

CIRCULAR No. 33/2013

Sub :- Co-operative Department- Kerala Co-operative Societies Rules, 1969
- Amendment – Revised Classification Norms – Classification of
District Co-operative Banks- Instructions issued-regarding.

Ref:- 1. G.O (P) No. 37/2011/Co-op Dated , 26th February, 2011
Thiruvananthapuram.
2. G.O (P) No. 12/2013/Co-op Dated , 19th January, 2013
Thiruvananthapuram.

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The norms for classification of District Co-operative Banks have been revised vide references cited 1st & 2nd. All District Co-operative banks shall classify the societies as per the following revised norms within the period of three months from the date of notification cited 2nd. But even after the lapse of three months some District Co-operative Banks are yet to be revised their classification and hence the period of three months is extended up to 18th July 2013. If any bank does not reach these revised norms within the above period, the classification of such banks will be reduced and re-fixed as per norms.

Class I

- 1.Monthly average deposit Rs.1,50,000 lakhs.
- 2.Monthly average working capital
Rs.2,00,000 lakhs.
- 3.Monthly average loan outstanding
Rs.1,20,000 lakhs.
- 4.Individual deposit to total deposits 50
percentage.
- 5.Individual loans to total loans 50
percentage.
- 6.Capital to Risk Assets Ratio (CRAR) 5
percentage and above.
- 7.Gross Non performing Asset (NPA) below 10
percentage

8. Should have worked on profit for the last three years
9. Should have declared dividend on shares at least in any two years during the three preceding years
10. Audit classification for the previous three years shall not be less than 'B' of which at least one year shall be 'A'

Class II

1. Monthly average deposit between Rs.1,00,000 lakhs and Rs.1,50,000 lakhs.
2. Monthly average working capital between Rs.1,25,000 lakhs and Rs.2,00,000 lakhs.
3. Monthly average loan outstanding between Rs.90,000 lakhs and Rs.1,20,000 lakhs.
4. Individual deposit to total deposits between 45 percentage and 50 percentage.
5. Individual loans to total loans 50 percentage.
6. Capital to Risk Assets Ratio (CRAR) 5 percentage and above.
7. Gross Non performing Asset (NPA) below 15 percentage
8. Should have worked on profit for the last 2 years
9. Should have declared dividend on shares at least in any one year during the three preceding years.
10. Audit classification for the previous three years shall not be less than 'B'.

Class III

Those Banks which do not acquire the conditions to be satisfied for classification of either I or II class will be classified as class III.

Apart from the above, branches are also classified as Grade A, B and C and the norms for classifications are furnished below.

Grade A

- (i) Individual deposits plus 25 percentage of society deposits should be above Rs. 2000 lakhs
- (ii) Individual loan outstanding should be above Rs. 1,500 lakhs
- (iii) Gross NPA to loan outstanding should be below 10 percentage
- (iv) Interest expense to interest income should be below 65 percentage
- (v) Miscellaneous income to total income should be not less than 0.50 percentage

Grade B

- (i) Individual deposits plus 25 percentage of society deposits should be above Rs. 1700 lakhs
- (ii) Individual loan outstanding should be above Rs. 1,200 lakhs.
- (iii) Gross NPA to loan outstanding should be below 15 percentage
- (iv) Interest expense to interest income should be below 70 percentage
- (v) Miscellaneous income to total income should be not less than 0.50 percentage

Grade C

Branches other than those coming under 'A' and 'B' Grade

In connection with the same, the following instructions are issued.

1. District Co-operative Banks shall be classified according to the revised classification norms and shall apply for the sanction of additional posts if any, through Joint Registrar (General) of Co-operative Societies.
2. Board of directors shall resolve to classify the bank in accordance with the revised norms.

