of cattle shed</u> *Dairy cattle shed is being taken as industrial shed and accordingly taxed by panchayaths. This may be removed.*		Sri. James Varghese IAS, Principal Secretary, Local Self Government Department informed that so far the issue was not brought to the knowledge of the Government by Animal Husbandry Department, however LSGD will issue a clarification in this regard within the permitted rules. He also informed that Pollution Control laws are coming under Central Act. The forum decided that wherever feasible, pollution clearance shall be given without causing inconvenience to the farmers. The matter came up for discussion in the Sub-Committee Meeting of SLBC, Kerala on Pending Issues with Government of Kerala held on 04.01.2014 at Government Secretariat chaired by Sri. V. Somasundaran IAS, Additional Chief Secretary, Finance Department. (i) Pollution clearance is coming under Environment Protection Act which would be taken up with Government of India. State Government will issue a clarification based on the extant policy guidelines for maintaining the transparency on the matter. (ii) Regarding taxation of Dairy sheds, the matter will be taken up with concerned Government Department. The Sub-Committee that met on 06.03.2014 decided to pursue the matter with Local Self Government Department. In the 112th Meeting of SLBC, Kerala held on 21.03.2014, Sri. M. Girees Kumar IAS, Officer on Special Duty, Finance (Resources), Government of Kerala informed that Additional Chief Secretary (Finance), Government of Kerala had already taken up the matter with Local Self Government Department and their response is awaited.

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				He assured that the matter would be again taken up with Local Self Government Department. He added that Finance Department is following up the matter based on the decision of the last sub-committee meeting. During the State Level Review Meeting of SLBC, Kerala held on 25th & 26th June, 2014, it is observed that the condition of obtaining pollution control certificate stipulated for financing dairy projects with 5 animals and above is causing hardships to dairy farmers. Building Tax for cattle shed is also causing burden to dairy farmers. The forum recommended the following: • This condition of obtaining pollution certificate may be done away with. SLBC may pursue the matter with concerned Government department. Alternatively, the Panchayaths may be given authority to grant licence on case to case basis. • Government may also think about establishing Dairy Parks in suitable locations for setting up big dairy projects akin to industrial parks. • Building Tax may be waived for cattle sheds. SLBC to pursue the matter with LSGD. Local Self Government Department may inform the progress.

2.1.2. SECONDARY SECTOR

Sl. No.	Agenda Item	*Action Points*	Action to be taken by	Present Position/Progress
2.1.2.1	**Issues involved in the implementation of PMEGP Scheme**	*Few of the Panchayats are issuing licenses only after installation of machinery and banks insists for Panchayat licenses/NOC before disbursement of loans. Citing this reason many PMEGP applications are getting returned.* *A common direction is necessary for minimizing beneficiary grievances in this front.*	*Local Self Government Department*	The matter came up for deliberation in the 112th Meeting of SLBC, Kerala held on 21.03.2014. It was decided to take up the matter with Local Self Government Department. During the State Level Review Meeting of SLBC, Kerala held on 25th & 26th June, 2014, it is noted that Licensing for MSME ventures should be expedited by Local Bodies on preferential basis. Without licenses, Banks may not be able to consider the proposal. Local Self Government Department may inform the present position.

2.1.3. TERTIARY SECTOR

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
2.1.3.1	**Land Allotment for construction of RSETI Buildings** - Pending since July 2012	*(i) Land allotment for construction of RSETI buildings is pending in 3 districts viz. Kollam, Kozhikode & Palakkad* *(ii) Allocation of alternate land for construction of building for RSETI, Idukki.*	*Commissionerate of Rural Development/ Local Self Government Department*	*The matter is pending since 108th Meeting of SLBC, Kerala held on 03.01.2013 and is under the persistent follow up of the forum.* The forum has been requesting the Department to speed up the process as the Ministry of Rural Development Dept. had allocated a sum of Rs. 1 crore for setting up of RSETI in every district and the work for construction of the building is to be initiated at the earliest. In the Sub-Committee meeting of SLBC Kerala on Tertiary Sector Issues held on 27.02.2013, the Assistant Development Commissioner for Rural Development informed as follows: (i) Kollam District - the land is allotted and Government Order is to be issued. (ii) Palakkad District - land identified at Parali Grama panchayat. Government Order can be issued only on receipt of the resolution from Parali Grama panchayat. (iii) Kozhikode District - land not available. Direction given to the Programme Director to identify suitable land. In the 109th & 110th SLBC meetings and the annual SLRM 2013 meeting observed that there is no progress and decided to follow up the matter with Commissionerate of Rural Development. However Government had assured that pending land allotment for RSETIs in 3 districts Palakkad, Kozhikode and Kollam would be looked into on priority and Govt. would ensure that the land is allotted at the earliest.

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				SLBC Cell, vide letters SLBC 38 196 2013 KRA dated 24.07.2013 and SLBC 129 277 2013 KRA dated 29.10.2013 had taken up the matter with the Commissioner for Rural Development. In the case of RSETI Idukki, Block Panchayat Nedumkandam had allotted 50 cents of land at Kalkoonthal Village, Udumbanchola Taluk for RSETI. However the land is found to be too unsuitable for construction of the Institute. The ground water authorities after inspection of the site confirmed that there is no ground water availability at the site. Further there is no other source of water supply arrangements. The place also lacks other basic amenities. LDM had requested the Government to allot alternate land for RSETI Idukki. In the Sub-Committee Meeting of SLBC, Kerala held on 25.11.2013, the representative from Commissionerate of Rural Development informed that pending land allotments cases of Kollam and Kozhikode districts would be sorted out shortly. In the case of Palakkad District, the matter would be sorted out only after getting resolution from Parali Grama Panchayat. The matter regarding Idukki also would be looked into on priority. However, it was opined that SLBC Cell may follow up the matter with Local Self Government Department and Director of Panchayaths. The 111th meeting of SLBC, Kerala held on 23.12.2013 noted that allotment of land is pending in 4 districts viz. Kollam, Kozhikode, Palakkad & Idukki districts.

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				In the meeting, Sri. James Varghese, IAS, Principal Secretary, Local Self Government Department informed that in the case of Idukki, a new land shall be identified jointly by the Rural Development Department & RSETI. The forum advised Commissionerate of Rural Development and Local Self Government Department to take proactive steps in this regard. Further it was also requested to convene a separate meeting immediately with the concerned departments to sort out the issues. The matter came up for discussion in the Sub-Committee Meeting of SLBC, Kerala on Pending Issues with Government of Kerala held on 04.01.2014 at Government Secretariat chaired by Sri. V. Somasundaran IAS, Additional Chief Secretary, Finance Department. *The Sub-Committee decided that Revenue Department shall write a letter to District Collector of respective districts to speed up the process of land allotment for construction of RSETI building.* A review meeting of RSETI Directors was held on 04.03.2014 in the Chamber of Principal Secretary, Local Self Government Department. In the meeting Principal Secretary, LSGD informed that regarding Palakkad, a letter will be addressed to Parali Grama Panchayat to ascertain their willingness to give the land for RSETI. Land allotment issues pertaining to other Districts would be addressed soon. In the 112th Meeting of SLBC, Kerala held on 21.03.2014, Additional Development Commissioner of Rural Development informed that Commissionerate had already taken up the matter with District

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				Collector, Palakkad regarding the land issue in Parali Grama Panchayat and it is informed that Parali Grama Panchayat is willing to hand over the land for RSETI building construction. Regarding the land allotment issues in other Districts, the matter is being pursued with respective District Collectors so as to sort out the issues at the earliest. The State Level Review Meeting of SLBC, Kerala held on 25th & 26th June, 2014 noted that in three districts, RSETIs are not yet provided with land by the Government Department despite continuous follow up. Initiative from Government side is required for early allotment of land in these districts viz. Kollam, Palakkad and Kozhikode. In Kottayam and Wayanad Districts the construction work is yet to be started due to issues related to felling of trees through auction. Necessary instructions may be given by Commissionerate of Rural Development. Representative from Commissionerate of Rural Development informed that in the case of Kollam District, land is identified at Anchalumoodu Block and the proposal in this regard is pending with Government and the matter would be further followed up. In the case of Palakkad District, place is identified at Parali Panchayat and proposal in this regard is forwarded to Government and the same is pending with Revenue Department for getting some clarification. In the case of Kozhikode District land is not identified. Direction has given by Local Self Department to the Project Director and District Collector to identify a suitable place and report.

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				The forum decided that the matter would be taken up with Commissioner for Rural Development. Commissionerate of Rural Development / Local Self Government Department may inform the present position.
2.1.3.2	**Giving Provision to Controlling offices of banks to monitor status of RR** **-** Pending since December 2011	*RR filing in the State is now online. The view option/function should be made available to the Controlling offices of banks to enable them to monitor the progress.*	*Revenue Department*	In the absence of representative from Revenue Department in the earlier SLBC meetings, the forum suggested following up the matter with Revenue Department. In the Sub-Committee meeting of SLBC Kerala on Tertiary Sector Issues held on 27.02.2013, the Assistant Commissioner of Land Revenue informed that at present the matter is dealt by NIC, Malappuram and assured to take up with them for sorting out the matter at the earliest. The State Level Review Meeting of SLBC, Kerala held on 25th & 26th June, 2013 decided to pursue the matter with Revenue Department, Government of Kerala. SLBC Cell, vide letter SLBC 38 197 2013 KRA dated 24.07.2013, had taken up the matter with the Secretary, Revenue Department, Government of Kerala again and forwarded a copy to the Land Revenue Commissioner, Trivandrum. In the 110th Meeting of SLBC, Kerala held on 13th September, 2013, Sri. E. K. Bharat Bhushan, IAS, Chief Secretary, Government of Kerala concurred with the agenda and assured that suitable mechanism would be put in place to enable banks to monitor the progress of RR collection.

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				In the 111th Meeting of SLBC, Kerala held on 23.12.2013, Assistant Commissioner, Land Revenue informed that the matter is handled by NIC and the same is brought to the notice of NIC centre at Malappuram. Response is awaited. He assured the forum that the matter would be sorted out at the earliest. The matter came up for discussion in the Sub-Committee Meeting of SLBC, Kerala on Pending Issues with Government of Kerala held on 04.01.2014 at Government Secretariat chaired by Sri. V. Somasundaran IAS, Additional Chief Secretary, Finance Department, it was decided that: ➢ One officer of each bank at State level and one each at district level to be identified for issuing the password In the Sub-Committee Meeting of SLBC, Kerala held on 06.03.2014, representative from Revenue Department informed that as per reports available from NIC, Malappuram this facility can be provided only after completion of Information Security audit, which would take some time. NIC had given a proposal for conducting IS audit to the Government. SLBC Cell requested revenue department to inform the same by way of an official letter. In the subcommittee it was suggested that passwords can be issued by Department to the bank officials in their official capacity viz. Manager/Senior Manager- Recovery rather than in individual names as bank officials are liable to be transferred periodically.

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				In the 112th Meeting of SLBC, Kerala held on 21.03.2014 Representative from Revenue Department informed the forum that necessary instructions in this regard have already been given to NIC, Malappuram. The forum decided to pursue the matter with Revenue Department. The State Level Review Meeting of SLBC, Kerala held on 25th & 26th June, 2014 decided to pursue the matter with Revenue Department. Representative from Revenue Department informed the forum that Malappuram NIC has been entrusted the work and further progress in this regard would be informed later. Revenue department may inform the progress.
2.1.3.3	**Computerization of Land Records & Creation of a Central Registry titled National Mortgage Repository** - Pending since June 2006	*(a) To computerise land records in the State of Kerala – This will enable financing banks to make online notings, regarding their lien and help to bring down the transaction cost for getting various certificates from village office.*	*Revenue Department*	The matter is a standing agenda in SLBC meeting since 2006 but without any progress. In the Sub-Committee meeting of SLBC Kerala on Tertiary Sector Issues held on 27.02.2013, the Assistant Commissioner of Land Revenue informed the following: (i) Computerization process was completed in 17 identified villages (ii) By 31.03.2013, the process would be completed in 573 villages in 9 districts (iii) Out of the total 1634 villages, the remaining would be covered by the end of 2014.

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		(b) To establish a National Mortgage Repository (NMR) in the State that will function in a similar manner as vehicle registration where hypothecation is marked on the Registration Book of the owner or a Search made in Registrar of Companies Office to ascertain certain details pertaining to companies. *This is aimed at bringing in more transparency and prevention of frauds on property transactions.*		Responding to the matter in the 109th meeting of SLBC, Kerala, Sri. Kamala Vardhana Rao, IAS, Secretary, Revenue Department informed that the process of computerization of land records, involves Revenue, Survey and Registration Departments. The Department is in the process of designing software and the recently formed land governance society would co-ordinate the activities of Revenue, Survey and Registration Departments to accomplish the task. Once computerization is completed, it would address all the problems related to the documentation aspects of loanees. 50% of process would be completed by 2012-13 and the entire process would be completed within a year's time. The SLRM 2013 decided to pursue the matter with Revenue Department till its logical conclusion. SLBC Cell, vide letter SLBC 38 197 2013 KRA dated 24.07.2013, had taken up the matter with the Secretary, Revenue Department, Government of Kerala and forwarded a copy to the Land Revenue Commissioner, Trivandrum. In the 110th Meeting of SLBC, Kerala held on 13.09.2013, the representative from Revenue Department informed that the process for computerization of land records is under progress. The forum decided to follow up the matter with Revenue Department. In the 111th Meeting of SLBC, Kerala held on 23.12.2013, Assistant Commissioner, Land Revenue informed that the process of computerization of land records is under progress. The forum decided to follow up the matter with Revenue Department

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				The matter came up for discussion in the Sub-Committee Meeting of SLBC, Kerala on Pending Issues with Government of Kerala held on 04.01.2014 at Government Secretariat chaired by Sri. V. Somasundaran IAS, Additional Chief Secretary, Finance Department. Revenue Department informed that completion of the computerization process would require some more time. In the meeting it was decided that Revenue Department to arrange a meeting with Director, Survey and SLBC. In the Sub-Committee Meeting of SLBC, Kerala held on 06.03.2014, the representative from Revenue Department informed that Department is not provided with enough funds for completing the process. The 112th Meeting of SLBC, Kerala held on 21.03.2014 noted that in the Sub-Committee Meeting of SLBC, Kerala held on 06.03.2014, the representative from Revenue Department informed that Department is not provided with enough funds for completing the process. Representative from Revenue Department informed that funds are provided in the budget for the next financial year (2014-15) and hence the process for computerization of land records would be continued in the next financial year.

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				In the State Level Review Meeting of SLBC, Kerala held on 25th & 26th June, 2014, representative from Revenue Department informed that Computerization of land records is under progress. Representative from Revenue Department informed that the process for computerization of land records completed in 590 identified villages out of 1634 villages and the process would be completed in the remaining villages by the year 2014 itself. Revenue department may inform the developments.
2.1.3.4	**Automation of Interface of State Government Treasuries with Banks** - Pending since December 2011	*The Department of Financial Services, Ministry of Finance, Government of India desires that full automation and interface of State Government Treasuries with the banks should be given top priority as it would help the concerned state government and the Banks to implement EBT, funds transfer to beneficiaries and credit of Govt. grants/subsidy/funds, quick credits etc.*	*Finance Department*	In the 108th Meeting of SLBC, Kerala held on 03.01.2013, the Additional Secretary, Finance Department informed that work in this regard is in progress. This being a long pending item the forum requested to provide a status paper. Vide letter No.247/PLG A2/2012/Fin dated 05.01.2013, the Principal Secretary Finance (Planning A) Department, Government of Kerala informed that : "The full automation of interface of State Government Treasuries can be done only after the implementation of networking of treasuries. The procedure for the implementation of networking is in progress. At the same time, Government have asked the Director of Treasuries to inform the progress made and the difficulties faced by the State Government in the process of full automation of State Government treasuries and automated interface with the concerned banks to furnish a report to Government of India. The report of the Director of Treasures is awaited."

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				In the State Level Review Meeting of SLBC, Kerala held on 25th & 26th June 2013, it was informed that the interface between treasury and banks, facilitating EBT is being developed. Govt. intends to bring down the volume of cash handling by Treasuries and Government offices through EBT system. It starts with disbursement of welfare pensions & Scholarships and the digitization of data is in progress. SLBC Cell, vide letter SLBC 38 200 2013 KRA dated 24.07.2013, had taken up the matter with the Principal Secretary, Finance Department, Government of Kerala. In the 110th Meeting of SLBC, Kerala held on 13th September, 2013, Sri. A. R. Ajayakumar, Additional Secretary, Finance Department, Government of Kerala informed that the main bottleneck in treasury automation is connectivity. Department had now issued supply order for purchase of a server for EBT and for establishing the connectivity. Once the connectivity problem is resolved, department would be in a position to provide interface with banks. He assured that within 3 months Govt. would be able to implement the project in a fruitful way. The forum decided to pursue the matter with Finance Department. In the 111th Meeting of SLBC, Kerala held on 23.12.2013, Sri. V. Somasundaran IAS, Additional Chief Secretary, Finance Department informed that there is significant progress in Treasury computerisation. Now salary disbursement process is computerised and submission of bills is through online. He expressed hope that by the end of March 2014 present computerisation process would be over.

