

**Minutes of 66<sup>th</sup> meeting of the State Level Bankers' Committee (J&K) held on 21<sup>st</sup> September 2005 at S.K.I.C.C., Srinagar.**

The 66<sup>th</sup> meeting of the State Level Bankers' Committee (J&K) was held on 21<sup>st</sup> of September 2005 at 11.00 A.M. at S.K.I.C.C., Srinagar. The meeting was attended by senior officials from the Government, RBI, NABARD, SIDBI, and from Public & Private Sector Banks. The detailed list of participants is enclosed as [Annexure-A](#).

At the outset the Chairman, J&K Bank, welcomed the participants to the meeting and made a presentation of Annual Credit Plan 2005-06 and placed a detailed performance analysis of the service providers, i.e. banks before the house. This is for the first time that such an analytical presentation was made about the performance of banks and financial institutions.

The Chairman, J&K Bank stated that the target for banks for the year 2005-06 is Rs.1076.33 Crore, which assumes a growth of 31.55% over the last fiscal. He said that the State Domestic Product (SDP), which is the income of the State, is estimated to grow at 13% over the same period implying a credit buoyancy of 2.4% and this, in relation to national credit elasticity of 1.4%, is way above that.

Analyzing at the sector-wise structure and composition of the Credit Plan, Chairman, J&K Bank stated that 33% of the total credit allocation for the current financial year has been planned for Agriculture, 22% for Industries and 45% for Services indicating that a large chunk of credit has been planned for the services sector, which is quite disproportionate. He said that our economy is largely influenced by the services sector, but the fact is that traditionally we would like to see more credit to go to Agriculture Sector.

Analyzing Bank-wise allocations, Chairman, J&K Bank said that 47% of the total credit has been fixed for J&K Bank, 15% for SBI, 8% for PNB, 10% for other Commercial Banks, 14% for Cooperative Banks and 6% for RRBs, which indicate that nearly half of the total credit allocation has been planned for only one institution, i.e. Jammu & Kashmir Bank Ltd.

Giving the region-wise analysis of the Credit Plan 2005-06, Chairman, J&K Bank informed that 59% of the total credit has been planned for Kashmir region, followed by Jammu Region at 39%. While for Ladakh region the credit allocation has been fixed at 2%, which is attributed to the low credit absorption potential of that area.

Chairman, J&K Bank impressed upon all the banks/ financial institutions and implementing agencies of the State that the following issues that have emerged from the above presentation need to be taken into account while formulating the credit plans:

#### **Issue -1**

- Is the targeted credit growth consistent with the estimated growth in the SDP and its composition?
- Is the targeted credit growth within the credit elasticity of economic growth?
- Is the credit absorptive capacity factored in while doing sectoral allocations of credit?
- Is the allocation of bank's share in line with their market share and / or their distribution network?

#### **Performance in Q-1 under ACP 2005-06.**

Giving details of the performance for the Quarter-1, Chairman, J&K Bank informed that a total credit of Rs.293.81 Crore has been disbursed by the banks/ financial institutions in the State, which accounts for 27% of the annual target as compared to the 21.4% achievement made during the corresponding period of the last year, which indicates that banks have done better particularly keeping in view that traditionally Q-1 has slower credit off-takes for a variety of reasons.

Looking at the bank-wise performance, Chairman, J&K Bank stated that J&K Bank has achieved 32.3% of its annual target against 30.2%

achieved during the corresponding period of the last year. SBI has achieved 27.7% compared to 21.2% of the last year. Chairman, J&K Bank said that in fact all banks including other commercial banks and Cooperative Banks have done better but the only segment of banks that has not done well in Q-1 are the RRBs, which have lagged behind not only the other banks but also its own performance made during the corresponding period of the last year, which he said, is the area of concern for all of us.

Highlighting individual achievement of banks operating in the State, Chairman, J&K Bank informed the house that J&K Bank having achieved 48% of its target in Agriculture Sector in Q-1 has been the best among all the banks while SBI has done the lowest at 12.08% in Agriculture, but under Services Sector SBI is leading with the achievement of 38% of its target in Q1. Other commercial banks operating in the State have as a whole been the best performers with an achievement of 34.6% of annual target under Industries Sector.

Analyzing region-wise achievements, Chairman, J&K Bank stated that in Kashmir region 29.3% of the allocated annual target has been achieved in Q1, while as in Jammu 25.2% and in Ladakh region 21.7% has been achieved. He said that in Kashmir region the major part of this achievement has been under services and Agriculture sectors, which is dominating the composition of the total credit allocation here, while as in Jammu region major part of the credit has been allocated under services and industries sector. In Ladakh region almost all the credit allocations has gone into services sector. He said that this may also be related to the economic revival in terms of tourism and other trades, which has led to the credit demand in the State.

Chairman, J&K Bank having made a detailed analysis of the achievements viz-a-viz targets identified the following areas of concern:

## **Issue-2.**

- Do we need to get more aggressive in lending? Last year achievement of over 100 percent and this year Q1 suggests that we are being conservative.
- Do we need to re-prioritize in terms of sectors?
- Do we need to focus more on some regions in view of the differential performance?
- Do we have to have some incentive/ penalty for performing and laggard banks?

### **Sponsored Schemes:**

Analyzing the achievements of banks/ financial institutions with respect to six major Government Sponsored Schemes, Chairman, J&K Bank stated that against the Annual Target of Rs.238.7 Crore, the achievement of banks in Q1 has been at Rs.21.46 Crore which account for 9% of the total year-end target. He said that although the said achievement is marginally better than the last year's Q1 achievement, which stood at 8.2%, but the matter of concern is that in none of the Schemes the achievement has been more than 10%. He stressed that we need to focus our attention on the causes that are responsible for low achievement under the Govt. Sponsored Schemes. Chairman, J&K Bank said that the major factors, which would prima facie seem to explain as to why the record of lending to Sponsored Schemes is very poor, are as under:

### **Issue-3.**

- Recovery Record is dismal.
- Identification process of beneficiaries not satisfactory;
- Banks have no defined role in due diligence;
- Skills set and experience not a defined criteria;
- Viability of Schemes for a particular geography not studied resulting in over-financing;
- Effective training across the whole business process from production to marketing not imparted;
- No marketing support;
- No post-sanction/ disbursement follow-up;
- Release of margin money/ subsidy by sponsoring agency takes longer than anticipated.

