
Second SLBC meeting of UT of Puducherry for the year 2011-12

**Address by Shri T M Bhasin,
Chairman & Managing Director, Indian Bank and
Chairman, SLBC, Puducherry - 19.08.2011**

Very good morning

I am indeed happy to be amongst you today in the second SLBC meeting of Union Territory of Puducherry for the current financial year.

On behalf of SLBC, I have immense pleasure in welcoming **Honorable Chief Minister of Union Territory of Puducherry** who is amidst us today sparing his valuable time despite busy schedule. Known for his simplicity, he stands as a symbol of the common man. I am sure that his presence will definitely make today's deliberations more fruitful and helpful to all of us.

I welcome Shri R.Gandhi, Executive Director, Reserve Bank of India, Mumbai who has been specially invited for this meeting. He is kind enough to spare his valuable time to motivate the SLBC forum of Puducherry today. I welcome Smt. M Sathiyavathy I A S, Chief Secretary, Government of Puducherry, Shri N S Viswanathan, Regional Director, RBI, Chennai and Smt. Lalitha Venkatesan, CGM, NABARD, Chennai

I also welcome all the dignitaries on the dais, Senior Officials from Government of Puducherry, Reserve Bank of India, NABARD, Heads of various Banks in Puducherry and other Development Departments, Electronic and Print media.

Current Economic Scenario

The lowering of the US sovereign rating to AA+ from AAA on August 5, was indeed a jolt to the standing of the economic super power. The media reacted sharply on the possible consequences for India. However, our Honorable Finance Minister Shri Pranab Mukherjee has expressed confidence that our economy is strong enough to address any concern arising out of recent developments in USA and Eurozone. The Honorable Finance Minister has said that the Government will fast track the implementation of pending reforms; to focus on encouraging greater domestic consumption and give impetus to drivers of domestic growth. The Honorable Finance Minister has further said that we are in a better position than many other nations to manage this challenge.

The Honorable Finance Minister has reiterated that our economy is having strong fundamentals; therefore, we could notice FIIs seeing India as an attractive investment destination even if there is any temporary outflow. We could rather see faster and greater FII inflows, unlike after 2008, in view of the higher returns that global investors could get in India. He said that our institutions are strong and are prepared to address any concern that may arise on account of the present situation.

According to the Reserve Bank of India's Press release dated 08.08.2011, it is noted that in the worst phase of the recent global financial crisis, the economy grew by 6.8 per cent, suggesting high resilience emerging from domestic factors. While downside risks to growth may have increased in the wake of global developments, they are likely to have limited impact. The Reserve Bank is closely monitoring all key indicators and will continuously assess the impact of global developments on Rupee, Forex liquidity and macroeconomic stability. RBI will respond quickly and appropriately to the evolving situation.

Normal monsoon after a gap of two years helped agriculture to grow at 6.6% in 2010-11 compared to just 0.4% 2009-10. Industry and services grew at 7.8 % and 9.2% in 2010-11 showing consistency. The Economists predict that the high growth in vital sectors in 2010-11 would finally result in GDP growth of about 8% even in this not so conducive global economic scenario.

With Indian economy on strong wicket, I expect the banking system to contribute a lot.

Coming to developmental activities by banks in Union Territory of Puducherry, it is our innate duty to capitalize the present conducive climate in the country to make this UT as the best among all. While contributing to the success of the UT, it is to be ensured that the growth attained is inclusive, people-centric and translates into overall development. It is also important that this feeling and confidence permeates all sections of society and none is left out of the growth process.

Banking Developments in UT of Puducherry

I am happy to enlighten the forum about the commendable performance of Banks in the UT during the first quarter of the year 2011-12.

Average per branch population is 5474 in UT Puducherry which is one of the best in the country, as the national average is around 14,000.

Growth in Deposits and Advances

The higher growth in advances for the first quarter than the growth in deposits has resulted in 2% increases in the CD ratio of the UT which has reached 68% for the first time. I congratulate all the Bankers for the attainment of improved CD ratio and appeal to sustain the momentum to reach further heights.

Performance under Annual Credit Plan (ACP) 2011-12

The banks in UT have always been achieving the credit disbursement target under Priority sector under ACP every year. During the first quarter of 2011-12 also, all banks have disbursed a total amount of Rs 223.78 crore registering an achievement of 103 % of the target.

Another noteworthy performance is credit to Agriculture sector which is more than stipulated level of 18% in Puducherry despite large scale urbanization and industrialization. We shall analyze the performance in each sector during the course of the meeting.

Financial Inclusion:

Indian Bank has been spearheading the Inclusive growth demands of all social groups providing access to the financial services for their economic and social emancipation. To achieve this, banking services at their doorsteps become necessary. Technology has made this task a possible one.

The aspect of providing banking services to unbanked villages is a massive task and Banks in UT have successfully provided banking services to all 43 unbanked villages with population above 2000 in March 2011 and eight out of 25 villages of population below 2000 identified. I request the other banks to complete the task of providing banking services to the remaining 17 villages before September 2011.

It is true, mere provision of banking services is not the end. It is only a beginning for expanding affordable credit to wider section of the society and other banking services resulting in Inclusive Growth.

Government Sponsored Programmes

I have to reiterate here that the poverty eradication programmes such as SGSY, SJSRY and PMEGP catering to the targeted deprived sections of the society are to be implemented effectively in Union Territory, thanks to the mutual cooperation between Government agencies and Banks. Banks should continue to actively and adequately participate in such programmes to achieve the targets for the year 2011-12.

Few Suggestions

I would like to inform the august forum that a new concept of issue of **Loan Eligibility Cards** to tenant farmers has been recently introduced in Andhra Pradesh. This is poised to increase institutional credit to large section of tenant farmers.

Government of Andhra Pradesh has promulgated 'Andhra Pradesh Land Licensed Cultivators Ordinance 2011' on 08.06.2011 As per this ordinance, loan and other benefits eligibility card will be provided to the farmers, who raise crops with express or implied permission of owner or Pattadar of land, but have no record for such enjoyment without affecting the rights of owners, enabling them to access credit from the Public Financial Institutions and to claim benefits of input subsidy, crop insurance, compensation for damage of crop and for matters connected therewith and incidental thereto.

The details of the Scheme have found a place in the agenda which has been circulated to everyone. The forum may deliberate in detail and if necessary form a committee to suggest the Government of Puducherry to emulate the same with modifications best suited to the State.

I take this opportunity to request the Honorable Chief Minister of Puducherry and UT administration again to extend the relief to borrowers who availed loans under **Rajiv Gandhi Tsunami Rehabilitation package** so that the affected fishermen can heave a sigh of relief as their fellow fishermen in neighboring State of Tamilnadu

Another long felt need of the bankers is the **allotment of land to INDSETI** to build necessary infrastructure to provide skills to the unemployed rural youth and achieve the fullest objective. I once again request the State Government to consider the request of SLBC with regard to land allotment to Rural Self Employment Training Institute (RSETI).

Before concluding, I would like to convey that for successful implementation of any scheme it requires fullest commitment and co-operation of all persons concerned. UT of Puducherry is a very good example of close co-ordination of State Government, various developmental agencies and Bankers which would go a long way in noteworthy performance of banking parameters and poverty alleviation programmes during the years to come. I request all concerned to continue the same for development of UT of Puducherry.

I declare the session open for further proceedings.

Thank you.