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				The matter came up for discussion in the Sub-Committee Meeting of SLBC, Kerala on Pending Issues with Government of Kerala held on 04.01.2014 at Government Secretariat chaired by Sri. V. Somasundaran IAS, Additional Chief Secretary, Finance Department. In the deliberations it was informed that treasury automation involves networking of treasuries and envisages funds transfer directly from treasuries to banks without the concept of agency banks through NEFT/RTGS gate way. It was opined by some banks funds transfer through agency banks takes place through delay. In this regard treasury should have access to NEFT/RTGS payment gateways. The meeting enquired whether RBI would be in favour of this and whether access would be given for treasuries to payment gateways like NEFT/RTGS for direct funds transfer from treasury. The RBI representative who attended the meeting informed that the clarification on the matter will be given by RBI. The Sub-Committee of SLBC, Kerala that met on 06.03.2014 decided to pursue the matter. The matter came up for discussion in the 112th Meeting of SLBC, Kerala held on 21.03.2014. Responding to the query, whether RBI would give State Government Treasury access to NEFT/RTGS payment systems, Deputy General Manager, Reserve Bank of India informed that RBI had received a reference in this regard from the concerned Government

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				Department and a policy decision in this regard has to be taken by RBI, Central Office. As of now NEFT access is not allowed to any non bank entities. In view of the request emanating from various State Governments where automation had made some headway, the matter is being revisited by RBI and a decision in this regard would be communicated to SLBC/State Government shortly. The forum decided to pursue the matter with Finance Department/RBI. Vide letter RPCD (T) No.LBS/160/03.02.002/2013-14 dated 21.05.2014, Reserve Bank of India informed that "as per extant instructions, entities can avail RTGS and NEFT services through **a bank only**. Therefore, direct access to payment gateways like RTGS/NEFT is not possible to State Govt treasury under the present scenario". Finance Department may inform the present position of Treasury automation. In the wake of RBI declining the possibilities of direct access of treasury to payment gateways, ways and means to improve the payment efficiency shall also be informed. The State Level Review Meeting of SLBC, Kerala held on 25th & 26th June, 2014 decided to follow up the matter with Finance Department. Finance Department may inform the developments.

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2.1.3.5	**Amendment/ modification in Kerala Registration Rules empowering the SROs to make entry of possession of immovable properties by banks under SARFAESI Act, in Book I** - Pending since December 2007	*To make suitable amendment in the Registration Rules and to empower the SROs to make an entry of possession of immovable properties under SARFAESI Act 2002 also in their Book I, as done in the case of property attachment made by Civil or Revenue courts.*	*Registration Department*	The issue is pending since December 2007. SLBC Kerala has been regularly pursuing the matter with Registration Department since the induction of the agenda. In the 108th Meeting of SLBC, Kerala held on 03.01.2013, the representative from Taxes Department informed that the matter is under active consideration of the Government. However, since amendment of act is involved informed that it may take time. The State Level Review Meeting of SLBC, Kerala held on 25th & 26th June, 2013 noted that proposal was submitted to Government for amendment of registration Act vide letter No.IT3/20954/2010 dated 15.12.2011 and decision is pending. SLBC Cell, vide letter SLBC 38 201 2013 KRA dated 24.07.2013, had taken up the matter with the Inspector General, Registration Department, Government of Kerala. The matter came up for discussion in the 110th Meeting of SLBC, Kerala held on 13th September, 2013. The forum decided to pursue the matter with Registration Department. In the 111th Meeting of SLBC, Kerala held on 23.12.2013, Sri. A. Ajithkumar IAS, Secretary, Taxes Department informed that amendment of registration act 1908 shall be done by the Government of India for doing this. The recent amendment introduced in the parliament is expected to take care of this aspect. Taxes Department has submitted a proposal to Government of India in this regard.

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
				The forum decided to follow up the matter with Registration Department. The matter came up for discussion in the Sub-Committee Meeting of SLBC, Kerala on Pending Issues with Government of Kerala held on 04.01.2014 at Government Secretariat chaired by Sri. V. Somasundaran IAS, Additional Chief Secretary, Finance Department. Taxes Department informed that since Central Act has to be amended, the matter is already taken up with Government of India. \ In the Sub-Committee Meeting of SLBC, Kerala held on 06.03.2014, representative from Registration Department informed that Central Act Section 89 has to be amended and Proposal in this regard was submitted to Government on 15.12.2011. The 112th Meeting of SLBC, Kerala held on 21.03.2014 decided to pursue the matter with Registration Department The State Level Review Meeting of SLBC, Kerala held on 25th & 26th June, 2014 decided to follow up the matter with the Registration Department. The Secretary to Government, Taxes Department, Government of Kerala vide D.O. Letter No.5262/E2/2012/TD dated 28.06.2014 informed that "As per the section 13(a) of the Securitization and Reconstruction of Financial Assets and Enforcement of security interest Act, 2002, the authorized officer of a Bank take possession of the property in case of defaulting borrower. However this act has not conferred power the authorized officer to attach the immovable property of the defaulting borrower which is being followed by Debt Recovery Tribunal Act, 1993.

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
				As per section 89 of the Indian Registration Act, a Sub Register cannot file the Possession Notice issued by the authorized officer of the Bank as per Appendix-IV of The Security Interest Enforcement Rules, 2002 without amendment in the said Act. The Central Government have recently introduced an amendment bill in the parliament to give effect to the above. Hence this amendment will be operational once the Bill is passed in the Indian Parliament." Registration Department may inform the present position.
2.1.3.6	**Non availability of Central Government & State Government Interest Subsidy to Education Loans availed from District Co-operative Banks & PACS**	*In the District Development Council (DDC) Meeting of Kasaragod District held on 30.09.2013, Sri. N. A. Nellikunnu M.L.A. Kasaragod raised the issue of non availability of Central Govt / State Govt Interest Subsidy to Education Loans granted by Co-op. Banks in the District.* *It was informed in the DDC that, this issue of Cooperative Banks not coming under the purview of the Interest Subsidy Scheme on Education Loans of the Central Government & State Government has been*	*1) Ministry of Finance, Government of India* *2) Finance & Planning Departments of Govt of Kerala*	The Sub-Committee of SLBC, Kerala that met on 25.11.2013 decided to place the matter in SLBC for discussion. The matter came up for discussion in the 111th Meeting of SLBC, Kerala held on 23.12.2013. In the meeting, LDM, Kasaragod informed that the matter was discussed in the last DDC meeting attended by MLAs and MP of the district. This has been a long pending issue, not only in Kasaragod but also in other districts where education loans are granted by Cooperative banks. DCBs and PACS are excluded from the interest subsidy schemes of both Government of India and Government of Kerala The forum decided to take up the matter with Government of India/Kerala.

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
		deliberated time and again in the Block Level Banker's Committee and the District Level Consultative Committee. This matter, as per the decision in the DLRC/BLBC, was also referred to the SLBC, for taking up with Central Government & State Government. It was also informed that SLBC had already taken up the matter with the Government, but there is no favourable response so far. *In the above circumstances, it is requested to take up the matter again with Central/State Government for including District Cooperative Banks & PACS also under the purview of interest subsidy in addition to State Co-operative bank and other scheduled Commercial banks. This will support DCBs and PACS which are extending credit to this sector in a big way and also prevent discrimination of Education Loan borrowers in the matter of interest subsidy.*		In the 112th Meeting of SLBC, Kerala held on 21.03.2014**,** Sri. V. Prabhakaran Nair, General Manager, Kerala State Co-operative Bank opined that the denial of Education loan interest subsidy to DCBs and PACS is unfair. He suggested that at least Government of Kerala may include DCBs and PACs in their interest subsidy scheme. The 112th Meeting of SLBC, Kerala held on 21.03.2014 decided to take up the matter with Government of India/Kerala. Vide letter No.13331/F(RO)/2013/Plg dated 24.05.2014, Additional Chief Secretary, Planning & Economic Affairs (F) Department, Government of Kerala had taken up the matter with the Secretary, Ministry of Finance, Department of Financial Services, Government of India requesting to take action to include Kerala State Co-operative Agricultural and Rural Development Bank, District Co-operative Bank and Primary Agricultural Co-operative Societies also in the interest subsidy scheme of Government of India. The State Level Review Meeting of SLBC, Kerala held on 25th & 26th June, 2014 decided to follow up the matter with Government of India/ Government of Kerala. Planning/ Finance Department may inform the decision of State Government on this issue.

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
2.1.3.7	**Denial of E-Tender access facilities to customers of all banks except SBT**	*Few bank branches have complained that E-Tender access is deprived to their customers as the access is restricted for SBT only. Presently SBT alone is permitted to handle E-Tender business of Government of Kerala. Because of this other bank customers are forced to open accounts with SBT and is causing lot of inconveniences to them.*	*Finance & Information Technology Department*	The Sub-Committee of SLBC, Kerala that met on 06.03.2014 decided to place the matter in SLBC. The matter came up for discussion in the 112th Meeting of SLBC, Kerala held on 21.03.2014. The forum decided to pursue the matter with Finance & IT Department of Government of Kerala. The State Level Review Meeting of SLBC, Kerala held on 25th & 26th June, 2014 decided to follow up the matter with Finance / Information Technology Department. Finance & Information Technology Department may inform their views/ decisions on the matter.
2.1.3.8	**Noting of Equitable Mortgage created in favour of the banks in Revenue Records**	*At present there is no practice of noting/recording the Equitable Mortgage (EM) transactions (ie. Mortgage by deposit of title deeds) in the revenue records of the State Government. Also there are no provisions for the same in the revenue regulations of the State of Kerala.* *In a recent judgment of the Hon'ble Supreme Court of India*	*Revenue Department*	The Sub-Committee of SLBC, Kerala that met on 06.03.2014 decided to place the matter in SLBC for deliberations. The matter came up for discussion in the 112th Meeting of SLBC, Kerala held on 21.03.2014 and the forum decided to take up the matter with Revenue Department. The State Level Review Meeting of SLBC, Kerala held on 25th & 26th June, 2014 decided to follow up the matter with Revenue Department. Revenue Department may inform the progress.

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
		in ***State of Haryana v. Narvir Singh & another, reported in (2014) 1 Supreme Court Cases 105****, wherein it has been held that banks and financial institutions who accept a mortgage by deposit of title deeds can request the Revenue Authorities to enter the factum of such mortgage in the revenue records. In the facts of the aforesaid case, the Revenue Authorities had taken the stand that only a registered mortgage can be noticed in the revenue records. The view taken by the Revenue Authorities has been held to be unsustainable.* *Now that the law has been settled by the Hon'ble Supreme Court, it is requested that when the bank accepts mortgage by deposit of title deeds (Equitable Mortgage), provision shall be enabled for the bank to request the Revenue Authorities to note the same in the revenue records.*		

3. GENERAL ISSUES

3.1. FRESH ISSUES

3.1.1. PRIMARY SECTOR

3.1.1.1. Capturing and updating the bank related details in the portal http://kisan.gov.in (Suggested by Directorate of Agriculture)

A special interface for bank login is already crated in the software and discussed with Canara Bank representatives. Details of changes to be made for capturing the bank related data to be discussed with all participating Banks by lead bank before creating Login Id and Passwords separately for all Banks. A special meeting of representatives of all the participating banks to be convened by SLBC at the earliest to present the special interface created by NIC in the portal http://kisan.gov.in and to discuss the modalities for updating the portal.

The Steering Committee Meeting of SLBC held on 05.09.2014 decided to place the matter in SLBC for deliberation The committee proposed to conduct special meeting of the representatives of all the participating banks and dept of agriculture on 2014 October 7th .

3.1.1.2. Charging of interest on subsidy amount received under Dairy Entrepreneurship Development Scheme (DEDS) and Poultry Venture Capital Fund (PVCF) (Suggested by NABARD)

NABARD has been receiving complaints from beneficiaries assisted under DEDS and PVCF indicating that banks are charging interest on the subsidy amount received on their behalf. As per the guidelines of Ministry of Agriculture, Dept of Animal Husbandry, Dairying & Fisheries, GoI, banks may charge interest on entire loan amount till subsidy amount is received and from the date of receipt of subsidy, interest has to be charged only on effective bank loan position ie. Outlay excluding margin and subsidy. Banks are requested to suitably advise their branches in this regard.

The Steering Committee Meeting of SLBC held on 05.09.2014 decided to place the item in SLBC for deliberation.

3.1.2. SECONDARY SECTOR

3.1.2.1. Weaver's Credit Card & Lending to Handloom Sector (Suggested by NABARD)

DFS, MoF, GoI has taken a review of the issuance of weavers Credit Cards (WCCs) and lending to handloom sector by banks. It has been observed that as against an annual target of 2,00,000 WCCs and loans amounting to Rs.1200 crore for the year 2013-14, only 67,000 WCCs were issued involving loan amounting to Rs.195.00 crore. The GoI has taken serious note of this status and directed NABARD to follow up with all the banks to expedite clearance of pending applications for WCC at the earliest.

The Steering Committee Meeting of SLBC held on 05.09.2014 decided that all banks have to speed up process for clearing pending applications under WCC. The Committee decided to place the matter in SLBC for discussion.

3.1.3. TERTIARY SECTOR

3.1.3.1. Agenda items suggested by Directorate of SC Development Department

1) <u>ഇ–ഗ്രാന്റ്സ്</u>:

പോസ്റ്റ്മെട്രിക്/പ്രിമെട്രിക് സ്കോളർഷിപ്പ് എന്നിവയ്ക്കായി പട്ടികജാതി വിദ്യാർത്ഥികളുടെ ആധാർ നമ്പർ മാപ്പ് ചെയ്യുന്നതിനുവേ നിർദ്ദേശം ബാങ്കുകൾക്ക് നൽകുന്നതിന് എസ്.എൽ.ബി.സി യിൽ ചർച്ച ചെയ്യേ താണ്.

In the Steering Committee Meeting of SLBC held on 05.09.2014, it is informed that some banks are not issuing passbooks to the beneficiaries for this account. The Committee decided to place the matter in SLBC for deliberation.

2) <u>സ്വയം തൊഴിൽ പദ്ധതി പ്രകാരം ലഭ്യമാകുന്ന ബാങ്ക് വായ്പയ്ക്ക് പട്ടികജാതി വികസന വകുപ്പിൽ സബ്സിഡി അനുവദിയ്ക്കുന്ന പദ്ധതി</u>:

അഭ്യസ്ത വിദ്യരായ പട്ടികജാതി യുവതിയുവാക്കൾക്ക് സ്വയം തൊഴിൽ സംരംഭം ആരംഭിക്കുന്നതിന് ലഭ്യമാകുന്ന ബാങ്ക് വായ്പയുടെ 1/3 തുക സബ്സിഡി യായി ബാങ്കിന് അനുവദിക്കുന്ന ഒരു പദ്ധതി 2001 മുതൽ വകുപ്പ് നടപ്പിലാക്കി വരുന്നു. ഈ പദ്ധതി പ്രകാരം ബാങ്ക് വായ്പ വിനിയോഗിച്ച് ഗുണഭോക്താവ് സ്വയം തൊഴിൽ സംരംഭം ആരംഭിച്ചു എന്ന കാര്യം പരിശോധിച്ച് ഉറപ്പ് വരുത്തിയതിന് ശേഷമേ പട്ടിക ജാതി വികസന വകുപ്പിൽ നിന്നും സബ്സിഡി തുക അനുവദിക്കാൻ കഴിയുകയുള്ളൂ. എന്നാൽ സംസ്ഥാനത്തെ പല ബാങ്കുകളും സബ്സിഡി ലഭിക്കില്ലായെന്ന കാരണ ത്താൽ അഭ്യസ്തവിദ്യരായ പട്ടികജാതി യുവതിയുവാക്കൾക്ക് വായ്പ ലഭ്യമാക്കുന്ന തിന് വിമുഖത കാണിക്കുന്നു. പട്ടികജാതി യുവതിയുവാക്കൾക്ക് യഥാസമയം ബാങ്ക് വായ്പ (ഗുണഭോക്താവ് സമർപ്പിക്കുന്ന പ്രൊജക്ട് ആണെങ്കിൽ) ലഭ്യമാക്കുന്നതിന് ബാങ്കുകൾക്ക് നിർദ്ദേശം നല്കാവുന്നതാണ്.

<u>Note by SLBC Cell</u>

During the 108th Meeting of SLBC Kerala of held on 03.01.2013 at Trivandrum, as suggested by LDM, Kollam the following matter came up for discussion.