Chairman, J&K Bank stated that the issues 1 ,2 & 3 above, provide us a sense of where this discussion has to go and what are the future

prospects and what steps are required to be taken to improve sectoral bank performances, identify certain sectors/ segments within the region and finally the whole issue of sponsored Schemes.

Concluding the presentation, Chairman, J&K Bank stressed that the concerned implementing agencies of the Government should extend all possible help in order to improve the position, so that the credit is made available where it is demanded most and also that it comes out to be a profitable business for the banks/ financial institutions of the State.

The Financial Commissioner, Finance, J&K Govt., in his address thanked the Chairman, J&K Bank for the presentation and said that the low achievement of banks/ financial institutions under the Government Sponsored Schemes has been a cause of concern for so many years now. Although, we have been able to come up with certain solutions in the past, but these solutions have not been enough to address this problem. Upholding the view point of Chairman, J&K Bank, the Financial Commissioner, Finance said that identification of prospective borrowers is still a cause of concern for all of us. He expressed dissatisfaction over the performance of some of the banks operating in the State, other than J&K Bank. He said that the weaker sections of the society are not getting due attention and desired that the representatives from the Women Development Corporation and the Scheduled Caste Development Corporation should also be invited to these meetings in future. However, the representative of the Convenor Bank clarified that the representative of SC/ST/OBC Dev. Corporation is already a permanent member of the SLBC (J&K) and is being invited regularly to its meetings.

Thereafter agenda items were taken for discussion as under:

#### **Confirmation of Minutes of the 65<sup>th</sup> SLBC meeting.**

As there were no comments from the members, the minutes were treated as confirmed.

#### **Follow-up Action on the decisions taken in the 65<sup>th</sup> SLBC meeting.**

- i) **Fixation of targets under various Schemes of Technology Mission.**

The Financial Commissioner Finance observed that in the 65<sup>th</sup> SLBC meeting Schemes under Technology Mission were approved by the house and the Director Horticulture was advised to put forth the district-wise/bank-wise targets in the meeting of Sub-Committee of SLBC. Although two meetings of the Sub-Committee have already been held during the intervening period, but the sad state of affairs is that the targets have not been placed by Director Horticulture till date. Since the Director Horticulture was not present in the meeting, the issue could not be deliberated further and the Financial Commissioner Finance strongly emphasized that henceforth the Government Departments should be represented in the SLBC and Sub-Committee meetings by senior level officers **of not less than the Director's rank**, otherwise holding of meetings in their absence makes no sense.

**(Action : All Govt. Departments)**

The Commissioner/Secretary, Agriculture Production Department, J&K Govt. joined the deliberations on the issue and said the Schemes under Technology Mission have already been advertised in the local dailies inviting application from the desirous entrepreneurs under various schemes like Cold Storage, Processing Units and other bankable schemes coming under mini-mission-3 and 4, but there has been extremely poor response to it from district Srinagar and Baramulla and almost no response from other districts. He also informed the house that no district-wise plan has been made by the Government under mini-mission 3 and 4 so far, but only the activity-wise plans have been prepared. **He said that the credit requirements under mini-mission 3 and mini-mission 4 will be provided to the Convenor, SLBC by the next day.** He also informed the house that the National Horticulture Board, which is a Central Organization, is otherwise implementing lot of other Credit-linked schemes outside the Technology Mission.

**(Action: Agri. Production Deptt. Civil Secretariat)**

The representative of National Horticulture Board informed the house that the NHB has sanctioned 120 proposals under "Development of Commercial Horticulture through Production and Post-harvest Management" Scheme but the banks have sanctioned only 1 case in Jammu division and no case in Kashmir division.

Reacting to this, DGM, J&K Bank, informed the house that the J&K Bank in Ganderbal area of Srinagar District has sanctioned 6 cases and 10 to 15 cases are already under process in Anantnag District.

Summing up the deliberations on the issue, Chairman, J&K Bank, expressed the hope that Q2 would be a better picture.

**(Action: All Banks)**

ii) **Creation of Fund for the revival of the sick industrial units in the State.**

Principal Secretary, Industries & Commerce, commenting on the issue said that the perspective that there is no need for setting up of a separate fund as banks are flush with funds, needed to be corrected. He observed that industrial revival in the State of J&K is a reality on the ground even though we have to invite more investment proposals to come to Kashmir, but those of us who have seen the exhibition in the Urban Haat, Srinagar, would realize that there is a tremendous enthusiasm among the entrepreneurs in Kashmir. He informed the house that the President, Federation Chamber of Industries & Commerce, at the inauguration of the said Industrial exhibition has requested the Chief Minister of the State that instead of providing any pre-production subsidy, the post-production incentives, marketing support, banking facilities and the infrastructural support were the need of the hour. The Principal Secretary, Ind. & Com. informed the house that there has been surge in the investment in Industrial Sector in J&K State because of new policies that have been put into place by the Government. He added that in the Small Scale sector an investment of Rs.828 Crores

approximately, has been made in two years generating employment for about 11000 people and in the case of other medium sector 59 investment proposals have been approved by the State Government with an investment of roughly Rs.1284 Crores. Considering that the State was going through a period of gloom in the last decade and a half and now there is revival, which is happening on the ground, it is in this context that we have to take a special care of the sick industrial units. He said that more SSI units went sick in Kashmir than in Jammu and it is these units, which are crying for attention, and there is no clear effort on the part of all of us to put them back on track.

