

## **SLBC PUDUCHERRY 22.03.2010**

### **Presidential Address by our Chairman and Managing Director**

I am delighted to participate in this State Level Bankers Committee meeting conducted for the final quarter of the financial year 2009-10. I value this again as a great occasion to be amidst you in Puducherry in this forum of SLBC this evening.

At the outset, I welcome Mr V. Vaithilingam, Honourable Chief Minister of Puducherry Union territory, Mrs Nutan Guha Biswas IAS., Development Commissioner, Government of Puducherry, Mr R Chandra Mohan, Chief Secretary, Government of Puducherry, Mr.K.R.Ananda, Regional Director, RBI, Chennai, Mr Krishnan, General Manager, NABARD, Chennai and Senior Officers from the Government of Puducherry, Reserve Bank of India, NABARD and other Development Departments & Banks of Puducherry;

Reserve Bank of India's third quarter review of Macro economic and monetary development for 2009-10 reveals that the global economic outlook improved significantly in the third quarter of 2009. IMF's current (October 2009) projections for global growth suggest a recovery to 3.1 per cent in 2010, from (-) 1.1 per cent in 2009, which will be led by the emerging and developing economies that are expected to exhibit stronger recovery from 1.7 per cent in 2009 to 5.1 per cent in 2010.

India's GDP growth at 7.9 per cent in the second quarter of 2009-10 showed a significant recovery in relation to the 5.8 per cent growth recorded during the slowdown phase in the second half of 2008- 09.

As we emerge out of the crisis, central bank has their task cut out for them: to distil the lessons of the crisis, translate them into concrete reform measures and get cracking on implementing them. I strongly believe that Reserve Bank of India should be credited for the speedy revival of our economy.

Coming to our mother land, I am proud to say that Puducherry UT has always been a model and front runner among states in growth

trajectory. Let me highlight the performance of Banks in this UT during the third quarter of the current fiscal.

During the current fiscal, 12 new branches have been opened. As of December 2009, there are 38 banking institutions with a total network of 157 branches operating in the Union Territory of Puducherry. The average population served per branch has come down to 6206 from 6496 during this quarter. The commercial banks with 118 branches, Puducherry State Co-operative Bank with 23 branches, and Puducherry Co-operative Central Land Development Bank with one Branch and the Regional Rural Bank viz Pudukkottai Bharathiar Grama Bank with 15 branches are taking care of the banking needs of the people here.

Though CD ratio of Banks had remained at 58% as of March 2009 as well as September 2009, I am happy it has improved marginally to 59% during this quarter. I request all member Banks to lend liberally so as to achieve desirable CD ratio of 60% by March 2010.

As to outstanding advances under Agriculture, I inform with great pleasure that our achievement is at an all time high of 19.05% as of December 2009, from the level of 17.5% as of September 2009. The consistent growth in lending to Agriculture is witnessed in our UT which is evident from the fact that every year we have increased our lending to Agriculture by 2% percentage points since March 2006. In every occasion here, I have informed that potential is vast in this sector. For reaching this RBI stipulation of 18%, I sincerely thank all banker friends and also Government officials. Government should continue to ensure that climate for Agriculture lending is conducive in this part of the country and Banks further improve this important portfolio.

Besides Agriculture, SME financing is the thrust area under Priority sector lending. Strong industrial recovery has been the key underlying strength behind the recovery of GDP of our country in the second quarter. During April- November 2009, the Index of Industrial Production (IIP) increased by 7.6 per cent, which is higher than 4.1 per cent growth experienced during the corresponding period of the previous year. In our UT 66.57% of population lives in urban areas against All India level of 25.70% and hence there is tremendous scope for SME lending. But, it is disturbing to note that our SME portfolio has come down from 18.43% of total advances as of March 2009 to 16.76% as of December 2009

I once again request all bankers here to put extra efforts and ensure that the funding of SMEs is fulfilled to the required level by getting right directions in special monthly SLBC meetings being convened by us regularly for this purpose

Coming to key indices of the Union Territory, I am happy that Banking has registered growth in terms of all financial parameters. For the nine months ended December 2009, growth in deposits registered 11.86% to Rs.6293.24 crores. Advances during the same period have grown by 13.94% to Rs. 3689.02 crores.

Outstanding under Priority Sector Advances of the UT stood at Rs.2170.02 crores recording 59% of the total advances against the RBI norm of 40%. Weaker section advances amounted to Rs.414.21 crores works out to 11.23% of total advances against the RBI stipulated target of 10%.

Despite the fact that outstanding under DRI advances has increased by 36.36% during this fiscal, we have to go a long way to reach the RBI stipulated level of one percent of the Gross advances. Banks should look into every possibility to increase lending under this portfolio.

Banks have disbursed Priority Sector Advances of Rs 591.34 crores under Annual Credit Plan during the nine months ended December 2009, achieving 103% of the target. I am confident that Banks would achieve more than cent percent of Annual target by March 2010 also.

Under Government sponsored schemes, Banks have been doing well in our UT, thanks to the best teamwork and coordination between bankers and Government officials. Pending applications under SGSY, SJSRY, PADCO and PMEGP if any should be disposed off immediately as we have only few more days left in this financial year.

Puducherry UT pioneered the concept of National Pilot Project for Financial Inclusion. I strongly believe that all the beneficiaries under FI should get the benefits of Savings, Credit, Remittance facilities, Insurance, Pension and Transaction (SCRIPT) to attain our aim to eradicate poverty from the country. I appeal to my Banker friends here, to find all the ways and means to make our UT recognised as a role model for all other states to emulate.

Indian Bank Self Employment Training Institute (INDSETI) which started functioning at Puducherry on 28.03.2009 has so far conducted 14 training programmes and 375 persons have been benefitted.

Another 835 persons got counselled from Indian Bank's financial literacy and credit counselling Center (FLCC) so far.

All Bankers should continue to make full use of FLCC and INDSETI as both these new initiatives are intended to bring every one under the mainstream of banking and empower them through credit counseling, training to rural masses for undertaking self employment ventures and credit. Since INDSETI is now functioning in a hired premises, I take this opportunity to request the Government of Puducherry to allot suitable land near Puducherry, as directed by Government of India at the earliest to enable us to take up construction and create necessary infrastructure immediately.

Lending to SHGs has become a good bankable proposition. Number of new SHGs opened SB accounts during this quarter is 907 taking the cumulative figure to 15832 SHGs in the UT. I am happy to note that 2076 new SHGs were credit linked during the current fiscal upto December 2009 with Bank Loan of Rs 34.73 crores.

To conclude, I tender my full satisfaction to this great forum of SLBC, Puducherry UT where I was privileged to contribute in the capacity as Chairman and Managing Director of the convenor bank. I shall always cherish the moments I enjoyed in this apex forum of SLBC in Puducherry which has always been lively and participatory with the wholehearted involvement of all the members.

I am confident there will be free exchange of information by all the members as usual to result in identification of bottlenecks, measures to overcome them and to facilitate percolation of benefits to the under privileged people of the State.

Once again I thank you for this great opportunity bestowed on me to share my views. I wish deliberations of the meeting all success.

Thank you.