<u>Non Receipt of Government Subsidy for Bank Loans sponsored by Scheduled Caste Development Offices</u>

"Scheduled Caste Development Officers sponsor Bank Loan applications received from SC candidates for starting Self Employment / Business Activities. As per the scheme guidelines, the Bank Loan is to be disbursed and assets are to be created first. After verification of the assets created from out of bank loan by the officials of SC Development Office, the Government Subsidy will be released.

But we observe that many bank branches have not received Government Subsidy for the loans sponsored by SC Development Offices. Few bank branches are quoted below:

Due to non receipt of subsidy from the sponsoring agency, many loan accounts slipped into NPAs. In some cases, staff accountability is also fixed against the Branch Managers who have sanctioned these loans. During the current financial year also, the bank branches are getting the loan applications from the offices of SC Development Officer.

Though we have discussed this matter in various DLRC Meetings, there is no positive outcome from the side of District Level & Block Officers of SC Development Offices.

Hence we are bringing this matter to the notice of SLBC, Kerala. Our recommendations/ requests are as follows:

A] Suitable instruction is to be given to the concerned officials for release of eligible subsidy for all the Bank Loans which were already disbursed by the bank branches based on the sponsorship of SC Development Offices.
B] The Scheme Guidelines are to be amended and the Government Subsidy is to be released in advance, before disbursement of the bank loan, based on the In Principle Sanction by the bank branches. This will reduce the interest burden of the beneficiaries."

<u>The forum took a decision that henceforth the disbursement of loans shall be done only after getting the subsidy upfront from SC Development Department, Government of Kerala.</u>

The forum requested LDMs to report the same to SLBC.

LDM, Trivandrum reported that such issues are prevalent in Trivandrum since 2008.

Sri. Subrata Biswas, IAS, Agricultural Production Commissioner, Government of Kerala assured the forum to take up the matter with concerned Department.

Sri. P. Ramasamy, Assistant Director, National Commission for SC intervened in the discussions and assured to take up with the department concerned so that the matter could be resolved early. He informed that the sponsoring department is not having any shortage of funds and the delay in providing subsidy may be on account of some other technical aspects which required to be examined closely.

The forum decided to take up the matter with the SC Development Department, Government of Kerala for getting the subsidy settled at the earliest.

The Steering Committee Meeting of SLBC held on 05.09.2014 noted the above and opined that the earlier decision may not be reconsidered unless the pending claims are settled by the Corporation and the Corporation may take up with the Govt . to amend the rules to credit subsidy in advance to the Banks . The Committee decided to place the matter in SLBC for information.

3.1.3.2. Request to consider interest relief for loanees affected by Chronic Diseases/ Ailments (Suggested by Planning & Economic Affairs (F) Department)

The matter was taken up in the 112th SLBC meeting held on 21.03.2014 and decided that individual banks can take a decision in this regard on a case to case basis. Government find that the SLBC has not taken into account the social responsibility of the banks to help persons in severe distress. Hon'ble Chief Minister has noted that this is a very deserving request and banks may take sympathetic view on the matter.

In the circumstances, it is requested to reconsider the case in the next SLBC meeting so as to formulate specific norms for this scheme.

The Steering Committee Meeting of SLBC held on 05.09.2014 noted the above and decided that individual banks can take a decision in this regard. It is also suggested that Planning & Economic Affairs Department to take up the matter with Government of India for getting suitable decision from IBA. The Committee decided to place the matter in SLBC for deliberation.

3.1.3.3. Presentation on National Urban Livelihood Mission (Suggested by Kudumbashree)

It is requested to allot 30 minutes time to Kudumbashree for an introductory presentation and discussion on National Urban Livelihood Mission.

The Steering Committee Meeting of SLBC held on 05.09.2014 decided that Kudumbashree to provide the details in this regard well in advance to SLBC Cell for circulating among banks. The Committee decided to allot 10 minutes time to Kudumbasrhee for presentation on National Urban Livelihood Mission in the SLBC.

3.1.3.4. Waiving of loan liability of Nurses returning from the strife hit Iraq and Libya (Suggested by Finance [Planning-A] Department, Government of Kerala)

The matter came up for discussion in the Special Meeting of SLBC, Kerala on Sampoorn Vittiyea Samaveshan (SVS) held on 08.08.2014 at Trivandrum.

The meeting decided that the matter pertaining to around 500 nurses, have taken Education loan, who either came back or were likely to come back soon from Iraq and Libya, banks would ensure that the interest portion can be taken care of.

Wherever moratorium is required, it would be done as per RBI guideline. SLBC would proactively do the same instant month itself and after presenting the scheme before the Board of Directors Canara Bank, it would be circulated to among all banks. The database of the affected nurses would be shared among banks and ensure the support from all banks.

The Steering Committee Meeting of SLBC held on 05.09.2014 noted the above and requested the NORKA Department to provide the latest bank wise database of the affected nurses returning from Iraq and Libya.

3.1.3.5. Growing NPAs in Education Loans – Immediate corrective measures to be initiated to contain NPAs and start recovery of loans (Suggested by Bank of India)

Bank of India informed that keeping national perspective in mind the bank extend financial assistance to pursue Education in different levels. It has been observed that the loaners are not adhering to repayment norms as stipulated and thus the loans are becoming NPA.

As of 30.06.2014, their Education loan portfolio stands at 7898 accounts – Rs. 198 crores and NPA – Rs.19.98 crores. This position is at a point where monitoring is on and there is restraint in showing account as NPA by rescheduling the account, the accounts are kept standard. Once the accounts are made NPA as per the standard norms the bank will face with NPA above 50% i.e. Rs. 100 crores.

Hence it is requested SLBC to intervene and take up with department concerned to initiate recovery proceedings. Moreover it is right to point out that these concessions are applicable to the students who hail from BPL family only.

It is requested to take up with Government of Kerala to issue suitable orders strengthen Banking system to initiate recovery action against willful defaulters and who are above BPL. The recovery should be initiated in accounts where student is employed. It is requested SLBC intervention in the matter and mobilizes the recovery mechanism.

The Steering Committee Meeting of SLBC held on 05.09.2014 recommended the following:

- ***Moratorium on repayment of Education Loan should not be extended further by Government of Kerala***
- ***Sufficient publicity in this regard would be given though print and media by Government of Kerala***

3.1.3.6. Request from Kannada Linguistic Minorities (Suggested by NABARD)

Kasargod was a part of the erstwhile south Kanara District of Keranataka before the state Reorganization in 1956 and hence large population of Kasargod are Kannadigas communicating in local languages like Kannada, Tulu, Konkani, Marathi, Malayalam etc.

Kasargod is the Kannada Linguistic Minority area as declared by the Government itself and the linguistic Minorities are entitled to submit their representations and to make correspondence with the offices in the minority language viz. Kannada for the redressal of their grievances.

NABARD has received representation from Kannada Samanvaya Samiti, Kasargod that some managers of Banks in the District insist that the general Public should produce the documents which are in Kannada along with the Malayalam Translation. The agency has informed that the people at large are put to inconvenience and has appealed to initiate appropriate action. SLBC may advise all the banks in the matter.

The Steering Committee Meeting of SLBC held on 05.09.2014 opined that translation cannot be avoided as it is a legal requirement. The Committee decided to place the matter in SLBC for deliberation.

3.1.3.7. Changes in Kerala Stamp Act & Registration fees – Kerala (Suggested by Canara Bank)

The following are the recent changes in the stamp duty and registration charges in Kerala, which are of interest to the commercial banks.

A. <u>The Registration Act, 1908 (Central Act 16/1908)</u>

Vide GO (P) No.64/2014/TD dt. 2014 May 3rd, published as S.R.O No.268/2014 in the Kerala Gazette (Extraordinary) no III/1164 dt. 2014 May 3rd, the Govt. Of Kerala have amended the Table of Fees prescribed in Sec 78 of the Registration Act, 1908, to the effect that,

" The registration fee in respect of instruments for securing agricultural and educational loans from the commercial banks, the mortgage deeds for securing other loans from the commercial banks and the re-conveyance deeds thereof, shall be one percent of the value subject to a maximum of Rs.500/-".

This amendment has come into force on 2014 May 3rd

B. <u>The Kerala Stamp Act, 1959 (State Act 17/1959)</u>

Vide Kerala Finance Act, 2014 (State Act 29/2014) published as Notification No. 2500/ Leg.A2/ 2014 / Law dt 2014 July 23rd in the Kerala Gazette (Extraordinary) no III/1899 dt 2014 July 23rd , the Govt. of Kerala have amended the following provisions of the Kerala Stamp Act, 1959, which have come into force on 2014 April 01st

1. <u>In Schedule Sl. No. 37, a new clause (d) is inserted, to the effect that,</u>
" For mortgage deeds executed in favour of commercial banks for securing loans , the stamp duty payable shall be 0.5 % for the amount secured subject to a maximum of Rs.20,000/-

2. In Schedule Sl. No. 37, Exemptions, a new exemption (2) is inserted to the effect that,
"Instruments executed for securing agricultural and educational loans granted by commercial banks shall be exempted from stamp duty"

3. In Schedule Sl. No. 5, clauses are renumbered and a new clause (d) is inserted, to the effect that,
"The stamp duty payable on an agreement or memorandum of an agreement if relating to installation of ATM machine, between a bank and the land owner or renewal thereof, shall be Rs.2500/- per year."

C. How these amendments are of interest to the commercial banks operating in Kerala

a) Instruments governed by the state stamp act (like agreements/deeds/mortgage deeds) executed for securing agricultural and educational loans need not be stamped (Since promissory notes are governed by the Central stamp act, they have to be appropriately stamped).

b) For agricultural and educational loans secured by mortgage, a registered simple mortgage can be created by paying, only the registration fee of 1 % of the amount secured subject to a maximum of Rs.500/-

c) Instruments other than mortgage deeds, executed to secure agricultural and educational loans can also be registered by paying only the registration fee of 1 % of the amount secured subject to a maximum of Rs.500/-

d) For other loans secured by mortgage, a registered simple mortgage can be created by paying the stamp duty of 0.5 % (Max. Rs.20,000/-) and the registration fee of 1 % (Max. Rs.500/-)

e) The reconveyance of the above registered deeds can be done by paying the registration fee of 1 % (Max. Rs.500/-)

f) For fresh/renewal lease of ATM premises, the new stamp duty structure is applicable

To take a uniform decision by all the banks to get "Registered mortgage deed" for securing all Agricultural loans and Educational loans in view of the amended provision in the Stamp Act (which has came into force on 01.04.2014) that

(a) No stamp duty is payable for Agricultural loans and Educational Loans
(b) Registration fee payable is only the 1% of the amount secured subject to a maximum of Rs. 500/-"

The above is advantageous to Banks for the reason that the Banks will have the "mortgage" recorded in the respective Sub-Registry offices and hence public will have notice of the mortgage so created by the Borrowers.

The Steering Committee Meeting of SLBC held on 05.09.2014 decided to place the matter in SLBC for deliberation.

3.1.3.8. Rajiv Rinn Yojana (RRY)

During the Special SLBC Meeting on Sampoorn Vittiyea Samaveshan (SVS) held on 08.08.2014 Trivandrum, Sri. V. Somasundaran, IAS, Additional Chief Secretary, Government of Kerala informed that the requirement of houses is mainly to sectors like fishermen, SC/ST colonies in some remote areas, traditional workers like khadi workers etc. High interest rate is a problem and repayment capacity of these people would be limited. Since requirement is very large, about 10 lakh dwelling units, a scheme for housing would be worked out for which he suggested to form a sub-committee of SLBC, which can be looked into the issues in totality and come back with their recommendations and concrete proposals in the next regular SLBC meeting. He added that the sub-committee would also consider the subsidization of part of interest by the Government.

The Steering Committee Meeting of SLBC held on 05.09.2014 decided that the Rajiv Rinn Yojana (RRY) scheme of the Ministry of Housing & Urban Poverty Alleviation is a suitable scheme caters to the EWS and LIG of Urban areas. The scheme started in October 2013 extends upto 2017 March.

The Government of India provides interest subsidy of 5% for loan upto Rs. 5 lakhs. The State Government is allowed to dovetail up State Government scheme with RRY. It is recommended that:

- ***RRY scheme may be adopted for the EWS and LIG of Urban Areas.***
- ***In other than urban areas, the Government of Kerala may adopt a scheme in the same pattern with an interest subsidy component.***

It was decided to place the matter in SLBC for deliberation. The Guidelines of Rajiv Rinn Yojana (RRY) given in **Annexure – 9.36**

3.1.3.9. Survey procedure for Pradhan Mantri Jan Dhan Yojana (PMJDY)

The State Level Implementation Committee on Pradhan Mantri Jan Dhan Yojana (PMJDY) held on 21.08.2014 at Trivandrum decided the following:

The offer of Akshaya to conduct survey at Rs. 5 per household and open account at Rs. 20 (existing rate) in Sub Service Areas covered by Akshaya Banking Kiosks was accepted. In other areas Kudumbashree Mission gave an offer, the extract portion of Kudumbasrhee proposal is given below:

Sub: Proposal for engaging Kudumbashree CDS in the campaigning of "PRADHAN MANTRI JAN DHAN YOJANA"

Ref: Special SLBC Meeting held on 18.08.2014 at SLBC Cell

Kudumbashree is formally registered as the "State Poverty Eradication Mission" (SPEM), a society registered under the Travancore Kochi Literary, Scientific and Charitable Societies Act 1955. It has a governing body chaired by the State Minister of LSG. There is a State Mission Office with District Mission Office in each district. This official structure supports and facilitates the activities of the community network across the state. The lowest tier of three tier Kudumbashree CBO network are Neighbourhood Groups (NHG in short) at grassroot level followed by Area Development Societies (ADS) at the ward level and Community Development Society (CDS) at the Panchayath level. The ADS sends its representatives to the Community Development Society (CDS), which completes the unique three-tier structure of Kudumbashree. Today, there are 2.58 lakhs NHGs, 19,700 ADSs and 1072 CDSs in Kudumbashree.

On April 26, 2010, the Reserve Bank of India (RBI) has allowed banks to engage with CSC Operators/ VLEs as Business Correspondents for Financial Inclusion. The Department of Financial Service, Ministry of India has made it mandatory that every sub service area of 1500 households has to be covered by a banking channel. This new move from the part of the Central Finance Department's project is for helping rural people to get banking services.

The even networking coverage of Kudumbashree in all the districts of the state along with its prior experience of being part of 'One family one account' campaign, would be additional advantage of Kudumbashree to undertake this task. In view of this, we propose to undertake the campaign 'Pradhan Mantri Jan Dhan Yojana' to identify the households, which do not have bank account and for opening bank account at household level. We propose to engage ADSs to complete this task. The proposed service charge are:

- Rs 10/- for the survey
- Rs 15/- for collecting the account opening form.

We would also like to bring to your notice certain points:

- List of panchayaths in which Kudumbashree is responsible for implementing the project, may be delineated and given to us.
- Regarding the working in tribal areas, certain general constraints like the lack of transportation facilities, apathy of tribals towards banking system, and the unavailability of needed documents with them may be taken in to account. In view of this, an additional amount may be provided, while undertaking the task in tribal areas. They are:
- Rs 10/- for the survey
- Rs 20/- for collecting the account opening form.
- We are planning to work the project with two ADS members in each ward.
- Bank has to bear the expenses of photocopies of basic documents taken by Kudumbashree surveyor during the account opening process.
- Bank/Lead bank has to give training and family details of bank account holder in the panchayath as per the voters list.

The committee decided to place the matter for further discussion.

The Steering Committee Meeting of SLBC held on 05.09.2014 concurred with the decisions of the Special Meeting on Comprehensive financial inclusion held on 18.08.2014 and the State Level Implementation Committee on PMJDY held on 21.08.2014, that Service Area Ward allocated by the LDMs shall be basis for survey in all areas (urban as well as rural) and in areas where the services of Akshaya Banking kiosks are available, survey and account opening shall be done by Akshaya entrepreneur and remuneration payable shall be Rs. 5 per household surveyed in addition to the existing Rs. 20 per account opening. The Steering Committee decided to recommend that individual banks may take appropriate decision on survey and decided to place the matter in SLBC.

3.1.3.10. **Formulation of a Reverse Mortgage Scheme for the mentally challenged** (Suggested by SLBC Convenor)

In O.P. No. 16667 of 1996-S, the Hon'ble High Court of Kerala vide its directive (I.A.No.4798 of 2014) dated 26th August, 2014 directed the SLBC Kerala to give its views on the feasibility on providing the facility of Reverse Mortgage Scheme through nationalized banks for the benefit of mentally challenged persons and if found feasible, we suggest a scheme to that effect. The High Court Orders is given below.