The Principal Secretary, Industries & Commerce said that the State Government has a rehabilitation policy for the sick units, which envisages broadly that 70% of the financial requirement for these units would come from the Financial Institutions and 13% will come as a Soft Loan which would be subsidized by the State Government. It is on the Soft Loan side that we have defaulted because we don't have the resources to finance this kind of Soft Loan. Some arrangements were made in the past by the SIDCO, but SIDCO itself is running through serious financial difficulties even though efforts to revive SIDCO are also going on. He suggested the house that since this was one of the biggest challenges there was need to focus attention on the revival of those sick units, which could be made viable.

Reacting to this, Chairman, J&K Bank (Convenor, SLBC), expressed his agreement with the views of the Principal Secretary, Ind. & Com. and said that the perception of the bankers expressed in the Sub-Committee that "there is no need to create corpus as banks are flushed with funds" is fairly an adhoc thing. He said that all these accounts are non-performing assets (NPAs) and which bank no matter how flush with funds



it would be, would be willing to lend to a defaulter. He pointed out that these are environmental defaulters and the Finance Ministry had announced setting up of Asset Reconstruction Company, which would be an ideal forum and would need contribution from banks, Govt. of India and the Govt. of J&K to set up a corpus of Rs.300 to 400 Crores for revival of sick units in this State. He emphasized the need to take cognizance of various ideas that are floating around for the purpose. However, commenting on the Assets Reconstruction Company (ARC), Chairman, J&K Bank said that there was need to set up a smaller group, perhaps an inter-bank thing, which would actually look at the possibility of contributing to a company that actually takes over sick units for revival. He suggested that instead of thinking in terms of Assets Reconstruction Companies, which need RBI permission, we could look at a small corpus to start the process.

Joint General Manager(C&F), J&K Bank, informed the house that during the course of deliberations on the issue in the Sub-Committee of SLBC held on 18.06.2005, the banks were of the opinion that they cannot make 100% finance to the sick industrial units and it had been suggested that margin money should either come from the Government or SIDBI. Reacting to this the representative of the Industries Department had informed that his department has sufficient funds to meet the margin money requirements.

**Summing up the deliberations, Financial Commissioner Finance suggested reconstituting of a Committee having high-level participation from Banks as well as the concerned Government Departments, who would look into the issue and make necessary recommendations to the SLBC.**

- (iii) **J&K Entrepreneurship Development Institute-Contribution from Banks.**

The representative of J&K Entrepreneurship Development Institute informed the house that EDI has received Rs.4.6 Crore from GOI, Ministry of Industrial Policy & Promotion), but the banks are not coming forward for deciding their share of contribution for the corpus of the Institute. He informed that they have envisaged their basic plan keeping in view the future requirement of about 30 years, for which the aforesaid amount is not sufficient for construction of EDI and other infrastructural activities, as such they had requested banks/ financial institutions for contributing to the corpus fund.

The representatives of SBI & PNB informed the house that the matter has been referred to their respective Head Offices. PNB representative said that they would come up with their views in this regard within a fortnight or so.

Principal Secretary, Industries & Commerce, joined the deliberations on the issue and said that the funds have already been released by the GOI and the State Govt. has also identified land for this purpose at Rajbagh, Srinagar. He further said that we are asking the banks to be the partners with the EDI in organizing / promoting training programmes with a view to have structured activities/ programmes & courses for developing entrepreneurship since the banks happen to be stake-holders. One of the reasons why industrial units in this State have not done well in the past, is because of a peculiar environment and apart from that it has been a well recognized fact that Entrepreneurship Development is a key challenge in the State of J&K. He desired that banks should convey these facts to their respective Head Offices in a correct perspective. He even offered to take up the matter with their MDs/CEOs and also to the Department of Banking, GOI if the banks so desire. The Principal Secretary, Industries & Commerce suggested that Banks can also sponsor some programmes in collaboration with the EDI, where the educated unemployed youth could be imparted entrepreneurship skills enabling them to engage themselves in productive employment, for which the EDI needed to be strengthened.

The Chief General Manager, NABARD, pointed out that actually the communication had gone for construction of building and opined that none of the banks would ever agree to contribute for constructions of building. He, however, offered that NABARD will be a party to any training programmes organized by EDI and banks will also definitely come forward for the purpose.

Chairman, J&K Bank, (Convenor, SLBC), summing up the deliberations on the issue said that since EDI had been adequately funded by the Government for construction of building, the need of the hour is that they should identify utilization of funds in other areas like equipment, Libraries, sponsorship of training programmes and the Software that is within the line of bank's own activities of lending or interest. He desired that EDI should do this job within a week or so and submit it to the Convenor Bank. Chairman, J&K Bank requested the Principal Secretary, Ind. & Com. to treat it as an area of concern because it is an area that is causing lot of concern at national level. He said that Entrepreneurship Development Programmes in J&K have never taken roots and perhaps this could be a chance to do so and in the long run the banks would benefit.

*(Action: EDI)*

(iv) **Recovery under Handicrafts.**

Director Handicrafts, informed the house that his department has, as decided in the Sub-Committee meeting, issued advertisements in various local dailies giving therein details of the Schemes which are being implemented by the Handicrafts Department, and persuading the loanees to deposit the money back to the bankers and as a matter of fact they have made certain recoveries from about 30 entrepreneurs. He, however, pointed out that banks are still not providing adequate credit to the Handicrafts Sector although GOI had come up with the Credit Guarantee Fund (CGF) Scheme and the funds for that purpose to the extent of Rs.37 lacs have already been placed with the J&K Bank Limited, out of which, he pointed out, only Rs.2.00 lacs have been utilized, so far.

Reacting to this Joint General Manager (C&F), J&K Bank Ltd. informed the house that J&K Bank has already covered 187 cases and that the amount of Rs.2.00 lacs referred to by the Director Handicrafts, is

in respect of J&K Bank only. He, however, informed that in District Srinagar alone, the J&K Bank has sanctioned 1068 units under Handicrafts/ Artisans Credit Card Schemes, out of which 503 cases, i.e. almost 50% cases, have become bad involving Rs.1.41 Crore.