3. Application shall be supported with **details in the prescribed form attached**, and shall duly signed by General Manger and counter signed by Joint Director/Concurrent Auditor of the Bank and the Joint Registrar(General) of the District.
4. The norms for the classification are based on the average deposits, working capital and loan outstanding and average individual deposits to total deposits and average individual loans to loan outstanding of District Co-operative Banks for every financial year ending 31st March and Classification for District Co-operative banks shall make accordingly.
5. In Order to calculate the amount of deposits, working capital and loan outstanding for classifying the bank, average of the total amount outstanding at the end of each month for the preceding year should be taken into account.
6. If in any bank any of the present posts are in excess of the admissible strength such posts will be considered as supernumerary for two years within which period such bank shall achieve the eligibility for the posts, and may regularise with that post as per the revised norms.
7. The banks are permitted for the deployment of sanctioned staff within the institution.
8. Notwithstanding anything contained in this regard, the creation of additional posts, if any, on the above norms will be examined, with relevant records along with financial position of the bank and considered in each case at the discretion of Registrar of Co-operative Societies.
9. The proposals for creation of any post will be examined and considered on a case by case basis at the discretion of Registrar of Co-operative Societies. The bank will send proposal for additional posts mentioned above to the Registrar of Co-operative Societies with all the relevant details when a new branch is graded after one year of its commencement. Post creation will be on the basis of necessity and with prior sanction of Registrar of Co-operative Societies
10. The bank should adhere the statutory rules and regulations within the Kerala Co-operative Societies Act and Rules along with circular instructions of Registrar of Co-operative Societies for appointment, promotion, as the case may be, about the reservation also.
11. In order to be classified as class I and class II, the District Co-operative Banks should satisfy the conditions 1,2,3,7 and 10 and any three of the remaining conditions in Kerala Co-operative Societies Rule 1969 Appendix III, in Serial no.1, in item (b) in column 3.
12. In order to be classified as class I and class II, the District Co-operative Banks should issue agricultural loans at least 10% of the total loans issued in all the preceding three years at the interest rate fixed by the Registrar of Co-operative Societies.

13. Classification made in accordance with revised norms by the District Co-operative Banks should be got approved by Registrar of Co-operative Societies before being implemented.
14. Any bank which fails to reach the revised norms even after the prescribed period, the classification of such banks will be reduced and re-fixed accordingly.
15. All Joint Registrar (General) shall ensure that District Co-operative Banks have been classified within the prescribed period or to take statutory steps for classifying the Bank in accordance with the revised norms.

Sd/-
K.V.SURESH BABU
Additional Registrar of Co-operative
Societies(Credit) holding the charge of
Registrar of Co-operative Societies

Copy to:

1. Secretary, Kerala Legislative Assembly with C/L
2. Registrar, Honourable High Court of Kerala with C/L
3. President/General Manager, All District Co-operative Banks
6. Secretary to Government with C/L
7. All Joint Registrar(General)/All Joint Director(Audit)/ All Joint
Director/Concurrent Auditor
8. Editor, Sahakarana Veedhi
9. Web site
10. Stock File

Name of the District Co-operative Bank										
Amount in Lakhs										
Position	Financial Year	Monthly Average Deposits	Monthly Average Working Capital	Monthly Average Loan Outstanding	Agricultural loan to Total Loan in %	Average Individual Deposit to Total deposit in %	Average Individual Loans to Total loans in %	Gross NPA as on 31.03....	Net NPA as on 31.03....	CRAR in% as on 31.03....
20.....20.....Month										
April										
May										
June										
July										
August										
September										
October										
November										
December										
January										
February										
March										
Total										

Joint Director/ Concurrent Auditor

General Manager

Joint Registrar (General)

Name of the District Co-operative bank

Proposed Classification of Branches

Name of the Branch (Specify in case of Treasury/Main/Head Office Branch):

Financial Position

Financial Year 20..20..	Individual Deposit	Society Deposit	Total Deposit	Individual Loan Outstanding	Society Loan Outstanding	Total Loan Outstanding	Gross NPA	Interest Expense	Interest Income	Miscellaneous Income	Miscellaneous Expense	Average Number of Chalan, Vouchers, Credit slips, Debit Slips per day	Average Number of Chalan, Vouchers, Credit slips, Debit Slips excess above the base level of 1000	Remarks
Apr														
May														
Jun														
Jul														
Aug														
Sep														
Oct														
Nov														
Dec														
Jan														
Feb														
Mar														
Total														

Grade of the Branch:

Joint Director/Concurrent Auditor

General Manager

Joint Registrar(General)