THOTTATHIL B.RADHAKRISHNAN, J.

O.P.No.16667 of 1996-S

Dated this the 26th day of August, 2014

(In Chambers)

Order

I.A.No.4798 of 2014

1.This interlocutory application contains suggestions given by the Secretary of the Kerala Federation of Women Lawyers. It deals with the need to probe the possibility of providing facility of Reverse Mortgage Scheme through nationalised banks to be operated through next friends or care takers of mentally challenged persons, as may be appointed by the Court. The basic requirement is to find funds for sustenance and treatment of mentally challenged persons. Though the direction sought for is to the Central and State Governments to impose a scheme of such nature, it would be profitable for this Court to immediately get the views of the Convenor of the Kerala State Level Bankers Committee. If found feasible even without further orders, a scheme to that effect can be immediately suggested by the Convenor of that Committee. In the event of the said Committee deeming it necessary that further interactions are necessary, the learned *amicus curiae* Sri.V.Ramkumar Nambiar & Smt.Sathyasree Priya Easwaran and Adv.N.N.Girija can be contacted. The office will note their mobile numbers at the foot of this order.

2. Communicate by fax to the Convenor of the Kerala State Level Bankers Committee and the General Manager, Canara Bank, Ernakulam.

3. Show the name of Adv.M.Gopikrishnan Nambiar in the cause list.

Hand over to learned Senior Government Pleader, learned *amicus curiae*, Adv.N.N.Girija and Adv.M.Gopikrishnan Nambiar.

Sd/-
THOTTATHIL B.RADHAKRISHNAN,
JUDGE

Sha/

TRUE COPY

ASSISTANT REGISTRAR

The Steering Committee Meeting of SLBC held on 05.09.2014 decided that since this is a pan India issue, SLBC may take up the matter with IBA for formulating a suitable scheme in consultation with amicus curiae.

3.2. PENDING ISSUES IN SLBC & ACTION TAKEN REPORT

3.2.1. PRIMARY SECTOR

Sl. No.	Agenda Item	*Action Points*	Action to be taken by	Present Position/Progress
3.2.1.1	**Introduction of a Credit Guarantee Scheme for Agriculture Term Loans similar to CGTMSE** - Pending since July 2012	*In the SLRM 2012, it was suggested that in view of the mounting NPA under Agriculture Term Loans after implementation of ADWDRS, banks were facing serious issues. It was recommended to suggest introduction of a Guarantee Scheme similar to CGTMSE, particularly for Term Loans under Agriculture.*	*SLBC / Government of India*	In response to the recommendation, SLBC Cell had through various letters taken up the matter with the Government of India and their reply is awaited. The 109th meeting of SLBC, Kerala and the State Level Review Meeting (SLRM) 2013 of SLBC, Kerala decided to pursue the matter with Government of India. SLBC Cell, vide letter SLBC 38 190 2013 KRA dated 24.07.2013, had taken up the matter with the Ministry of Finance, Department of Financial Services, Government of India. Subsequently the matter came up for discussion in the 110th, 111th & 112th Meetings of SLBC, Kerala and it was decided to pursue the matter with Ministry of Finance, Department of Financial Services, and Government of India. During the State Level Review Meeting of SLBC, Kerala held on 25th & 26th June, 2014, it is observed that there is mounting NPAs under Agriculture term loans after implementation of ADWDRS. It is recommended that Credit Guarantee Scheme similar to CGTMSE for agricultural term loans may be formulated. SLBC may take up the matter with Government of India. SLBC Cell has again taken up the matter with the Ministry of Finance, Department of Financial Services, Government of India. Reply is awaited.

3.2.2. SECONDARY SECTOR

Sl. No.	Agenda Item	*Action Points*	Action to be taken by	Present Position/Progress
3.2.2.1	**Proposal to introduce penalty for delayed payment of premium for coverage under CGTMSE** - Pending since March 2011	*As per the existing Rule of CGTMSE, the borrowers or applicants have to pay premium amount on policies taken by them within a specified time and the policies will be cancelled by the lending institutions on delayed payments. It was suggested that instead of cancelling the policy it would be advisable to charge penalty for delayed payments of premium and keep the policy in force.*	*SIDBI/ CGTMSE, Mumbai/ SLBC*	SLBC Kerala has been regularly pursuing the matter with MSME Development Centre at Mumbai since the induction of the agenda and their response is awaited. The 109th meeting and annual SLRM 2013 of SLBC, Kerala decided to pursue the matter with CGTMSE, Mumbai. SLBC Cell, vide letter SLBC 38 192 2013 KRA dated 24.07.2013, had taken up the matter with MSME Development Centre, Mumbai. The matter came up for discussion in the 110th Meeting of SLBC, Kerala held on 13th September, 2013. The forum decided to pursue the matter with CGTMSE, Mumbai. The 111th Meeting of SLBC, Kerala held on 23.12.2013 decided to pursue the matter with CGTMSE, Mumbai & IBA. However, it was advised that Banks have to ensure payment of premium before 31st May every year. The 112th Meeting of SLBC, Kerala held on 21.03.2014 decided to pursue the matter with CGTMSE, Mumbai. During the State Level Review Meeting of SLBC, Kerala held on 25th & 26th June, 2014, Sri. A. C. Sahu**,** Deputy General Manager, SIDBI assured to apprise the developments in this regard in the next SLBC meeting. SLBC cell had again taken up the matter with CGTMSE Mumbai and the reply is awaited.

Sl. No.	Agenda Item	*Action Points*	Action to be taken by	Present Position/Progress
3.2.2.2	**PMRY 2006-07 & 2007-08 - Non receipt of Subsidy** - Pending since August 2009	*Subsidy on PMRY loans granted during 2006-07 and 2007-08 are yet to be released to various banks in few accounts. Such borrowers are forced to pay interest on the subsidy portion also till it is received by Banks. Also subsidy portion remaining unpaid are becoming NPA. Due to this customers are penalized as their names would be appearing in the CIBIL defaulters list.*	*RBI / Controlling Offices of Banks*	RBI had vide letter RPCD (T) No.LBS/391/03.02.002/2012-13 dated 07.11.2012 informed that the claims submitted by the 24 implementing banks have been forwarded by RBI, Central Office to KVIC for reimbursement. Further, it is clarified that banks are permitted not to classify PMRY accounts, where the borrowers have repaid their portion of loan in full (only Government subsidy is outstanding), as NPA unless the Government repudiates the claims of banks for release of subsidy. However, PMRY accounts where the borrowers have not paid their portion of loan, classification should be governed by extant classification norms prescribed in the Master Circular - Prudential Norms on Income Recognition, Asset Classification and Provisioning Norms pertaining to Advances. The 109th meeting & annual SLRM 2013 meeting of SLBC, Kerala decided to pursue the matter with Reserve Bank of India till logical conclusion. RBI Central Office vide letter dated May, 22, 2013 had requested all implementing banks to furnish, certificate issued by Statutory Auditors in the format enclosed with their letter to enable RBI to forward the same to KVIC for early release of the captioned subsidy. The forum noted this and requested Banks to furnish certificate as directed above by RBI. SLBC Cell, vide letter SLBC 38 194 2013 KRA dated 24.07.2013, had advised the Controlling Offices of all Banks in these lines.

Sl. No.	Agenda Item	*Action Points*	Action to be taken by	Present Position/Progress
				The 110th meeting of SLBC Kerala held at Trivandrum on 13.09.2013 decided to pursue the matter with RBI. In the 111th Meeting of SLBC, Kerala held on 23.12.2013, Deputy General Manager, RBI informed that RBI Central Office is handling the issue and is coordinating with KVIC and trying to get subsidy for onward transmission to the banks concerned. The forum decided to pursue the matter with RBI. The Sub-Committee of SLBC, Kerala that met on 06.03.2014 decided to pursue the matter with RBI. The 112th Meeting of SLBC, Kerala held on 21.03.2014 decided to pursue the matter with Reserve Bank of India. During the State Level Review Meeting of SLBC, Kerala held on 25th & 26th June, 2014, Sri. K. Santhakumar, Deputy General Manager, Reserve Bank of India informed that the matter was followed up with Government of India and reply is awaiting. RBI may inform the present position.

3.2.3. TERTIARY SECTOR

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
3.2.3.1	**Non availability of Government of India Interest Subsidy on Education loans granted by KSCARD Bank** - Pending since July 2012	*Education Loans granted by KSCARD Bank also to be provided with interest subsidy extended by Government of India.*	*Ministry of Finance Government of India*	SLBC Cell vide letter No. SLBC 35 105 2013 KRA dated 04.03.2013 had written to the Deputy Secretary, Ministry of Finance, GoI. The 109th meeting & annual SLRM 2013 meeting of SLBC, Kerala decided to pursue the matter with Government of India. SLBC Cell, vide letter SLBC 38 202 2013 KRA dated 24.07.2013, had again taken up the matter with Ministry of Finance, Department of Financial Services, Government of India. The matter came up for discussion in the 110th & 111th Meeting of SLBC, Kerala decided to pursue the matter with Ministry of Finance, Department of Financial Services, Government of India. The forum suggested that State Government may also recommend the matter to Government of India. The Sub-Committee of SLBC, Kerala that met on 06.03.2014 decided to pursue the matter with Government of India.

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
				The 112th Meeting of SLBC, Kerala held on 21.03.2014 decided to pursue the matter with Ministry of Finance, Department of Financial Services, Government of India. The 111th, 112th SLBC Meetings & State Level Review Meeting 2014 of SLBC, Kerala decided to pursue the matter with Ministry of Finance, Department of Financial Services, Government of India. The forum suggested that State Government may also recommend the matter to Government of India.
3.2.3.2	**Establishment of Financial Literacy Centres (FLCs) in all blocks of the State**	*RBI vide circular RPCD.CO.MFFI.BC.N0.86/ 12.01.018/2008-09 dated 04.02.2009 had brought out a model scheme with regard to establishment of FLC wherein it was envisaged to set up FLCs at all levels viz. Block, District, Town and City level. Accordingly, banks were expected to initiate setting up of FLCs in all the Blocks.* *Kerala has a unique status of having established FLC in all the 14 districts by September 2011itself. The task of establishing FLC at Block level was aimed to be completed by September 2013 and subsequently this deadline was*	*Banks/LDMs*	The State Level Review Meeting of SLBC, Kerala held on 25th & 26th June, 2014 noted that State has become the first one to have FLCs in all the 152 blocks. As advised by SLBC, LDMs have to submit report on compliance level of FLCs functioning in their districts. The forum noted that some of the FLCs are not functioning in accordance with RBI guidelines. FLCs are located in branch premises and without a dedicated counselor in certain cases. The forum expressed apprehension on the competency of Counselors at Akshaya centres.

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
		extended to January 2014. Accordingly, LDMs have allotted the blocks to the banks operating in the area for establishing FLCs.		Improved visibility and quality has to be ensured. The forum decided that the FLCs established need to be stabilized, supported with proper man power and control of the function. As decided in the Special SLBC Meeting held on 08.08.2014, a two tire task force was recommended to RBI and NABARD for approval.
3.2.3.3	**Progress in Coverage of Sub Service Area (SSA) by Banks**	SSA allocation was completed for all 14 Districts of the State and 4523 SSAs were allotted to 18 banks for commencement of banking Services. Of these 4405 SSAs have been mapped in the SSA portal. 118 SSAs remained to be mapped/reconciled. Of the 4405 mapped SSAs, 4023 are having existing banking facilities. The remaining 382 SSAs and the 118 unmapped SSAs are to be provided with new banking facilities.	*Banks/LDMs/ Akshaya/ CSC e-Governance*	Kerala State Sub Services Area Mapping as on 09.09.2014 is given in **Annexure - 9.37**.

Sl. No.	Agenda Item	Action Points	Action to be taken by	Present Position/Progress
3.2.3.4	**Coverage of unbanked Panchayats in the State with branches of Commercial Banks**	*SLBC Cell through LDMs have consolidated the list of Panchayats (33 nos) in the State without any branches of commercial banks during Dec 2013 and this was placed as an agenda item in the 111th SLBC meeting.* *The responsibility of opening brick and mortar branches in these centres were allocated to those banks who are presently servicing the maximum wards in these Panchayats. It was resolved to open Bank branches in these unbanked Panchayats before 31.03.2014 in the 111th SLBC meeting.* *In the last SLBC meeting the deadline was extended to 2014 Aug 15th.*	*Banks*	As on 9th September 2014, there are 3 unbanked Grama panchayats. The present position of opening bank branches in the unbanked Panchayats by the banks concerned is given in the **Annexure-9.38.**
3.2.3.5	**Pradhan Mantri Jan Dhan Yojana**	Pradhan Mantri Jan Dhan Yojana (PMJDY) is a new Comprehensive Financial Inclusion plan declared by the Hon'ble Prime Minister on 15th August, 2014. It is comprehensive plan covering both rural and urban areas and is based on 6 pillars. It will be implemented in 2 phases. I phase commencing now and completing by 2016 August 15th. II phase will be completed by 2018 August 15th.	*Banks/ LDMs/SLBC /Respective Government Departments*	*The Pradhan Mantri Jan Dhan Yojana was formally launched on 2014 August 28th. The account opening progress is monitored by DFS on a daily basis. All member banks may ensure 100 % coverage of their respective service areas. All the eligible account my be issued Rupay cards*

3.3. INFORMATION NOTES

3.3.1. Last date for submission of subsidy claims under GBY and AMIGS (Suggested by NABARD)

All advance subsidy claims for the erstwhile GBY and AMIGS schemes (sanctioned upto 31 March 2014) have to be submitted to NABARD by 30 September 2014.

The Steering Committee Meeting of SLBC held on 05.09.2014 decided to place the matter in SLBC for information.

3.3.2. Scheme of Ministry of New and Renewable Energy, GoI for installation of 10000 Solar Photovoltaic Water Pumping Systems for Irrigation purpose, implemented through NABARD - revision in guidelines (Suggested by NABARD)

In view of the revised instructions from MNRE, GoI, our circular Ref.No. (Kerala) No.ICD /2024/ 94©/ 2014-15 dated 9 July 2014 stands withdrawn. The revised guidelines under the captioned scheme have been forwarded to all banks vide Ref. No.NB(Kerala)No.ICD/2798/94©/2014-15 dated 18 August 2014 (copy enclosed). The tentative target for the state during 2014-15 and 2015-16 is 200 units. However, targets for 2015-16 will be reallocated based on the achievements during the year 2014-15. Banks may ensure that the subsidy claims are submitted in the prescribed format. On receipt of capital subsidy, banks may ensure submission of consolidated utilization certificates in the prescribed format within 3 months from the date of receipt of subsidy.

The Steering Committee Meeting of SLBC held on 05.09.2014 decided to place the matter in SLBC for information of Banks.

3.3.3. Progress under Dairy Entrepreneurship Development Scheme - 2014-15 (Suggested by NABARD)

The budget allocated for the state and achievement as on 25.8.2014 under the captioned scheme is given below:

(Amt. in Rs. Crore)

Sl. No.	Category	Target	Achievement
1	General including ST	9.300	8.089
2	SCP (Special Component Plan for SC)	1.500	0.106
	Total	**10.800**	**8.195**

Banks are requested to sponsor applications under the scheme especially under SCP to utilize the budget allocated to the state. Banks may give priority to projects being implemented in cluster mode, to farmers/Women SHGs, Cooperatives and Producer Companies including creation of facilities of processing, value addition and marketing of milk produced in the cluster mode.

The Steering Committee Meeting of SLBC held on 05.09.2014 decided to place the matter in SLBC for information of Banks.

3.3.4. SHG - JLGs (Suggested by NABARD)

(i) For establishing new or strengthening of existing Farmers' Training and Rural Development Centre (FTRDC), Commercial banks are eligible for grant assistance of Rs.15 lakh or support for meeting 50% of the annual recurring expenses whichever is lower. Banks may submit proposals to NABARD RO in this regard.

(ii) Based on GoI's announcement in the Union Budget for 2014-15, a target of credit linkage of 40000 JLGs has been fixed to Kerala State for supporting 5 lakh joint farming groups of 'Bhoomi Heen Kisan". SLBC may distribute the above target bank-wise.

(iii) It has come to our notice that there is delay in issuing bank certificates for JLG credit linkage to the NGOs by banks for submitting to NABARD for claiming incentive under JLG scheme (especially in Palakkad). The issue may be taken up with SLBC for issuing necessary instructions to the banks.

(iv) Revival of Dormant Farmers' Clubs: Steps may be initiated by banks for revival of Dormant FC Clubs sponsored / supported by various branches of banks in all the districts.

The Steering Committee Meeting of SLBC held on 05.09.2014 decided to place the above items in SLBC for information.