The Principal Secretary, I&C, explaining various features of the Credit Guarantee Fund Scheme, suggested that in order to understand in detail the scheme a workshop is required to be organized wherein besides all leading banks and the concerned Government Departments some of the entrepreneurs related to this sector should be invited to participate. He also informed the house that the GOI Ministry of Textile is very keen to give a push to Handicrafts Sector in the State, which provides employment to about five lac people of the State.

Chairman, J&K Bank, (Convenor, SLBC), expressing his agreement with the suggestion of the Principal Secretary, Ind. & Com., said that since J&K Bank is a member of the CGFT, we will take a lead in this and do our own study shortly, wherein Director, Handicrafts will also be involved. The outcome thereof will be placed in the next SLBC.

(v) **Increase in remuneration of Ex-servicemen employed in various banks.**

Initiating deliberations on the issue, the Director, Sainik Welfare, J&K, informed the house that other banks in J&K have started to go in for direct recruitment of the Ex-servicemen in the regular pay-scales and it is only the J&K Bank where these people are being employed on contractual basis on a meager remuneration of Rs.2000/- per month for the last 10 – 12 years.

Reacting to this, the Executive Director, J&K Bank, informed the house that the Bank has been outsourcing the services of ex-servicemen and also employing some ex-servicemen on contractual basis, who are being paid Rs.2,250/- p.m. plus bonus.

The Director, Sainik Welfare, said that he is not aware of the decision of increase in remuneration from Rs.2000/- to Rs.2,250/-. He requested that even if it is Rs.2,250/- this requires to be reviewed. Chairman, J&K Bank, (Convenor, SLBC), winding up the deliberations on the issue, said that the same will be communicated to him formally.

*(Action: J&K Bank Ltd.)*

(vi) **Providing List of un-disbursed loan cases by the bank.**

The Director Employment informed the house that as on date lists in respect of 7 districts only have been prepared by his department, while the remaining 7 districts are under process. He said that the department contemplates that the money that has been released but not utilized so far, should be returned to the department for being utilized for the specific purpose, which, he said, has started happening and in respect of the districts where the money is not coming back, the lists have been prepared and furnished only the day before.

Reacting to it, the Joint General Manager (C&F), J&K Bank, clarified that there is lack of information. He said that all these cases stands disbursed and wherever the entrepreneurs are not found interested, the margin money has been returned to the department concerned.

(vii) **Under-financing of industrial units.**

The Director Industries & Commerce, informed the house that in the last SLBC meeting held on 12<sup>th</sup> May 2005 it was suggested that our Industrial unit holders have a perpetual problem of shortage of working capital and it was suggested to conduct a survey and prepare a list of

specific cases so that the issue of under-financing is met with. Accordingly, we have conducted the survey of units who are facing shortage of working capital. The details available of about 130 units in respect of districts of Srinagar, Budgam, Baramulla, Anantnag and Jammu and have revealed that the major problem they are facing is shortage of working capital. The said lists are ready and have been delivered the day before. In respect of rest of such units the lists are being prepared. He expressed the hope that in case adequate working capital was made available to these units, they would be able to run properly and turn profitable.

### **Agenda Item No.66.01.**

#### **Bank-wise/ Region-wise/ Sector-wise achievements under Annual Credit Plan 2005-06 as on June 2005.**

Chairman, J&K Bank, while taking review of the sector-wise achievements of banks under Annual Credit Plan 2005-06 observed that RRBs, SFC and the Cooperative Banks have not fared well in Q1 and asked for the comments from the concerned representatives. Reacting to this the representatives of JRB and KRB clarified that so far as their individual performance viz-a-viz their annual targets is concerned, they have done better. But when all the three RRBs operating in the State are taken together, the performances comes out to be comparatively not much better, which is in fact attributed to the low achievement of EDB at 10%.

The representative of SFC informed that the Corporation is already facing scarcity of funds and have borrowed Rs.5.00 Crore from SIDBI to be financed under various sectors especially in Transport Sector.

The representative of Cooperative Banks said that the targets allocated to them are very high. But Chairman, J&K Bank clarified that generally the representatives of banks happen to be present in the fora where these targets are finalized and when they have already accepted these targets they cannot turn back now.

However, the representative of banks in general assured that the position will definitely be better in the Q2 and that they will be able to achieve their respective targets.

Commenting on the region-wise performance, the Chairman, J&K Bank said that in Q1 Kashmir region has achieved 29% of its credit allocation/ target followed by Jammu region at 25% and Ladakh at 21%. He said that Kashmir region has made highest achievement in Agriculture followed by Industries in Jammu region, while Ladakh region having done poorest in Agriculture sector.

The Commissioner/Secretary, Agriculture Production Department, commenting on the NHB experiences, raised the issue that most of the cases sponsored by NHB, involving amounts ranging from Rs.2.00 lacs to Rs.5.00 lacs, are pending for sanction with the Jammu & Kashmir Bank. Reacting to this, DGM Terr.(K), J&K Bank, informed the house that almost 50% of these cases are likely to be disbursed by the end of the current quarter and assured that by the end of December 2005, all the eligible cases will be disbursed by the bank.

#### **Agenda Item No.66.02.**

#### **Region-wise/ District-wise/ Bank-wise/ Scheme-wise performance of various banks under Government Sponsored Schemes upto June 2005.**

The Principal Secretary, Industries & Commerce, informed the house that the position of sponsored cases is absolutely dismal. He pointed out that the high rate of rejection of cases is a cause of concern for all of us. He informed that there is a district-level Committee in each district having peculiar guidelines within which they have to function. These Committees are headed by the District Development Commissioners and also represented by the Lead Bank Offices and 2 – 3 leading banks of the district, which take care of all the aspects like viability of the unit etc. But inspite of all this, the rate of rejection of the cases continues to be very high. He desired that a kind of little more in-house introspection is required to streamline the system. He said that this is not a sectoral issue, but an issue of Institutional mechanism virtually coming to a state of irrelevance, because, for instance, out of the 100 cases sponsored, it is only 20 or odd cases that actually come out to be sanctioned. He said that to correct this all a collective effort is required and that banks need to be a little more productive about accepting these cases particularly when institutional mechanism is in place where they are represented. In

case they have anything to say, they should do so in the district level forums more effectively and not at the branch level where these cases are finally sponsored. Because this causes tremendous credibility problem for the young people who want to seek loans for getting themselves employed, they go from place to place but at the end of the day they find that nothing has been done. He pointed out that this is a very serious problem and needs to be looked into in a holistic way. To overcome this problem the Principal Secretary, Ind. & Comm. suggested the SLBC to consider formation of a sub-group for looking into the causes of the rejection of cases.

Chairman, J&K Bank, stated that his predecessor had suggested the Government to nominate Recovery Officers at district level, but looking at the track record of recoveries under sponsored cases, it is obvious that no bank will be willing to lend under these schemes. He stressed that the Government should seriously look into this aspect.

Reacting to this, the Director Employment informed the house that Recovery officers are already in place, who have already started functioning. He said that recovery have begun to come in even from the districts like Poonch, Rajouri etc. where previously nobody would come to repay the bank dues. He said that Dy. Director Employment is the Assistant Collector Recoveries, which implies to PMRY and JKSES.

The District Development Commissioner, Baramulla, joining deliberations on the issue, said that as far as the District Administration in various districts of the State are concerned, we have recovered the bank dues as arrears of land revenue and the district administration are all out to support the banks. As regards the recovery under Handicrafts sector, he said that out of an overdue amount of Rs.8.38 Crore, they have been able to recover Rs.4.56 Crore during the Q1. He suggested that effecting of the recovery should be a coordinated effort between the district administration, the sponsoring agencies and the banks. He said that the motive behind dispensation of credit is to boost the economy of the State for eradication of un-employment, but simultaneously we have to ensure that these loans have to be recovered otherwise this effort gets halted because of poor recoveries. He assured that the district administrations would recover the bank dues as Arrears of Land revenue as and when required.



The Director Industries & Commerce, commenting on the aspect of recovery under Government Sponsored Scheme, i.e. PMRY & DIC cases, informed the house that now the Director Employment has been vested with the powers of Asstt. Collector Revenue for recovery purposes and the General Managers of the District Industries Centres are accompanying the Dy. Director Employments and recovery drives are being conducted so as to affect the recovery. Citing the example of District Baramulla, he informed that the General Manager, DIC has recovered Rs.5.00 lacs in these joint recovery drives. He assured the house that he will be increasing the tempo or the pressure on the loanees for recovery of the bank dues and said that simultaneously a tempo has to be built up in the sanctioning also in order to ensure that the schedule prescribed by the GOI is strictly adhered to. He said that in order to have the position improved, Sponsoring, Sanctioning, Disbursement of the cases and the recovery of bank dues has to go simultaneously.

The District Development Commissioner, Pulwama, commenting on the performance of financial institutions in the district, informed that under SGSY against a target of 361 cases 489 cases have been sponsored and out of this till now just 18 cases have been sanctioned. As regards the recovery part, he informed the house that all Revenue officers, Tehsildars, Block Development Officers have been directed to be cooperative with other departments and agencies in recovery of bank dues.

The Deputy General Manager, J&K Bank, commenting on the role of Tehsildar Recovery, said that his role is confined upto the court attachments only. As far as the other cases are concerned, Tehsildar Recovery is not involved in any process of recovery. Regarding the recovery through Employment Department, the DGM, J&K Bank, informed that some beginning has been made in District Baramulla, where the LDM has been pro-active and in fact we had circulated to other districts also the steps which have been taken by the Sponsoring agencies in recovery of the defaulted loan, so that the Employment Department in other districts also get activated for cooperating with the banks for effective recoveries. He pointed out that there has not been any visible improvement and whatever recovery has been made this has been with the efforts of banks themselves.

The Sr. Regional Manager, PNB, pointed out that the recovery amount in the individual case happens to be very meager. Citing example, he informed that in a case with outstanding of Rs.1.10 lacs or so, after referring the cases to the recovery agencies, there has been recovery of Rs.500/- per month, which does not make any difference to the loan amounts and the NPAs go on mounting with the passage of time, which is deterring the bankers from sanctioning the cases. He also pointed out that another area of concern for banks was that the quality of sponsorship is not very good.

Chairman, J&K Bank, suggested that in respect of the outstandings as on date, we could look at the possibility of forming a District Level Task Force comprising of 3-4 members, with adequate powers and a defined mandate, that can actually settle whatever the outstanding are, in a time-bound manner.

Reacting to the suggestion of Chairman, J&K Bank, the Financial Commissioner Finance observed that the Task Forces and Committees for sponsoring cases are already existing in the districts headed by the District Development Commissioners and also the new mechanism of recoveries through the Dy. Director Employment in the districts, who function under the overall control and supervision of District Development Commissioners. He suggested that the said Task Forces in their meetings should, besides discussing sponsorships, also look at the recoveries simultaneously in an integrated manner. He observed that this way the District Development Commissioners can do the job easily at their level.

Chairman, J&K Bank, upholding the suggestion of the Financial Commissioner, Finance, observed that the idea of integrated recoveries and sponsorships is a good idea, which can be pursued in the task force for better results.

*(Action: All District- Level Task Force Committees)*

### **Agenda Item No.66.03.**

#### **Performance under Handicrafts/ Handloom/ Credit-cum-Subsidy Scheme for Rural Housing Scheme as on 30<sup>th</sup> June 2005.**

Stands already discussed under the item "Follow-up of decisions of 65<sup>th</sup> SLBC Meeting".

#### **Agenda Item No.66.04.**

#### **Kissan Credit Card Scheme.**

Initiating deliberations on the issue, Chairman, J&K Bank, said that quite apart from the GOI and RBI, the Government of J&K is also very keen about the issue of Kissan Credit Cards. Commenting on the performance of banks in issuance of KCCS, Chairman, J&K Bank expressed surprise that while JCCB has issued 17857 KCCs and BCCB issued 10457 KCCs, the Jammu & Kashmir Bank has issued only 11880 KCCS. He desired the JCCB to share their success story with other banks, so that they also apply the same model. The Chairman desired to know the hurdles that the banks are facing in issuing the Kissan Credits Cards.