3.3.5. Grant assistance for strengthening / setting up of Farmers Technology & Rural Development Centre of Commercial Banks / other agencies (Suggested by NABARD)

The extension and capacity building efforts are emerging as critical areas to strengthen the agriculture sector so as to ensure increase in farm production, productivity and increased income earnings by farmers. For financial inclusion and inclusive growth, one of the measures contemplated by the banking system relate to provision of financial literacy as well as credit counseling to target groups.

Recognizing these factors, NABARD extends financial assistance in the form of promotional grant to Farmers' Training and Rural Development Centres set up by major commercial banks/other agencies. The main objective of the scheme is to scaling up of operations of both existing as well as new Farmers' Training Centres already established/to be established by them and also to ensure increased coverage of farmers for their capacity building. The FTCs may be oriented to provide holistic knowledge inputs - technical, commercial and financial. Under the scheme 50% of their annual recurring expenses or Rs.15 lakhs (Rupees Fifteen lakhs only), whichever is lower will be eligible as grant assistance.

The Steering Committee Meeting of SLBC held on 05.09.2014 decided to place the matter in SLBC for information of Banks.

3.3.6. Training for Counselors of Financial Literacy Centre (Suggested by NABARD)

With the launch of PMJDY, the role of FLC counselors becomes very vital and important for the bank's business. Keeping in view, the need for skilled FLCs, we request all Banks to submit a proposal to NABARD for training of their FLC counselors. The training programme would be a residential programme and the venue can be decided based on the request of the banks and the number of participants. The training cost will be supported by NABARD.

The Steering Committee Meeting of SLBC held on 05.09.2014 decided to place the matter in SLBC for information of Banks.

3.3.7. Support for conduct of one day Financial Inclusion / Financial Literacy Awareness Camps (Suggested by NABARD)

NABARD has been extending support to Commercial Banks for conduct of such camps through their FLCs on prior approval. We request all the Commercial Banks to submit such proposals for our approval and get such expenses reimbursed. With the launch of PMJDY, the role of FLCs and conduct of such awareness camps becomes important for comprehensive Financial Inclusion.

The Steering Committee Meeting of SLBC held on 05.09.2014 observed that during the State Level Implementation Committee on PMJDY decided that FLC Camps would be conducted in each panchayat. SLBC Cell would submit the details in this regard to NABARD. The Committee decided to place the matter in SLBC for information of Banks.

3.3.8. Financial Inclusion - Support extended to Kudumbashree (Suggested by NABARD)

Rs. 24.12 lakh has been sanctioned to Kudumbashree for conducting one day Panchayat Level Financial Literacy meetings to their NHG members in Kerala State. This proposal will cover approximately 41.5 lakh families in Kerala. These trained NHG members will further train the other members of their groups thus disseminating the information to the grass root level.

The Steering Committee Meeting of SLBC held on 05.09.2014 decided to place the matter in SLBC for information of Banks.

3.3.9. Ongoing projects of Housing Board (Suggested by Housing (C) Department, Government of Kerala)

കൊച്ചി പനമ്പള്ളി നഗറിലും തിരുവനന്തപുരത്ത് അമ്പലനഗറിലും ഫ്ലാറ്റ് നിർമ്മാണ പദ്ധതികൾ നടപ്പിലാക്കുവാൻ സർക്കാർ ഹൗസിംഗ് ബോർഡിന് അംഗീകാരം നൽകിയിട്ടുണ്ട്. തിരുവനന്തപുരത്തുള്ള 64 യൂണിറ്റും കൊച്ചിയിലുള്ള 31 യൂണിറ്റും ഉൾപ്പെടെ 95 യൂണിറ്റുകൾക്ക് ബാങ്കുകളിൽ നിന്നും വായ്പാ സൗകര്യവും ടി യൂണിറ്റുകൾ വിൽപ്പന

നടത്തുന്നതിനുള്ള സഹായവും ആവശ്യമാണ്. നിലവിലെ മാർക്കറ്റ് വില അനുസരിച്ച് ഏകദേശം 56 കോടി രൂപയാണ് ടി യൂണിറ്റുകളുടെ വിൽപന വിലയായി കാണക്കാക്കിയിരിക്കുന്നത്. ആയതിനാൽ ടി ഫ്ലാറ്റുകൾ വാങ്ങുന്നതിന് താൽപര്യമുള്ള ഗുണഭോക്താക്കൾക്ക് ആയത് സ്വന്തമാക്കുന്നതിലേയ്ക്കായി ലോൺ നൽകുന്ന കാര്യം പരിഗണിക്കണമെന്ന് അഭ്യർത്ഥിക്കുന്നു. ഫ്ലാറ്റുകളെ സംബന്ധിച്ചുള്ള വിശദ വിവരം ചുവടെ ചേർക്കുന്നു.

<u>കൊച്ചി പനമ്പള്ളി നഗർ പദ്ധതി</u>

ഫ്ലാറ്റുകളെ എണ്ണം – 31

ഏകദേശ വിൽപ്പന വില/ഫ്ലാറ്റ് (നിലവിലുള്ള മാർക്കറ്റ് വില നിരക്ക് പ്രകാരം) പദ്ധതി launch ചെയ്യുമ്പോൾ നിശ്ച്ചയിക്കുന്ന വിൽപ്പന പ്രകാരം ഇതിന് വ്യതിയാനം വരാവുന്നതിനാണ്.

മാതൃക എ	(10 ഫ്ലാറ്റുകൾ)	91 ലക്ഷം രൂപ / ഫ്ലാറ്റ്
മാതൃക ബി	(10 ഫ്ലാറ്റുകൾ)	53 ലക്ഷം രൂപ / ഫ്ലാറ്റ്
മാതൃക സി	(10 ഫ്ലാറ്റുകൾ)	71 ലക്ഷം രൂപ / ഫ്ലാറ്റ്
മാതൃക സി	(1 ഫ്ലാറ്റ്)	67 ലക്ഷം രൂപ / ഫ്ലാറ്റ്
ആകെ വിൽപ്പന വില	**(31 ഫ്ലാറ്റുകൾ)**	**22.17 കോടി രൂപ**

<u>തിരുവനന്തപുരം അമ്പലനഗർ പദ്ധതി</u>

മാതൃക എ	(8 ഫ്ലാറ്റുകൾ)	78 ലക്ഷം രൂപ / ഫ്ലാറ്റ്
മാതൃക ബി	(8 ഫ്ലാറ്റുകൾ)	82 ലക്ഷം രൂപ / ഫ്ലാറ്റ്
മാതൃക സി	(8 ഫ്ലാറ്റുകൾ)	78 ലക്ഷം രൂപ / ഫ്ലാറ്റ്
മാതൃക ഡി	(8 ഫ്ലാറ്റുകൾ)	78 ലക്ഷം രൂപ / ഫ്ലാറ്റ്
മാതൃക ഇ	(8 ഫ്ലാറ്റുകൾ)	82 ലക്ഷം രൂപ / ഫ്ലാറ്റ്
മാതൃക എഫ്	(8 ഫ്ലാറ്റുകൾ)	78 ലക്ഷം രൂപ / ഫ്ലാറ്റ്
മാതൃക എ1	(3 ഫ്ലാറ്റുകൾ)	99 ലക്ഷം രൂപ / ഫ്ലാറ്റ്
മാതൃക ബി1	(3 ഫ്ലാറ്റുകൾ)	99 ലക്ഷം രൂപ / ഫ്ലാറ്റ്
മാതൃക സി1	(3 ഫ്ലാറ്റുകൾ)	99 ലക്ഷം രൂപ / ഫ്ലാറ്റ്
മാതൃക ഡി1	(3 ഫ്ലാറ്റുകൾ)	99 ലക്ഷം രൂപ / ഫ്ലാറ്റ്
മാതൃക എ2/എ3	(1 ഫ്ലാറ്റ്)	162 ലക്ഷം രൂപ / ഫ്ലാറ്റ്
മാതൃക ബി2/ബി3	(1 ഫ്ലാറ്റ്)	162 ലക്ഷം രൂപ / ഫ്ലാറ്റ്
മാതൃക സി2/സി3	(1 ഫ്ലാറ്റ്)	162 ലക്ഷം രൂപ / ഫ്ലാറ്റ്
മാതൃക ഡി2/ഡി3	(1 ഫ്ലാറ്റ്)	162 ലക്ഷം രൂപ / ഫ്ലാറ്റ്
ആകെ വിൽപ്പന വില	**(64 ഫ്ലാറ്റുകൾ)**	**56.44 കോടി രൂപ**

The Steering Committee Meeting of SLBC held on 05.09.2014 opined that SLBC Cell to inform the details to Controlling Offices of all Banks and Housing Department to follow up the matter. The Committee decided to place the matter in SLBC for information of banks.

3.3.10. Trade Related Entrepreneurship Assistance and Development (TREAD) Scheme for Women in 12th Plan launched by the Office of Development Commissioner (MSME), Government of India – Information Note by MSME Development Institute, Thrissur

Trade Related Entrepreneurship Assistance and Development(TREAD) Scheme for women for 12th plan.

TREAD scheme at a glance:

1. The TREAD scheme will be implemented through Director of the MSME-DIs from the financial year 2014-15.
2. The online applications project proposals in prescribed format(website: msmedi.dcmsme.gov.in/tread.aspx)will be submitted by NGOs to the Director, MSME-DIs of the concerned states.
3. Applications/project proposals will be scrutinized by MSME-DIs for their eligibility and will be forwarded to the concerned bank through e-mail for a detailed appraisal.
4. If the bank finds the project proposal techno economically viable it will issue the in principle sanction order letter to NGO with copies to the concerned Director of MSME-DI and O/o DC(MSME).
5. The project proposals appraised/approved by the bank will be submitted before State Level Screening Committee (SLSC) for recommending to the Steering Committee for consideration and approval for releasing GoI grant.
6. The project proposal apprised/approved by bank will be forwarded to the O/o DC(MSME) for submitting to the steering committee chaired by AS&DC for approval towards releasing GoI grant.
7. After Government approval, GoI grant will be sent to the account of the NGO in the same bank branch that has sanctioned the loan, with the instructions that bank will release the GoI grant along with the loan or Proportionately in accordance with the stipulations laid down in the MoUs/sanction letter of the DC(MSME).
8. After approval GoI grant will be sent to the account of the NGO in the same bank branch that has sanctioned the loan through RTGS.
9. Bank will complete all the formalities required for disbursement of loan before releasing the GoI grant.
10. In case, bank fails to disburse the loan to the NGO/beneficiary whatever may be the reasons, will have to return the GoI grant to the office of DC(MSME) through Demand Draft in favour of PAO(MSME), New Delhi
11. The GoI grant should be used for the purpose for which it has been sanctioned.The amount of GoI grant for 'Last installments for repayment of loan' will be adjusted by bank against the loan.
12. NGO will submit the Utilisation Certificate in the prescribed format audited byCharted Accountant and also a progress report in the prescribed format to the O/o DC (MSME).
13. The Director, MSME-DI will monitor the progress of the project.

TREAD scheme

1.Introduction

1.In order to alleviate the problems of women Govt. of India had launched TREAD scheme during the 9th plan.

2.The scheme envisaged economic empowerment exclusively for women through Trade related training, information and counseling extension activities related to trades, products, services etc.

3.The scheme has provided for financial loans through NGOs who were also provided GoI grant for capacity building.

4.This Assistance was to be provided for self employment ventures by women for pursuing any kind of non-farm activity.

2.Objective

1.Since women will not be able to have an easy access to credit, it has been envisaged that the credit will be made available to applicant woman through NGOs who would be capable of handling funds in an appropriate manner.

2.These NGOs will not only handle the disbursement of such loans needed by women but would also provide them adequate counseling & training for taking up productive activities.

3. The focal point of the scheme is to provide grant assistance to the nodal NGO which has been sanctioned bank loan for passing through the same to eligible women for taking up non farm activities.

3. Salient features

3.1 Credit

1. There is a provision for GoI grant up to 30% of the loan/credit maximum up to Rs.30.00 lakh as appraised by lending institution/bank.

2. The lending institutions/ banks would finance loan assistance for women through NGO for undertaking non farm activities.

3. GOI Grant and the loan portion from the lending agencies to assist such women shall be routed through NGOs engaged in assisting poor women through income generating activities.

4. Only those NGOs, who are having considerable experience (minimum 3 years) in taking and managing funds,taken either as loan or grant, shall be eligible under the Scheme.

5. While the loan amount will be passed on to women beneficiaries, the Grant shall be utilized by the NGOs for activities accepted as grant activities in the appraisal report of the lending agency and capacity building of the NGOs.

6. NGOs will be free to approach lending agencies of their choice, but such lending agencies are to be approved by the respective State/UT Governments and finally by the Office of the DC (MSME).

7. The Government Grant portion would be finally approved by the Steering Committee, after taking into account the appraisal of the Project Costs by lending agency (ies) and, their in principle acceptance to grant the loan component and GoI grant component.The NGO which has been selected for Government Grant will not be considered for GoI grant again in the subsequent two years from the date of release of GoI grant.

Training & Counseling

Eligible institutions for conducting training.

1. MSME-DIs
2. EDIs
3. NIMSME
4. NIESBUD
5. NGOs

The scheme would be provided a grant up to maximum limit of Rs. 1.00 lakh per programme provided such institutions also bring their share to the extent of minimum 25% of the Government grant and 10% in case of NER, subject to the condition that applications from NER are recommended by NSIC/IIE , Guwahati. The batch size for such a training activity will be at least **20 participants.**

3.3.Eliciting Information on Related Needs

1. EDIs,NIMSME, NIESBUD, IIE, MSME-DIs, EDIs sponsored by State Govt. and any other suitable institution of repute will be provided need based Government grant primarily for undertaking activities aiming at empowerment of women such as field surveys, research studies, evaluation studies, designing of training modules, etc. covered under the scheme.

2. The activities are to be undertaken by the institution itself.

3. No grant shall be provided for creation of posts.

4. The grant could be used for meeting the expenses towards books, periodicals, consultants, computers including miscellaneous expenses etc. (related to specific projects). The grant shall be limited up to Rs. 5.00lakh per project.

4.THE ELIGIBILITY CRITERIA FOR REGISTRATION OF NGOS

a)Be a legal entity with a minimum registration of three years.

b)Having experience in thrift and saving programmes with SHGs / individuals.

c)Be engaged in entrepreneurship and income generation activities for women.

d)Have basic infrastructure, qualified support staff and services to undertake micro-enterprise development for women.

e)Shall be eligible for Government Assistance i.e. shall not be blacklisted by any Ministry or any State Government under any scheme.

f)Shall not have any Government Assistance released earlier to the NGO pending i.e.Utilization Certificate overdue.

5.GRANT/ ASSISTANCE FOR CAPACITY BUILDING OF NGOs

5.1 Components of GoI grant

a)Training expenses of operating staff on reducing scale.

b)The expenses on operating a management and monitoring system viz.Computer Hardware with internet facilities and Software for MIS,Fax Machine, Photocopy Machine, office furniture etc.

c)Charges for legal documentation viz. for payment of stamp duty for loans agreement,hiring of legal experts, valuation of assets, examination of title deeds etc.

d)Auditor's fee for auditing credit programme records.

e)For establishment of new SHGs

f)Skill Development /Common training / consultancy / networking inputs for the members (borrowers) relating to marketing, designing, packaging, quality control,technologies etc.

g)Travelling expenses to NGO for coordinating/ monitoring the project.

h)Payment of insurance premium on productive assets acquired by beneficiaries.

i)Participation in exhibition and other marketing events.

j)Part of repayment of loan installments.
k)Other components as approved by bank/ Steering Committee

5.2 Norms for Release of GoI Grant For Capacity Building of NGOs

GoI grant will be maximum 30% of loan amount maximum up to Rs 30.00 lakh.

6.IMPLEMENTING AGENCIES

1. All Nationalized Banks are eligible to implement the scheme.
2. DC (MSME) has already signed MoU with following banks to operate the scheme as lending agencies.
   a. State Bank of India
   b. Canara Bank
   c. UCO Bank
   d. Allahabad Bank
   e. Oriental Bank of Commerce
   f. Indian Overseas Bank
   g. Dena Bank
   h. Indian Bank
   i. IDBI
   j. Bank of Baroda
   k. Syndicate Bank

Any other financial institution (except Nationalized Banks)wish to implement scheme will require to sign MoU with Office of DC(MSME)

SCREENING / STEERING COMMITTEE

State Level Screening Committee (SLSC):

1.Headed by the concerned Director , MSME-DI

2.Other members of the Committee will
(i) representative of convener bank of the state,
(ii)representative of lending banks,
(iii)representative of Department of Women & Child Development of the respective State.

The SLSC will motivate and guide the NGOs for participation under the scheme. The SLSC may also send their suggestions to the Steering Committee to implement the scheme more effectively and in a more result oriented manner.