The representatives of banks in general pointed out that the main hurdle in issuance of Kissan Credit Cards was the non-availability of Revenue Pass Books, which is the basic requirement under the Scheme as per the guidelines laid down by RBI.

The Commissioner/Secretary, Agri. Production Deptt., joining the discussion on the issue, pointed out that there is a potential of 10 Lakh farmers who could be the applicants for issuance of KCCS and just 60000 KCCS out of the population of One Crore is not a satisfying figure.

The Chief General Manager, NABARD, informed the house that last year although the target under KCC was one Lakh each for Jammu as well as Kashmir divisions, yet the achievement was extremely low. Citing reasons for this low achievement, the Chief General Manager, NABARD pointed out that the major problem that has been discussed in this forum many a times was the non-issuance of Revenue Passbooks to the farmers by the concerned authorities. He suggested that since KCC is a kind of Cash-Credit Limit, whatever the new loans are issued by the banks under Agriculture be accommodated under this Scheme, which, he said, would definitely reduce the burden of taking documents every year. He also suggested that the existing loanees accommodated by the banks under Agriculture, should be issued KCCs. He informed that in the neighbouring States, KCCs are issued to the farmers even upto a limit of Rs.2.00 lacs. He requested the Sr. Regional Manager, PNB, to share his experience of KCC in Punjab.

The Senior Regional Manager, PNB, commenting on the difference of our State with other neighbouring States said that since the land-holdings in this State are generally on lower side, which entitles a farmer for the lower quantum advances and then the farmers do not have revenue records available, which is an essential requirement for banks,

and the farmers generally carry the feeling that for a meager amount of Rs.25000/- to Rs.30,000/- why should they subject themselves to the hectic exercise at the banks.

The Principal Secretary, Planning said that the banks should issue Kissan Credit Cards to all the agriculturists who have already been provided loans by the banks. He said that since no bank has raised any objection on this, it should be recorded as a decision. He also emphasized that district-wise target for issuance of KCCs should be fixed for banks.

The Commissioner Secretary, Agriculture Production Department, suggested to form a Sub-Committee, which will be having representation from banks, Agriculture Department and one or two District Development Commissioners, which will look into the whole issue and prescribe certain norms, which should be flexible and lenient, but within the overall guidelines. He also upheld the suggestion of Principal Secretary Planning regarding fixing of District-wise targets for KCCs.

In conclusion it was decided that:

a) Banks will issue Kissan Credit Cards to all those agriculturists who have already been provided loans by the banks.

b) A Sub-Committee having representatives from banks, Agriculture Department and 1-2 District Development Commissioners, will look into the simplification of procedures required for issuance of Kissan Credit Cards, within the overall prescribed guidelines, should be lenient and practicable in this State.

**(Action: All Banks)**

#### **Agenda Item No.66.05.**

#### **Statistical data of various banks in J&K State as of June 2005.**

The Chairman, J&K Bank, while analyzing the bank-wise Credit Deposit Ratios, expressed his dissatisfaction over the low C.D.Ratio of Public Sector Banks. He pointed out that while J&K Bank has achieved a C.D.Ratio of 50%, the State Bank of India even after huge revival is still operating below 20 – 25%. Reacting to this, the representative of SBI informed that the C.D.Ratio of his bank as of now is going up and assured the house that by the end of Q4 this year they will be able to achieve C.D.Ratio around 27%. Chairman, J&K Bank, impressed upon all the banks to substantially improve their C.D.Ratio.

**(Action: All Banks)**

## **Agenda Item No.66.06.**

### **Self Help Group (SHG).**

Chairman, J&K Bank, analyzing the achievements of banks under SHG, observed that State Bank of India has done better in this area and asked them to share their experiences with the house and inform as to where it is operational in the State.

Reacting to this, the representative of SBI informed the house that they have done best under SHG Scheme in Kathua and Jammu districts and they plan to extend the programme to Valley and are targeting it to Ladakh also.

The representative of NABARD, joining deliberations on the issue, said that the first problem that we find here is that SHGs are formed through NGOs, which we generally lack here. Secondly, in other States, RRBs and Cooperatives have become Self Help promoting Institutions (SHPI) and we must emphasize on RRBs here to become SHPIs and NABARD will provide them some assistance for that also. Thirdly, the SHG is actually related to the people living below the poverty line, particularly the women and in this State, it has been found, that women generally do not come out for taking up such programmes due to specific reasons

and also lack of awareness, that is why the Scheme is not picking up in the valley. However, in Kathua and other such districts, we have done some 500 cases last year out of which 450 cases have been credit-linked and the banks have provided credit.

**(Action: All Banks)**

**Agenda Item No. 66.07.**

**Setting up of the office of District Development Manager- NABARD.**

The CGM, NABARD, informed that through he is thankful for this proposal, but due to the administrative exigencies they are unable to set up this office here.

The District Development Commissioner, Kupwara, pointed out that this institution has been set up all over the country but the valley alone has been left out. He further pointed out that NABARD has not been deputing its representatives to attend the meetings of Rashtriya Suyam Vikas Yojna (RSVY), which are regularly being held on 15<sup>th</sup> of every month.

Reacting to this, CGM NABARD assured that this being their responsibility NABARD will be sending its representatives to attend such



meetings in all the three districts of the State where this scheme is being implemented.

However, after a brief discussion, it was observed that the issues like this can be discussed and resolved in some other meeting in future.

**Agenda Item No.66.08.**

**Scheme for Rehabilitation of Drivers and Cleaners.**

After a brief deliberation on the issue, the Scheme was adopted for implementation. However, regarding the issue of rate of interest, the bankers made it clear that it will be the Prime Lending Rate.