Steering Committee

1. Headed by AS&DC (MSME)

2.Other members of the Committee are

(i) representative of Additional Secretary &Financial Adviser of the Ministry of MSME,
(ii) Joint Secretary, Department of Women & Child Development,
(iii) Chairman & Managing Director, Lending Agencies (Banks),
(iv) representative of NSIC
v) concerned Director,MSME-DIs.

3.Additional Development Commissioner, Office of the DC(MSME) would be the Member Secretary.
4.Any other members can be co-opted by the Committee, if required.

The Steering Committee will provide overall guidance for selection of the beneficiaries, Organisations, NGOs and Lending Agencies for Government Grants under the Scheme.

The Steering Committee shall undertake regular monitoring and review of implementation of projects in consultation with State Governments, lending agencies, NGOs, Training Institutions and all other stake holders in the programmes.

BUDGETARY PROVISION FOR THE SCHEME DURING THE 12th PLAN

The Plan outlay for the Scheme in the 12th Plan has been kept at Rs.15.50 crore .

The Steering Committee Meeting of SLBC held on 05.09.2014 decided to place the matter in SLBC for information of Banks.

4. Review of Performance under Priority Sector Advances

4.1. Review of Priority Sector Advances (Disbursement) as at June 2014 - ACP 2014-15 Achievements (Refer Annexure 9.11 & 9.12)

The performance of banks with reference to the Annual Credit Plan 2014-15 as at June 2014 with Bank-wise and District-wise break up is furnished in the annexure. The abstract of the performance as at June 2014 under ACP 2014-15 is as follows.

(Rs. in Crores)

Bank / Banking Group	Primary Sector			Secondary sector			Tertiary Sector			Total Priority Sector Advances		
	Target	Ach.	% Ach.	Target	Ach.	% Ach.	Target	Ach.	% Ach.	Target	Ach.	% Ach.
State Bank Group	6769	1083	15.99	2647	1342	50.71	6460	492	7.61	15876	2917	18.37
Nationalized Banks	10338	2235	21.62	4585	743	16.20	6687	679	10.16	21610	3657	16.92
RRBs	4099	1321	32.23	1519	130	8.58	1285	146	11.38	6903	1597	23.15
Private Sector Banks	6391	1082	16.93	3727	642	17.21	5628	697	12.39	15746	2421	15.37
Cooperatives	13269	3461	28.34	3595	597	16.61	15645	2613	16.7	32509	6971	21.44
KFC	0	0	0	349	39	11.38	131	18	13.83	480	57	12.05
Total	**40866**	**9482**	**23.2**	**16422**	**3493**	**21.27**	**35836**	**4645**	**12.96**	**93124**	**17620**	**18.92**
% to Total Disbursement		**53.81**			**19.82**			**26.37**			**100**	

4.1.1. Overall Performance under Annual Credit Plan

The banking sector of the State has disbursed **Rs. 17620 crores** to the priority sector during the fiscal 2014-15 as at June 2014. This is **18.92 %** of the annual target of **Rs. 93124 crores.** There is a decrease of **Rs. 1180 crores** in total disbursements over that achieved during the corresponding period of the last financial year. This is principally owing to the decrease in disbursement to tertiary sector

Banking group wise analysis reveals that Cooperatives have disbursed the highest quantum of priority sector loans in the State during the fiscal (**Rs. 6971 crores**) followed by State Bank Group (**Rs. 3657crores**). Disbursement to secondary sector constituted only **19.82 %** of the total disbursement made by banks to the priority sector.

Bank-wise analysis reveals that Kerala State Co-Operative Bank has disbursed the highest quantum of priority sector loans (**Rs.6640 crores**) followed by Kerala Gramin Bank (**Rs. 1597 crores**). State Bank of Patiala and Kotak Mahindra Bank have reported “NIL” disbursement to Priority Sector in the State during the period from 01.04.2014 to 30.06.2014, which needs immediate attention.

Among the Districts, Kottayam district stood first in the quantum of priority sector loan disbursement (**Rs. 3125 crores**) followed by Ernakulam district with a disbursement of **Rs. 2535 crores**. Kottayam district stood first in percentage achievement of target (**39.18%**) followed by Kollam (**27.26%**). Three Districts (Trivandrum, Wayanad and

Kasargod) have recorded less than 10 % achievement under ACP and needs considerable improvement**.** LDMs of all lagging Districts need to identify the field level issues and take immediate steps to reverse the trend in the remaining quarters.

4.1.2. Performance under Primary Sector

The primary sector, which comprises of the agriculture sector, accounted for **53.81%** of the total disbursements in priority sector. The sector achieved **23.2%** of the annual target as at June 2014. An amount of **Rs**. **9482 crores** was disbursed to the sector as at June 2014 against the year-end target of **Rs. 40866 crores**. Compared to the disbursements during the corresponding period of the previous fiscal, the disbursement to primary sector recorded an increase of **Rs. 1101 crores.**

Co-Operative Banks, by disbursing **Rs. 3761 crores**, accounted for more than one-third (**39.66 %**) of the total disbursement to the sector followed by Nationalized Banks (**Rs. 2235 crores)** and RRB accounted for **13.93%** of the total disbursement to the primary sector of the State by disbursing **Rs. 1321 crores**. State Bank group disbursed **Rs.1083 crores.** Private Sector Banks disbursed **Rs. 1082 crores.**

Among Commercial Banks, Canara Bank, KGB, SBT, Federal bank, SBI and the Union Bank are the top performers with regard to quantum of loans disbursed to the sector.

Highest disbursement to primary sector was reported in Kottayam (**Rs. 2714 crores**) followed by Thrissur (**Rs. 922 crores**) and Malappuram **(Rs. 834 crores***).*

4.1.3. Performance under Secondary Sector

Under secondary sector, which includes the SME Sector, the banking sector of the State could achieve **21.27%** of the annual target as at June 2014. Banks in the State have disbursed loans to the tune of **Rs. 3493 crores** till June 2014. Another disturbing fact is that the sector accounted for only **19.82 %** of the disbursement to priority sector in the State.

When compared to the disbursements during the corresponding period of the previous fiscal, there is a good increase in disbursements to the sector. Last fiscal during April 2013 to June 2013, the disbursement to the secondary sector was **Rs. 2272 crores** whereas during the same period this year banking sector in the State could disburse **Rs. 3493 crores,** registering a growth of **Rs. 1221 crores** in disbursement.

State Bank Group led in disbursements to the sector (**Rs. 1342crores**) followed by Nationalized Banks (**Rs.743 crore**) and Private sector Banks (**Rs. 642 crores**). State Bank of India led the disbursement in the secondary sector with a figure of **Rs. 1039crores** followed by SBT (**Rs. 293 crores**), Federal Bank (**Rs. 281 crores),** Indian Bank **(Rs. 225 crores),** and Canara Bank (**Rs. 204 crores)**. The following Banks have not reported any disbursement to the sector - State Bank of Patiala, Kotak Mahindra Bank and Lakshmi Vilas Bank.

Among the districts, highest disbursement to secondary sector was reported in Ernakulam district (**Rs. 1162 crores**) followed by Kollam district (**Rs. 846 crores**). Malappuram recorded the lowest achievement of **2.07 %** followed by Wayanad with **2.99 %,** Trivandrum with 4.57**%,** Kozhikode with **5.59%** and Kottayam with **8.84%.**

These districts should give more focus to the secondary sector during the remaining part of the financial year. It is concerning to note that performance of eleven districts are below the State average.

4.1.4. Performance under Tertiary Sector

Tertiary sector accounted for 26.37**%** of the total disbursement to the priority sector in the State. The total disbursement to the sector during the fiscal up to June 2014 was **Rs. 4645 crores** thereby achieving 12.96% of the annual target. When compared to the disbursements during the corresponding period of the previous fiscal, there is a decrease of **Rs. 4501 crores** in the disbursements to the sector. Last fiscal during April 2013 to June 2013, the disbursement to tertiary sector was **Rs. 9146 crores.**

Under quantum of loans disbursed during the current fiscal, Cooperatives lead other banking groups by disbursing **Rs. 2613 crores**. Nationalized Banks, State Bank Group and Private Sector Banks need to improve their performance under this sector.

Among Commercial Banks, State Bank of Travancore leads in disbursement to the sector (**Rs. 326 crores**) followed by Canara Bank (**Rs.** 209 **crores**), South Indian Bank **(Rs. 192 crores),** Federal Bank (**Rs. 188 crores**), State Bank of India (**Rs. 161 crores**) KGB (**Rs.** 146 **crores**),. Banks like State Bank of Patiala,Jammu and Kashmir Bank and Kotak Mahindra Bank have reported ‘NIL’ disbursement to the Tertiary sector in the State.

District wise analysis reveals that Malppuram district has achieved 136.11 **%** of the year-end target followed by Ernakulam (23.16 **%**) and Kollam (22.64**%**). Eight districts have recorded less than **10 %** achievement and needs considerable 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 could be achieved comfortably. Also the LDMS to ensure that the data reported in Primary, Secondary and Tertiary Sector should be correct.

4.2. Review of Priority Sector Advances (Outstanding) as at June 2014
(Refer Annexure 9.4)

4.2.1. Performance versus National goals

(Figures in percentage)

Sl. No.	Parameter	Goal %	March 2012	June 2012	March 2013	June 2013	March 2014	June 2014	Variation June’13 To June’14	Variation Mar.’14 To June’14
1	**Priority Sector Advances to Total Credit**	**40**	57.34	57.73	56.72	57.08	59.14	59.85	2.05	0.71
2	**Agriculture Advances to Total Credit**	**18**	24.25	25.43	25.73	25.29	25.42	26.06	0.77	0.64
3	**Weaker Section Advances to Total Credit**	**10**	19.33	20.34	19.94	23.22	21.72	21.13	-2.09	-0.59
4	**DRI Advances to Total Credit**	**1**	0.02	0.03	0.03	0.03	0.03	.03	0	00
5	**Credit Deposit Ratio**	**60**	75.57	72.56	76.41	72.88	68.66	67.82	-5.06	-0.84

The achievements of the commercial banking sector of the State under total Priority sector advances, Agriculture Advances, Weaker Section advances and Credit Deposit Ratio are above the national goals.

The growth in outstanding advances under sub sectors of priority sector as at June 2014 is summarized as follows.

(Rs in. Crores)

Parameter	Outstanding				Variation			
	March 2013	June 2013	March 2014	June 2014	March '13- June '13	March '13- March '14	June '13- June'14	March '14- June '14
Priority Sector Advances	99318	99515	113555	115246	197	14237	15731	1691
Agriculture Advances	45055	44088	48812	50177	-967	3757	6089	1365
MSE Advances - Priority	23563	24432	32069	31594	869	8506	7162	-475
Weaker Section Advances	34911	40474	41701	40682	5563	6790	208	-1019
SC Advances	3284	4517	4664	4656	1233	1380	139	-8
ST Advances	729	1501	1008	1342	772	279	-159	334
DRI Advances	43.93	46.92	66.54	55.29	2.99	22.61	8.37	-11.25

4.2.1.1. Performance of the Banking sector inclusive of Co-operatives (excluding PACs) as at June 2014

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

Performance of Co-operative Sector under Vital Banking Statistics

(Amount Outstanding)

(Rs in. Crores)

Parameter	June 2014		Share of Co-operatives to Total
	Co-operative Sector	Commercial Banks + Co-operatives	
Branches	909	6664	13.64
Total Deposits	41511	325439	12.76
Total Advances	28572	221133	12.92
Total Business	70083	546572	12.82
Priority Sector Advances	18029	133275	13.53
% Priority Sector Advances	63.10	60.27	XX
Agriculture Advances	4428	54605	8.11
% Agriculture Advances	15.48	24.69	XX
SME Advances	808	32402	2.49
CD Ratio	68.83	67.95	XX

Including the Co-operative sector the total Banking business in the State is **Rs. 546572 crores**. The Co-operative sector accounted for **12.82%** of the banking business in the State **(Rs. 70083 crores)**. The CD ratio of the State including Co-operatives have recorded a figure of **68.83%** as at June 2014 against **67.82%** recorded for commercial banks.

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

(Refer Annexure 9.4)

(Rs in Crores)

Parameter	Outstanding				Variation			
	March 2013	June 2013	March 2014	June 2014	Mar. '13-June '13	Mar '13-Mar '14	June '13-June '14	Mar. '14-June '14
Priority Sector Advances	99318	99515	113555	115246	197	14237	15731	1691

During the current financial year, April 2014 to June 2014, a growth of **Rs. 1691 crores** was recorded by the Commercial banks in the State under priority sector outstanding. Last year for the same period there was a growth of **Rs. 197 crores.**

A year-on-year analysis reveals that there was a growth of **Rs. 15731 crores** in priority sector advances over June 2013, recording a growth of 15.81**%.**

Against the mandatory norm of 40% under priority sector advances, as at June 2014, 59.85 **%** of the total advances of the banks in the State was to priority sector.

Banking Group wise Performance under Priority Sector Advances as at June 2014

(Rs in. Crores)

Banking Group	Total Advances			Priority Sector Advances			% PSA to Total Advances (June '14)
	March 2014	June 2014	Growth March'14-June '14	March 2014	June 2014	Growth March'14-June '14	
State Bank Group	57402	56187	-1215	36119	36860	741	65.60
Nationalized Banks	65728	66423	695	42297	42922	625	64.62
Regional Rural Bank	9041	9353	312	7839	8189	350	87.56
Private Sector Banks	59839	60598	759	27300	27275	-25	45.01
Grand Total	**192010**	**192561**	**551**	**113555**	**115246**	**1691**	**59.85**

During the first quarter of the financial year of 2014-15, highest addition to the outstanding Priority Sector advances of the State is made by State Bank group (**Rs. 741 crores**) followed by the Nationalised Banks Regional Rural Bank (**Rs. 625 crores**) Regional Rural Bank (**Rs. 350 crores**). Private Sector Banks recorded a negative growth. Regional Rural Bank have 87.56**%,** State Bank Group has **65.6 %**, Nationalised Banks have 64.62**%** and Private Sector Banks have 45.01 **%** of their total advances under priority sector. Private Sector Banks (45.01**%**) were much below the average level achieved by the State (59.85**%**) in terms of percentage of priority sector advances to total advances.

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

4.2.3. **Agriculture Advances** (Refer Annexure 9.5)

(Rs in. Crores)

Parameter	Outstanding				Variation			
	March 2013	June 2013	March 2014	June 2014	March '13-June '13	March '13-March '14	June '13-June '14	March'14-June '14
Agriculture Advances	45055	44088	48812	50177	-967	3757	6089	1365

The outstanding advances to agriculture sector in the State have increased by **Rs. 1365 crores** during the first quarter of the current fiscal. The outstanding agriculture advances stood at **Rs. 50177 crores** as at June 2014, which is **26.06%** of the total advances outstanding in the State. The percentage of Agriculture Advances to total advances has increased from a level of **25.29%** as at June 2013 to **26.06%** as at June 2014, but is much above the mandatory norm of 18% fixed by RBI.

Year-on-year there was an increase of **Rs. 6089 crores** in agriculture advances outstanding recording a growth rate of **13.81%.**

Banking Group wise Performance under Agriculture Advances as at June 2014

(Rs in. Crores)

Banking Group	Total Advances			Agriculture Advances			% Agri. Advances to Total Advances (June '14)
	March 2014	June 2014	Growth March '14 June '14	March 2014	June 2014	Growth March '14 June '14	
State Bank Group	57402	56187	-1215	13986	14856	870	26.44
Nationalized Banks	65728	66423	695	20000	20354	354	30.64
Regional Rural Bank	9041	9353	312	4812	5131	319	54.86
Private Sector Banks	59839	60598	759	10014	9836	-178	16.23
Grand Total	**192010**	**192561**	**551**	**48812**	**50177**	**1365**	**26.06**

State Bank Group contributed the highest quantum growth in agriculture advances outstanding (**Rs. 870 crores**), Nationalized Banks (**Rs. 354 crores**), RRB (**Rs. 319 crores**),. Private Sector Banks had shown a negative growth of **Rs. -178 crores**.

54.86 % of the advances outstanding with RRB in the State was to agriculture sector. Private Sector Banks has the least outstanding under agriculture in terms of percentage agriculture advances to total advances (only 16.23**%)**

In the State Bank Group, SBT & SBI had recorded 27.08**%** and 26.51 **%** levels respectively under Agriculture advances to total advances. The following Public Sector banks apart from both the RRB had crossed the mandatory norm of 18% under agriculture advances – Canara Bank, Indian Overseas Bank, Union Bank of India, Indian Bank, UCO Bank, Central Bank of India, Syndicate Bank and Vijaya Bank. YES Bank and HDFC Bank are the private sector banks having agriculture advances more than 18% of their total credit.

As far as KSCARD Bank is concerned, **18.32%** of their advances was to agriculture sector.