*(Action: All Banks)*

**Agenda Item No.66.09.**

**Providing of financial assistance of Softer Rates for Deaf & Dumb.**

The members observed that this is again the issue of softer Rates of Interest. The banks are supposed to lend at the Prime Lending Rate and for any shortfall of that rate, the banks have to be compensated.

**Agenda Item No.66.10.**

**Swarozgar Credit Card (SCC) Scheme.**

Initiating deliberations on the issue, CGM, NABARD informed the house that in view of the nil performance the targets for the banks for the current financial year under SCC have been reduced from 2000 to 1000 cases. He impressed upon the bankers to show improvement on this account.

*(Action: All Banks)*

### **Agenda Item No.66.11**

#### **Referring of cases by Branch Managers under various Govt. Sponsored Schemes.**

The item was not discussed.

### **Agenda Item No.66.12.**

#### **Points referred by Reserve Bank of India.**

(i) **Standing forum to review credit and other related issues to Industrial Development in the State of Jammu & Kashmir.**

The Regional Director, RBI informed the house that during his visit to the State recently, the Governor, RBI had assured the representatives of bankers and the chamber of Industries & Commerce that a Task Force would be set up in the State to monitor improvement in credit flow, rehabilitation of sick industrial units etc., which will have representation besides banks, from NABARD, SIDBI, representatives from Government and the representatives from Chambers of Commerce & Industries,

Srinagar & Jammu would be the special invitees. The Regional Director, RBI, said that the said Standing Forum has already been constituted and has held two meetings so far, formed sub-groups to study its terms of reference and make necessary recommendation, which will be placed in the SLBC meeting.

(ii) **Un-banked areas.**

The Regional Director, RBI informed the house that although in the previous SLBC meeting it was decided that the Lead District Managers in collaboration with the District Development Commissioners in each district, will ascertain the un-banked areas of their respective districts and apprise Reserve Bank of India. He said that so far RBI has received the list of un-banked areas from only one district, i.e. District Kupwara. He impressed upon the District Development Commissioners to forward the lists of such un-banked areas, so that RBI would be in a position to recommend to its Central Office / Govt. of India for further necessary action. The District Dev. Commissioner, Kupwara, joining the deliberations, pointed out that four branches of J&K Bank, i.e. Awoora, Hyhama, Kalaroos and Magam Handwara, were shifted during the period of turmoil and are yet to be relocated to their original places. He

impressed upon the concerned to ensure that these branches are relocated to their original places at the earliest.

**(Action: All DDCs/ LDMs)**

**(iii) High Level Participation in SLBC meetings.**

The Regional Director, RBI, stated that it was his first State Level Bankers' Committee meeting in the J&K State and he was pleased to see the level of participation. He, however, impressed upon the Government as well as the Banks to ensure senior level participation in these high level forums, so that the meetings are fruitful and result oriented.

The meeting ended with a vote of thanks to the Chair,

Chief Manager.

**Annexure-A**

**List of Participants of the 66<sup>th</sup> Meeting of SLBC (J&K), held on 21.09.2005.**

<b>S.No.</b>	<b><u>Name of Participant.</u></b> ...	<b><u>Designation.</u></b> _____
	<b><u>Chairman.</u></b>	
1)	Dr. Haseeb A. Drabu	... Chairman/CEO, J&K Bank Ltd.
	<b><u>Reserve Bank of India.</u></b>	
2)	O. P. Aggarwal	... Regional Director, Reserve Bank of India.
3)	C. L. Bhatra	... DGM, DBS, Reserve Bank of India, Jammu.

- 4) M. L. Mahajan ... DGM, RPCD, Reserve Bank of India, Jammu.

**NABARD.**

- 5) S. Mahapatra ... Chief General Manager, NABARD.  
6) P. N. Sarangal ... O/I, NABARD, Srinagar.

**Government Departments.**

- 7) B. R. Kundal ... Financial Commissioner (Finance), J&K;  
8) S. S. Kapoor ... Principal Secretary, Ind. & Commerce, J&K  
9) M. I. Khanday ... Principal Secretary, Planning Dev. Deptt. J&K  
10) K. A. Ganai ... Commissioner/Secretary, Agri. Prod. Deptt. J&K  
11) Dr. G. N. Qasba ... Registrar, Co-operatives, J&K  
12) Hilal Ahmad ... Addl. Secretary, Finance Deptt.  
13) Mukhtar Ahmad ... Additional Secretary.....  
14) Bashir Ahmed ... Director Finance.  
15) Gh. Hyder Bhat ... Director, Agriculture Deptt. (Kashmir)  
16) Vinod Bala Sharma ... Director, Agriculture Deptt.(Jammu).  
17) G. N. Boda. ... Director, Social Welfare, Kashmir.  
18) Dr. G. S. Naqash ... Director Horticulture, Kashmir  
19) N. K. Verma. ... Director, Employment Deptt.  
20) R. A. Qadri. ... Director, Handicrafts Deptt.  
21) Pawan Kotwal, ... Director, Industries & Commerce, J&K,  
22) Dr. M. A. Shah ... Director, Animal Husbandry, Kashmir.  
23) Brig. K. S. Kotwal. (Rtd.) ... Director, Sainik Welfare.  
24) H. M. Yasin ... Director, Sericulture Deptt.  
25) Inayatullah Khan ... MD, J&K Agro Industries.  
26) Mohd Aslam ... MD, J&K State Financial Corporation.  
27) K. Mohinder Singh ... MD, J&K SC/ST/OBC Corporation  
28) Irfan Yasin ... MD, SIDCO.  
29) Dr. M. C. Prabhakar ... Joint Director, Plg., Rural Development Deptt.  
30) A. K Gandotra ... Joint Director, Plg. Rural Development, Jammu