4.2.4. SME Advances (Priority) (Refer Annexures 9.6 & 9.31)

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

(Rs in. Crores)

Parameter	Outstanding				Variation			
	March 2013	June 2013	March 2014	June 2014	Mar. '13-June '13	Mar. '13-Mar. '14	June '13-June '14	Mar. '14-June '14
SME Advances	23563	24432	32069	31594	869	8506	7162	-475

The outstanding advance of commercial banks in the State to SME (Priority) sector has decreased by **Rs.475crores** during the first quarter of the current fiscal. In the corresponding period of previous fiscal there was an increase of **Rs. 869 crores.**

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

(Rs. in Crores)

Banking Group	SME Outstanding (Priority)											
	March 2014						June 2014					
	Micro Enterprises		Small Enterprise		Retail Trade		Micro Enterprises		Small Enterprise		Retail Trade	
	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt	No.	Amt
State Bank Group	28881	3344	51169	2849	31079	982	28181	3121	51921	2557	27069	947
Nationalized Banks	214417	4529	41649	5439	47097	1198	222804	4810	32451	5140	45119	1290
RRB	60205	497	727	101	133052	867	72218	636	596	51	115214	687
Private Sector Banks	126058	4129	26566	6689	27945	1445	129605	3941	37076	6991	19068	1421
Grand total	**429561**	**12499**	**120111**	**15078**	**239173**	**4492**	**452808**	**12508**	**122044**	**14739**	**206470**	**4347**

From the data it is observed that there is an increase in advances outstanding under micro but a Decrease in Small Enterprise and Retail Trade from March 2014 levels.

4.2.5. Advances to Weaker Section (Refer Annexure 9.9)

(Rs in. Crores)

Parameter	Outstanding				Variation			
	March 2013	June 2013	March 2014	June 2014	Mar. '13-Mar. '14	Mar. '13-June '13	June'13 - June'14	Mar. '14-June '14
Weaker Section Advances	34911	40474	41701	40682	5563	6790	208	-1019

Weaker Section advances decreased by **Rs. -1019 crores** during the first quarter of the current fiscal as against growth of **Rs. 5563 crores** during the corresponding period of last fiscal. Year-on Year increase as at June 2014 was **Rs. 208 crores**.

4.2.6. Advances to SC/STs (Refer Annexure 9.9)

(Rs in. Crores)

Parameter	Outstanding				Variation			
	March 2013	June 2013	March 2014	June 2014	Mar. '13- Mar. '14	Mar. '13- June '13	June'13 - June'14	Mar. '14- June '14
SC Advances	3284	4517	4664	4656	1233	1380	139	-8
ST Advances	729	1501	1008	1342	772	279	-159	334
Total SC/ST Advances	**4013**	**6018**	**5672**	**5998**	**2005**	**1659**	**-20**	**326**

From the above table it is evident that the total SC/ST advances of the State had shown an increase of **Rs. 326 crores** from March 2014. ST advances had shown an increase of **Rs. 334 crores** and SC advances had shown decrease of **Rs. -8 crores** from the March 2014 level. Year on year growth from June 2013 to June 2014 under SC/ST advances shows an decrease of Rs**. -20 crores.**

As evident from the table below, almost 97.14**%** of the SC advances of the State is contributed by Public Sector Banks (including RRB), while the share of Private Sector Banks is just about 2.86 **%.** In the case of ST advances 98.66**%** advances is contributed by Public Sector Banks (including RRB) while the share of Private Sector Banks is just about 1.34**%.**

Banking Group wise Performance under SC/ST advances as at June 2014

(Rs. in crores)

Banking Group	SC Advances			ST Advances		
	Outstanding		% O/S to total	Outstanding		% O/S to total
	No.	Amount		No.	Amount	
State Bank Group	216523	3406	73.15	60678	1084	80.77
Nationalized Banks	112487	1019	21.89	22398	225	16.77
RRB	32010	99	2.13	5927	19	1.42
Private Sector Banks	9783	123	2.83	1553	14	1.04
Grand Total	**370803**	**4656**	**100**	**90556**	**1342**	**100**

All banks, especially Private Sector Banks, should give more attention for rendering assistance to these most vulnerable sections of the society. A periodical review should be made by the Controlling Office of banks regarding the credit extended to SCs / STs on the basis of returns and other data received from the branches. This will improve the credit flow to SC/STs and would minimize the data inconsistency and reporting issues to SLBC/RBI.

Further nodal implementing agencies for the Central / State Government sponsored schemes are also requested to review the sub category wise credit flow to SC/STs and ensure that targets as specified in the RBI/Government guidelines are invariably achieved.

4.2.7. DRI Advances (Refer Annexure 9.10)

(Rs in. Crores)

Parameter	Outstanding				Variation			
	March 2013	June 2013	March 2014	June 2014	Mar. '13- June '13	Mar. '13- Mar. '14	June'13 - June'14	Mar. '14- June '14
DRI Advances	43.93	46.92	66.54	65.28	2.99	22.61	18.36	-1.26

Against the national goal of 1% of the previous year's Gross Bank Credit, only .03 **%** of the total credit could be given under the DRI scheme in the State by Commercial banks as at June 2014.

The table below reveals that, Public Sector Banks account for bulk of the DRI advances **(90.13%)** in the State whereas Private Sector banks contribute only 9.87**%** of the DRI advances in the State.

Banking Group wise Performance under DRI advances as at June 2014 (Rs. in lakhs)

Banking Group	DRI Advances	
	O/S	% to total
State Bank Group	4.63	8.38
Nationalized Banks	43.19	78.13
Private Sector Banks	6.44	11.65
RRB	1.02	1.87
Grand Total	**55.28**	**100**

5. Review of Performance under Special Focus Programmes

5.1. Swarozgar Credit Card Scheme (Refer Annexure 9.23)

The data submitted by the Controlling offices of banks reveals that Commercial banks in the State have sanctioned 706 Swarozgar Credit Cards (SCCs) during the first quarter of the fiscal 2014-15. The limits sanctioned to the tune of **Rs. 3.77crores**. Since inception of the scheme the banks have sanctioned 34757 cards in the State amounting to **Rs. 227.11 crores**. The amount outstanding as at June 2014 is **Rs. 61.34 crores** in 18264 cards. During the quarter KGB leads the performance by sanctioning maximum number of cards followed by KGB and Federal Bank. The Bank wise data is furnished in the annexure.

5.2. Artisans Credit Card Scheme (Refer Annexure 9.23)

Commercial banks in the State have sanctioned 9Artisans Credit Cards (ACCs) during the quarter ending June 2014. The total limits sanctioned are to the tune of **Rs. 0.02 lakhs**. Since inception of the scheme, the banks have sanctioned 3620 cards in the State with a limit amounting to **Rs. 11.75 crores**. The amount outstanding as at June 2014 is **Rs. 605crores** in **2.07 cards**.

Canara Bank leads among the commercial banks in the State under outstanding number of cards followed by Punjab National Bank, Corporation Bank, Federal Bank and IOB. The Bank wise data is furnished in the annexure**.**

5.3. Laghu Udhyami Credit Cards (Refer Annexure 9.23)

Commercial banks in the State have sanctioned 107 Laghu Udhyami Credit Cards (LUCC) during the first quarter of the fiscal 2014-15 making available credit limits to the tune of **Rs. 5.18 crores** to small entrepreneurs of the State. Since inception of the scheme, the banks have sanctioned 17164 LUCCs in the State sanctioning credit limits amounting to **Rs. 90.95 crores**. The amount outstanding as at June 2014 is **Rs. 74.89 crores** in 2732 **cards**. State Bank of Travancore leads in the State by issuing highest number of LUC Cards followed by Canara Bank.

The performance of Private sector banks under ACC, SCC & LUCC is not at all impressive and needs lot of improvement. The Bank wise data is furnished in the annexure.

5.4. Performance under General Credit Card Scheme (Refer Annexure 9.24)

During the quarter under review (April-June 2014), banks in the State have sanctioned 2650 GCCs with limits amounting to **Rs. 38.42 crores.** The outstanding under GCCs as at June 2014 is 114202 cards with a liability of **Rs. 601.95 crores.**
KGB leads in issuance of GCC with 1172 GCCs issued during the quarter and with an amount of **Rs. 2.86 crores**. This is followed by HDFC Bank with 487 cards, Corporation Bank with **313** cards and Punjab National Bank with 208 cards. The Bank wise data is furnished in the annexure.

5.5. Performance under Kisan Credit Card Scheme (Refer Annexure 9.18)

The data submitted by the Controlling offices of banks reveals that 126297 Kisan Credit Cards with an amount of **Rs. 1383.84 crores** have been issued during the first quarter of the current fiscal by the banking sector in the State. 3929262 KCCs were issued since inception involving a credit outlay of **Rs. 26741.35crores**. As at June 2014, the outstanding number of loan accounts under KCC is 1755214 with **Rs. 10973 crores.** 653899 farmers were covered under Personal Accident Insurance Scheme (PAIS) linked to KCC. Bank-wise data is given in the annexure.

5.6. Agri-Clinics and Agri Business Centres (Refer Annexure 9.17)

The outstanding accounts under Agri clinics in the State by Commercial Banks are 12 with a credit outlay of **Rs. 80.67 lakhs**.

There were 544 Agri-Business Centres opened in the State from the date of inception of the scheme with a credit outlay of **Rs. 33.41 Crores**. As at June 2014, 58 Agri-Business centre loans exist with an outstanding amount of **Rs. 3.10 Crores.**

5.7. Credit Flow to Minority Communities (Refer Annexures 9.30)

As per RBI directions, credit flow to minorities in specified districts should be reviewed in all SLBC meetings. At present all the districts in the State of Kerala are notified for reporting under this head. In Kerala State without giving due share to minorities, credit expansion is not at all possible. The comparative position with regard to the previous year is given below. The data reveal that there is significant increase in amount of loans granted to minorities in all these districts. It can be seen from the table given below that 55.22 **%** of the total priority advances has gone to the minority communities as at June 2014.

Data on Minority Sector Advances in the State of Kerala

(Rs. in Crores)

Year	Total Priority Sector Advances	Minority Sector Advances	Percentage
31.03.2011	71145	41245	57.98
30.06.2011	70071	41054	58.59
30.09.2011	77403	39913	51.57
31.12.2011	78510	44811	57.08
31.03.2012	85606	46247	54.02
30.06.2012	87751	52877	60.26
30.09.2012	91253	48177	52.79
31.12.2012	92844	51466	55.43
31.03.2013	99318	55248	55.63
30.06.2013	99515	55874	56.15
30.09.2013	101468	61290	60.40
31.12.2013	105160	69998	66.56
31.03.2014	113555	67406	59.35
30.06.2014	115246	63647	55.22

5.8. Performance under Micro-credit (Annexures 9.19 to 9.22)

SLBC had compiled the data obtained from all banks on the cumulative performance under micro credit in the State as at June 2014. The bank-wise performance is given in annexures.

On a review of the performance, it is seen that about 518463 SHGs are maintaining savings account with commercial banks as at June 2014 in the State.

The banking group-wise data is as follows.

(Rs in. Crores)

Banking Group	SHGs maintaining Savings a/c		Of which No. of SHGs under	
	No.	Amt.	Government Sponsored	Exclusive Women
State Bank Group	350998	291.52	132077	327602
Nationalized Banks	79355	629.3	25321	69391
RRB	51318	50.15	16224	43620
Private Sector Banks	36792	212.12	16569	18959
Total - Kerala State	**518463**	**1183.09**	**190191**	**459572**

As evident from the above 88.64 **%** of the SHGs are exclusive women SHGs and 36.68 **%** are formed under various Government sponsored schemes.

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

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

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

(Rs. in crores)

Mode of Linkage	SHGs formed during the Quarter	No of SHG loans Disbursed During the Quarter		Outstanding Amount under SHG Finance		Beneficiaries Assisted
		A/c	Amt	A/c	Amt	
Financing SHGs directly by banks	6022	6926	172.73	96446	1500.12	1293867
Financing SHGs directly with the facilitation of NGOs	926	1204	32.57	18718	222.85	204009
Financing SHGs through the medium of NGOs	0	80	7.43	2554	141.92	91811
Total No. of SHGs linked	**6948**	**8210**	**212.73**	**117718**	**1864.89**	**1589687**

As could be seen from the above table, 8210 SHGs have been credit linked in the State during the first quarter of the fiscal under the SHG-Bank linkage programme. The total amount outstanding under all the three modes of financing put together is **Rs. 1864.89 crores.**

5.9. Small and Medium Enterprises (SME) Advances (Refer Annexures 9.6 & 9.31)

Consequent on the promulgation of MSMED Act, 2006 the advances classified under SME comes under priority (Micro & Small Enterprises) as well as Non-Priority (Medium Enterprises). The total advances under SME priority as at June 2014 come to **Rs. 31594 crores** for the commercial banks in the State. Out of this, Micro and Small Enterprises constitute **Rs. 14469 crores** and **Rs. 17125 crores** respectively for Commercial banks, which forms part of Priority Credit. The non-priority part of SME credit component that includes Medium Enterprises has shown an outstanding level of **Rs. 5970 crores** covering 7032loan accounts with commercial banks. The bank wise details are given in the annexure.

5.10. Compliance on recommendations of the Prime Minister's Task Force on MSE advances

The major recommendations of the task force are given below:

- Achieve a 20% year-on-year growth in credit to micro and small enterprises to ensure enhanced credit flow.
- The allocation of 60% of the MSE advances to the micro enterprises to be achieved in stages; viz. 50% in the year 2010-11; 55% in the year 2011-12 & 60% in the year 2013-14; and
- Achieve a 10% annual growth in number of micro enterprise accounts.

Performance of the State under above parameters is as follows:

Sl. No.	Parameter	June 2013	June 2014	Increase	% Increase	Target
1	**No of Loan accounts under Micro Enterprise**	547395	595668	48273	8.82	**10%**
2	**Credit under Micro and Small Enterprise** (Rs.in Crores)	24432	31594	7162	29.31	**20%**
3	**Share of Micro Enterprise to total MSE Credit (%)**	46.50	45.80	-.07		**60%**

In the matter of outstanding credit to Micro and Small Enterprise, state could post a growth rate of 29.31 **%** against the mandated 20%. In the case of growth in number of loan accounts under Micro Enterprise, the State could achieve 8.82**%** against the target of 10%. The share of Micro Enterprise only accounted for only 45.80 **%** against the mandated level of 60% as at March 2014.

5.11. Performance of other Institutions under SME financing (Outstanding) as at June 2014

(Rs.in Crores)

	Micro Enterprises				Small Enterprises				Total SME Priority				Medium Enterprises			
	Manufacturing		Services		Manufacturing		Services		Manufacturing		Services		Manufacturing		Services	
	A/c	Amt.	A/c	Amt.	A/c	Amt.	A/c	Amt.	A/c	Amt.	A/c	Amt.	A/c	Amt.	A/c	Amt.
KSIDC	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
KFC	1050	361.76	962	313.42	93	50.36	29	35.21	1143	412.12	991	348.63	0	0	0	0
SIDBI	0	0	0	0	0	0	0	0	0	0	0	0	185	86.22	18	50.23
TOTAL	**1050**	**361.76**	**962**	**313.42**	**93**	**50.36**	**29**	**35.21**	**1143**	**412.12**	**991**	**348.63**	**185**	**86.22**	**18**	**50.23**

Total SME Priority outstanding in these three financial institutions as at June 2014 works out to an amount of **Rs. 760.75 crores** in 2134 loan accounts. Including medium enterprises financed (Non Priority) the total outstanding as at June 2014 is to the tune of **Rs. 136.45 crores**.

5.12. Performance of other Institutions under SME financing (Disbursement) as at June 2014

(Rs.in Crores)

	Micro Enterprises				Small Enterprises				Total SME Priority				Medium Enterprises			
	Manufacturing		Services		Manufacturing		Services		Manufacturing		Services		Manufacturing		Services	
	A/c	Amt.	A/c	Amt.	A/c	Amt.	A/c	Amt.	A/c	Amt.	A/c	Amt.	A/c	Amt.	A/c	Amt.
KSIDC	0	0	0	0	0	0	0	0	0	0	0	0	0	00	0	0
KFC	114	32.80	161	30.39	9	2.95	1	0.01	123	35.75	162	30.40	0	0	0	0
SIDBI	0	0	0	0	0	0	0	0	0	0	0	0	7	6.11	3	0.88
TOTAL	**114**	**32.8**	**161**	**30.39**	**9**	**2.95**	**1**	**0.01**	**123**	**35.75**	**162**	**30.4**	**7**	**6.11**	**3**	**0.88**

Total SME Priority disbursement through these three financial institutions as at June 2014 works out to an amount of **Rs. 66.15 crores** in 285 loan accounts. Including medium enterprises financed (Non Priority) the total disbursement for the first quarter of current fiscal is to the tune of **Rs. 6.99crores**.