- 31) M. R. Matto ... Joint Director, Plg. Rural Dev. Deptt., Kashmir
- 32) M. S. Mattoo ... Dy Director, Handicrafts deptt.
- 33) Zahoor Ahmad ... Asstt. Director, Handlooms Deptt.
- 34) Dr.S. H. Kakroo ... Tech. officer, Sheep Husbandry, Kashmir.
- 35) Ab. Rashid ... Executive Officer, J&K Entrepr. Dev. Institute.
- 36) J. B. Singh ... Asstt. Director, National Horticulture Board.
- 37) Bashir Ahmad ... C.E.O., UDAK.
- 38) A. R. Allaqaband. ... Collector, Recovery.
- 39) R. C Sharma ... Secretary/CEO J&K KVIB
- 40) M. D. Gojwari. ... Asstt. Director KVIC.
- 41) M. R. Dogra... ... FA/CAO, Tourism Department.
- 42) G. Q. Khatana ... Div. Manager J&K SC/ST Corp.(Kashmir)

#### **District Development Commissioners.**

- 43) Asgar Samoon ... District Dev. Commissioner, Srinagar.
- 44) Abdul Majid Khanday ... District Dev. Commissioner, Kupwara.
- 45) Ajaz A. Kakroo ... District Dev. Commissioner, Baramulla.
- 46) Lateef-u-Zaman Deva ... District Dev. Commissioner, Pulwama.
- 47) Jaipal Singh ... Addl. Dy. Commissioner, Anantnag.

#### **Convenor Bank (The J&K Bank Ltd.)**

- 48) A. R. Fazali ... Executive Director,
- 49) Mushtaq Ahmad ... Executive President,
- 50) Ab. Majid Mir ... Joint General Manager (C&F);
- 51) M. A. Kanth ... Joint General Manager (Law)
- 52) N. D. Samanani ... Deputy General Manager, Terr. (Kashmir);
- 53) G. A. Beigh ... Asstt. General Manager,
- 54) Mohammad Amin ... Chief Manager, Lead Bank Department
- 55) Rafiq Ahmad Baba ... Manager, Lead Bank Deptt.
- 56) Shakeel Ahmad ... Manager, Lead Bank Deptt.

### **Public Sector Banks**

- 57) Samir Saran of India, Jammu. ... Dy. General Manager, State Bank of India, Jammu.
- 58) O. P. Gupta ... Chief Manager, SBI, Jammu.
- 59) R. K. K. ... Chief Manager, Lead Bank, SBI.
- 60) C. R. Khajuria National Bank. ... Sr. Regional Manager, Punjab National Bank.
- 61) A. K. Mota ... District Coordinator, Punjab National Bank.
- 62) Naval Gupta ... Chief Officer, Indian Overseas Bank.
- 63) Ashok Verma. ... DGM, Oriental Bank of Commerce.
- 64) K. R. N. Kutty ... Sr. Manager, Canara Bank.
- 65) S. L. Khaibri ... Sr. Branch Manager, Bank of Baroda.
- 66) Sushil Kumar Dhawan. ... AGM, Bank of India.
- 67) Vinod Jain ... Chief Manager, State Bank of Patiala.
- 68) T. R. Koshaal ... Sr. Manager, Allahabad Bank.
- 69) P. Ravi Verma ... Branch Manager, Syndicate Bank.
- 70) A. A. Allaqaband. ... Chief Manager, UCO Bank.
- 71) V. G. Pethani ... Branch Manager, Dena Bank.
- 72) P. S. Dhingra ... Sr. Manager, Union Bank of India.
- 73) C. S. Bhasin ... Regional Manager, Central Bank of India.
- 74) S. R. Hegde ... Branch Manager, Vijaya Bank, Srinagar.
- 75) Gurbux Singh ... Sr. Manager, P& S Bank, Srinagar.
- 76) P. K. Bhuyan ... DGM and CRM, United Bank of India
- 77) Sanjay Handoo ... Manager, UTI Bank, Jammu
- 78) S. .K. Raina ... Manager, Bank of Maharashtra

### **Regional Rural Banks.**

- 79) M. A. Hamdani. ... Chairman, Kamraz Rural Bank.
- 80) K. N. Sher ... Chairman, Jammu Rural Bank.
- 81) A. H. Wani. ... General Manager, Ellaquai Dehati Bank.

### **Cooperative Banks.**

- |     |                           |     |                                     |
|-----|---------------------------|-----|-------------------------------------|
| 82) | Mohd Ashraf Bhat          | ... | MD, J&K State Cooperative Bank,     |
| 83) | B. A. Zargar.             | ... | MD, J&K SCARDB.                     |
| 84) | Mohammad Amin<br>Bank.    | ... | GM, Baramulla Central Coop.         |
| 85) | F. A. Khan.               | ... | GM, Anantnag Central Coop. Bank.    |
| 86) | Anil Mehta                | ... | MD, Citizens Coop. Bank, Jammu.     |
| 87) | M. A. Bhat                | ... | Asstt. General Manager, J&K, SCARDB |
| 88) | M. Manzoor<br>Coop. Bank. | ... | Manager, Bombay Mercantile          |

**SIDBI**

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|-----|-------------------|-----|-------------------------------|
| 89) | N. Krishna Prasad | ... | Deputy General Manager, SIDBI |
|-----|-------------------|-----|-------------------------------|

**IDBI.**

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|-----|--------------|-----|------------------------------|
| 90) | Daya Krishan | ... | Asstt. General Manager, IDBI |
|-----|--------------|-----|------------------------------|

**Lead District Managers.**

- |     |                   |     |                       |
|-----|-------------------|-----|-----------------------|
| 91) | M. A. Mir.        | ... | LDM, Anantnag.        |
| 92) | F. A. Tanki       | ... | LDM Budgam.           |
| 93) | G. N. Sheikh.     | ... | LDM, Pulwama.         |
| 94) | Zahoor Ahmad Khan | ... | LDM, Srinagar.        |
| 95) | Abdul Rashid Dar. | ... | LDM, Kupwara.         |
| 96) | V. K. Gupta       | ... | LDM, Jammu.           |
| 97) | T. K.Kokiloo      | ... | LDM, Rajouri/ Poonch. |
| 98) | Riyaz Ahmad Mir.  | ... | LDM, Baramulla.       |

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