6. Review of Performance under Government Sponsored Schemes

6.1. Swarna Jayanthi Shahari Rozgar Yojana (SJSRY) as at June 2014
(Refer Annexures 9.13 to 9.16)

The performance of the State under SJSRY up to June 2014 is summarized hereunder:

(Rs. in lakhs)

Sub component	No. of Applications					Amount of Subsidy Released	Total Loan	
	Forwarded	Rejected	Sanctioned	Disbursed	Pending		Sanctioned	Disbursed
USEP	673	105	444	295	124	147.14	588.33	398.49
UWSP	97	0	75	53	22	55.84	167.30	130.24
Total	**770**	**105**	**519**	**348**	**146**	**202.98**	**755.63**	**528.73**

The banks have sanctioned **444** loans to individual beneficiaries (for micro enterprises under USEP scheme) as at June 2014 involving loan amount of **Rs. 588.33 lakhs**. Under UWSP (Urban Women Self-help Programme), **75** groups were sanctioned with loans to the tune of **Rs. 167.30 lakhs**.

Banking Group wise performance under SJSRY as at June 2014

(Rs. in lakhs)

Sl. No.	Bank	USEP		UWSP		Total SJSRY	
		Sanctions		Sanctions		Sanctions	
		No	Amount	No	Amount	No	Amount
1	**Public Sector Banks**	428	559.03	74	164.30	502	723.33
2	**Private Sector Banks**	4	6.80	0	0.00	4	6.80
3	**Others**	12	22.50	1	3.00	13	25.50
	TOTAL	**444**	**588.33**	**75**	**167.30**	**519**	**755.63**

Analysis of the Bank wise performance reveals that Public Sector Banks (including RRB) accounted for **96.72 %** the loans sanctioned (Number) and **95.72 %** 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 respective Controlling offices. Further all banks are also requested to clear the pending loan applications under the scheme immediately. Bank wise and district wise performance details are given in the Annexures.

7. Review of Performance of the Banking Sector

7.1. Banking Statistics as at June 2014 (Refer Annexure 9.1 to 9.3)

The detailed banking statistics for the State as at June 2014 is furnished in the Annexure. A comparative analysis of the data over the previous fiscal is presented below.

(Rs. in crores)

Parameter	Outstanding				Variation			
	March 2013	June 2013	March 2014	June 2014	Mar. '13-Mar. '14	Mar. '13-June '13	June '13-June '14	Mar. '14-June '14
No. of Branches	5279	5331	5688	5755	409	52	424	67
Total Deposits	229148	239214	279655	283928	50507	10066	44714	4273
Domestic Deposits	162958	163331	185772	189831	22814	373	26500	4056
NR Deposits	66190	75883	93883	94097	27693	9693	18214	214
Total Advances	175087	174331	192010	192561	16923	-756	18230	551
Investments	5652	7843	10983	17077	5331	2191	9234	6094
Adv. + Investment.	180739	182174	202993	209638	22254	1435	27464	6645
C: D Ratio	76.41	72.88	68.66	67.82	-7.75	-3.53	-5.06	-0.84
C+I: D Ratio	78.87	76.16	72.59	72.24	-6.28	-2.71	-3.92	-0.35

7.2. Branch Network

As at the end of June 2014, the total number of branches of Commercial Banks in the State was 5755**.**

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

Banking Group	Number of Branches				Percentage distribution			
	Rural	Semi Urban	Urban	Total	Rural	Semi Urban	Urban	Total
Public Sector Banks	263	2700	856	**3819**	6.89	70.70	22.41	**100**
Private Sector Banks	188	1332	416	**1936**	9.71	68.80	21.49	**100**
Total	**451**	**4032**	**1272**	**5755**	**7.84**	**70.06**	**22.1**	**100**

Of the total Commercial banks in the State, Public Sector Banks account for 66.36**%** of the branch network in the State. Public sector banks are having the highest number of rural branches (263 branches). Of the total branch network of Commercial banks in the State, only 7.84**%** is in rural areas whereas Semi-urban areas have 70.06 **%** of the bank branches in the State. Urban branches constitute 22.1 **%** of branch network.

On a comparison with March 2014 position, it is found that Public sector banks have increased their tally of branches by 47 branches whereas that of Private Sector Banks increased by 20 branches as at June 2014.

7.3. Deposit growth

During the first quarter of the fiscal 2014-15, there was a growth of **Rs. 4273 crores** in Deposits of the State and the outstanding total deposits reached a level of **Rs. 283928 crores** in the Commercial banking sector of the State. During the corresponding period of the previous fiscal, the total deposit of the State was **Rs. 239214 crores.** Quantum wise, the total deposits have grown from **Rs. 44714 crores** ,a year-on-year growth of **18.69 %.**

Another significant feature in the deposits growth is that the share of domestic deposits in total deposits is decreasing since March 2011. As at June 2013, the share of domestic deposits in the total deposits was 68.28**%**, which has now decreased to 66.85**%** as at June 2014. This is on account of the increase in NRI deposits.

Sectoral Growth of Deposit over the Years

(Rs. in Crores)

Type of deposit	March 2008	March 2009	March 2010	March 2011	March 2012	March 2013	June 2013	March 2014	June 2014	Variation	
										Mar.'14-June'14	June'13-June'14
Total Deposits	105488	130350	143404	161562	197557	229148	239214	279655	283928	4273	44714
Domestic Deposits	75599	93331	106518	123872	149103	162958	163331	185772	189831	4059	18230
N R Deposits	29889	37019	36886	37690	48454	66190	75883	93883	94097	214	18214
% Share of Domestic deposits	**71.67**	**71.60**	**74.28**	**76.67**	**75.47**	**71.11**	**68.28**	**66.42**	**66.85**	**0.43**	**-1.43**

A. Banking Group wise Growth in Deposits

As evident from the following table, Private Sector Banks **(35.55 %)** followed by State Bank Group **(34.73 %),** has the highest share in growth of deposits among the Commercial Banks in the State during the first quarter of the current fiscal.

Banking Group wise Growth in Deposits

(Rs. in crores)

Sl. No.	Banking group	Total Deposits			% Share in Total Deposits (June'14)	Variation		% Share in Growth	
		June 2013	March 2014	June 2014		Mar.'14 to June'14	June'13 to June'14	Mar.'14 to June'14	June'13 to June'14
1	State Bank Group	83235	94151	98614	34.73	4463	15379	104.42	34.39
2	Nationalized Banks	65578	75598	76811	27.05	1213	11233	28.38	25.12
3	RRB	6849	7663	7591	2.67	-72	742	-1.68	1.66
4	Private Sector Banks	83552	102242	100912	35.55	-1330	17360	-31.12	38.83
	Total	**239214**	**279654**	**283928**	**100**	**4274**	**44714**	**100**	**100**

Banking Group wise comparison reveals that **34.73 %** of the deposits in the State is with State Bank group, which has got a **22.54 %** share in branch network. The corresponding figures for Private Sector Banks are **33.65 %** share in branch network and **35.55 %** share in deposits. Nationalized Banks, which have **34.43 %** of the branch network in the State, have only a share of **27.05 %** in total deposits. RRB, in spite of having a share of **9.38 %** of the branch network has only **2.67 %** share in total deposits of the State.

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

Population Group wise Distribution of deposits

(Rs. in Crores)

Banking Group	Total deposits				Percentage Distribution				Share of Banking Group in Total Deposits
	Rural	Semi Urban	Urban	Total	Rural	Semi Urban	Urban	Total	
State Bank Group	3236	56844	38534	98614	3.28	57.64	39.08	100	34.73
Nationalized Banks	2874	40669	33268	76811	3.74	52.95	43.31	100	27.05
RRB	929	5219	1443	7591	12.24	68.75	19.01	100	2.67
Private Sector Banks	4503	57642	38767	100912	4.46	57.12	38.42	100	35.55
Total	**11542**	**160374**	**112012**	**283928**	**4.06**	**56.48**	**39.46**	**100**	**100**

As evident from the above table, **56.48 %** of the total deposits of the State is from semi-urban areas where **70.06 %** of the branch network exists. Urban areas accounted for **39.46 %** of the deposits and rural areas **4.06 %.** On a comparison with March 2014 position, it is found that the share of urban and rural branches in total deposits is showing gradual increasing trend compared to the Semi Urban areas.

7.4. NR Deposits (Refer Annexure 9.2)

The NR Deposits have registered an increase of **Rs. 214 crores** from the March 2014 level. The NR deposits of the State that stood at **Rs. 75883 crores** as at June 2013 increased to a level of **Rs. 94097 crores** as at June 2014. The year-on-year growth was **Rs. 18214 crores** in NR Deposits as at June 2014 recording a whopping growth rate of 24 **%**.

Population Group wise/Banking Group wise Distribution of NR Deposits

(Rs. in crores)

Banking Group	N R Deposits				Percentage Distribution				Share of Banking Group in Total NR Deposits
	Rural	Semi Urban	Urban	Total	Rural	Semi Urban	Urban	Total	
State Bank Group	1001	22863	13108	36972	2.71	61.84	35.45	100	39.29
Nationalized Banks	606	12137	6191	18934	3.20	64.10	32.7	100	20.12
RRB	39	221	20	280	13.93	78.93	7.14	100	0.30
Private Sector Banks	1548	24884	11479	37911	4.08	65.64	30.28	100	40.29
Total	**3194**	**60105**	**30799**	**94097**	**3.39**	**63.88**	**32.73**	**100**	**100**

Private Sector Banks has the highest share (**40.29 %**) in the NR deposits in the State followed by State Bank Group (**39.29 %**) and Nationalized Banks (**20.12 %**). Of the total Non-Resident deposits, **63.88%** deposits were from semi urban areas while urban areas accounted for **32.73%** and rural areas, **3.39 %.**

7.5. Domestic Deposits

There is an increase in domestic deposits during the first quarter of the fiscal 2014-15 only to the tune of Rs**. 26500 crores.**

Share of Domestic Deposits in Total Deposits (%)

March 2013	June 2013	March 2014	June 2014
71.11	68.28	66.42	66.85

As at June 2014, domestic deposits accounted for 66.85 **%** of the total deposits and this ratio has shown an increasing trend since March 2014.

7.6. Credit Expansion (Refer Annexure 9.2)

Growth in Advances of the Banking sector in the State

(Rs. in crores)

Parameter	Total Advances Outstanding over the Years							Variation	
	March 2010	March 2011	March 2012	March 2013	June 2013	March 2014	June 2014	March'14 June'14	June'13 June'14
Total Advances	96987	121980	149293	175087	174331	192010	192561	551	18230
% Growth over the previous fiscal	17.11	25.77	22.39	17.28	14.69	9.67	10.46	0.29	10.46

During the first quarter of the current fiscal, the total advances increased by **Rs. 551 crores** to reach **Rs. 192561crores** as at June 2014.

On a year-on-year basis from June 2013-June 2014 period there was a growth of **Rs. 18230 crores** in advances, recording a growth rate of 10.46**%.**

<u>Share of Banking Groups in Total Advances of the State</u>

Nationalized Bank has the highest share **(34.49%)** in the total advances outstanding in the State followed by the Private Sector Banks (31.47**%).**State Bank Group accounted for 29.18**%** of the total advances against a 22.54**%** share in total branch network.

(Rs. in crores)

Banking Group	Total Advances				Percentage Distribution				Share (%) in Total Advances
	Rural	Semi Urban	Urban	Total	Rural	Semi Urban	Urban	Total	
State Bank Group	4028	30966	21193	56187	7.17	55.11	37.72	100	29.18
Nationalized Banks	2326	31760	32337	66423	3.37	47.81	48.82	100	34.49
RRB	1353	7067	934	9354	14.46	75.55	9.99	100	4.86
Private Sector Banks	1833	26432	32332	60597	3.02	43.62	53.36	100	31.47
Total	**9540**	**96224**	**86796**	**192561**	**4.95**	**49.97**	**45.08**	**100**	**100**

Further, 45.08**%** of the total advances in the State is to urban areas where 22.1**%** of the branch network exists. Semi Urban areas had 49.97**%** share in total advances against a share of 70.06**%** in branch network. Rural areas had a share of 4.95**%** only in the total advances deployed in the State where as they hold a share of 7.84**%** in total commercial branch network.

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

The Credit-Deposit ratio of the Commercial Banking sector of the State has declined by 0.84**%** from March 2014 level to reach 67.82**%** as at June 2014.

Banking Group wise C D ratio as at June 2014

Banking Group	C D Ratio Percentage Distribution as at June 2014			
	Rural	Semi-Urban	Urban	Total
State Bank Group	124.45	54.48	55	56.98
Nationalized Banks	80.92	78.09	97.20	86.48
RRB	145.66	135.4	64.70	123.21
Private Sector Banks	40.71	45.85	83.40	60.05
Total	**82.65**	**60**	**77.49**	**67.82**

The C D Ratio of Rural & Urban areas of the State is more than the mandatory norm of 60%. Further, the Rural areas have a high CD ratio of **82.65%** whereas CD ratio in Semi urban area is marginally at the benchmark level of 60% . For the State as a whole the CD Ratio is **67.82%.**

The C D ratio of RRB is the highest at **123.21%.** Further, the CD ratios of all the banking groups except State Bank Group are above the desired level of 60% in the State. In rural areas, the State Bank Group, RRB and Nationalized Banks have shown a better C D Ratio well above the RBI stipulated 60 %. Private sector banks have shown a C D Ratio of **40.71 %** and **45.85%** in rural and semi-urban centres respectively which needs further improvement.

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

The C+I D ratio of the Commercial Banking Sector of the State as at June 2014 stood at **72.24%.** There is a decline of 35 basis points from the March 2014 level of **72.59%.**

Incremental CD Ratio

Reporting Quarter	Deposits (Rs. in crores)	Advances (Rs. in crores)	CD Ratio	Incremental CD Ratio
March 2009	130350	82818	63.54	**30.22**
March 2010	143404	96987	67.63	**108.53**
March 2011	161562	121981	75.50	**137.65**
March 2012	197557	149293	75.57	**75.87**
June 2012	209490	151999	72.56	**63.65**
September 2012	213518	158836	74.39	**64.42**
December 2012	220489	167333	75.89	**78.67**
March 2013	229148	175087	76.41	**81.65**
June 2013	239214	174331	72.88	**75.13**
September 2013	252338	181166	71.80	**57.52**
December 2013	267133	183583	68.72	**22.37**
March 2014	279655	192010	68.66	**33.51**
June 2014	283928	192561	67.82	**40.77**

From the above table it is evident that during the last year, 2013-14, the incremental CD ratio was much lower compared to the CD Ratio of the State. This means that the Deposit growth is much more than the rate of growth of Credit or there is a temporary mismatch in credit and deposit growth. In the current financial year, the incremental credit-deposit (CD) ratio for the quarter ending June 2014 stood only at **40.77 %** for the banking system of the State. Here it is pertinent to mention that the Y-o-Y growth under Deposits as at June 2014 was 18.69**%** whereas that of Credit was only 10.46**%**. Incremental CD ratio has shown an increase from the level of March 2014

7.9. District-wise Credit Deposit Ratio in the State

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

District-wise C D Ratio in the State as on 30.06.2014

(Rs. in lakhs)

Sl. No.	District	Deposits	Advances	CD Ratio (%)
1	TRIVANDRUM	5454126	3660217	67.11
2	KOLLAM	2206651	1497717	67.87
3	ALAPPUZHA	1924469	1103884	57.36
4	PATHANAMTHITTA	2559304	824751	32.23
5	KOTTAYAM	2426161	1483700	61.15
6	IDUKKI	439454	618537	140.75
7	ERNAKULAM	6083307	5223910	85.87
8	THRISSUR	3658078	2223078	60.77
9	PALAKKAD	1551792	1081786	69.71
10	MALAPPURAM	1548588	1030823	66.57
11	KOZHIKODE	1957769	1503552	76.80
12	WAYANAD	276453	314465	113.75
13	KANNUR	1900075	1048184	55.17
14	KASARGOD	557734	498639	89.40
Total for State		**32543961**	**22113243**	**67.95**

In Kerala, barring Pathnamthitta & Alappuzha the District wise CD ratio is above the bench mark of 60 %). LDM, Pathanamthitta should monitor the progress closely and review the same in DCC/DLRC meetings so as to improve from the current levels in an ongoing basis. (The above CD ratio is compiled from the banking Statistics furnished by the LDMs of respective Districts which includes the business figures of District Co-operative Banks and PACS)

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

On a review of the performance of Banks in Kerala, as at the first quarter of 2014-15, it is noted that banks had sanctioned an amount of **Rs.2137 lakhs** (138 accounts) and the balance outstanding under the scheme is **Rs. 72.32 crores** (604 accounts). Details are shown in **Annexure 9.25.**

8. Any other matter with the permission of the chair