

Minutes of 68th meeting of the State Level Bankers' Committee (J&K) held on 19th January 2006 at Hotel K. C. Residency, Jammu.

The 68th meeting of the State Level Bankers' Committee (J&K) was held on Thursday, the 19th of January 2006 at 11.00 a.m. at Hotel K. C. Residency, Jammu. Mr. C. Phunsog, Financial Commissioner, Agriculture Production Department, J&K, was the Chief Guest. The meeting was attended by Mr. S. S. Kapoor, Principal Secretary, Industries and Commerce, J&K, Mr. M. I. Khanday, Principal Secretary, Planning, Mr. B. B. Vyas, Commissioner Secretary Finance, Mr. O. P. Aggarwal, Regional Director, RBI. Besides, other senior officials from the Government, Reserve Bank of India, NABARD, SIDBI, IDBI and Public & Private Sector Banks also attended. The detailed list of participants is enclosed as [Annexure-A](#).

Mr. M. A. Kanth, Joint General Manager, Convener Bank, who chaired the meeting in absence of Chairman, J&K Bank, welcomed the participants to the meeting. Thereafter, a comprehensive presentation regarding achievements of Banks/ Financial Institutions under Annual Credit Plan 2005-06 in the State, as of September 2005, was made before the house, copy of which is enclosed.

Thereafter, the Financial Commissioner, Agriculture Production Department, informed the house that the Chief Secretary could not attend because of his preoccupations with the meeting of the Unified Command and has advised him to deputize for him (Chief Secretary) in this meeting. Appreciating the presentation made by the Convener Bank before the house, the Financial Commissioner, Agri. Production Department said that banks in a welfare State are not merely the

deposit and lending machines but they have a higher social responsibility. He observed that the discussions in this meeting will signify and show whether that social objective is being met by various banks and other Government agencies.

Commenting on the overall performance of banks in the ACP 2005-06, the Financial Commissioner said that there was need to address the issue as to how to improve their performance and advised the Government Agencies/ departments to look into the question as to how they could help the banks in improving the credit deposit ratio and also recovery of loans, so that credit keeps flowing to all the sections of the society. Thereafter, the agenda items were taken up for discussion.

Confirmation of Minutes of the 66th and 67th meetings of the State Level Bankers Committee (J&K).

The Financial Commissioner asked for the comments of the members regarding the minutes of the 66th and 67th meetings of State Level Bankers Committee (J&K), which stand already circulated among the members.

The Principal Secretary, Industries & Commerce, pointed out that in the minutes of 66th SLBC meeting the figure of 13% reflected in line 3 – paragraph 3 under sub-para (ii) at page (6) should read as 30%. He also said that the last line of the second last paragraph under sub-para (ii) at page (6) of the said minutes wherein, in the context of the sick industrial units, the representative of the Industries Department has been quoted as having said in the Sub-Committee meeting dated 18.6.2005 that “*his department has sufficient funds to meet the margin money requirements*” is contradictory to the express position of the State Government from time to time and requires to be deleted.

The representative of Punjab National Bank pointed out that contents with regard to creation of corpus for tackling natural calamities in the State in the minutes of 67th (Special) SLBC meeting had been incorrectly recorded. Since the matter had already been clarified by the Convenor Bank on 24.11.2005 to Punjab National Bank in response to their communication 24th October 2005, a copy of the same was again handed over to the representative of the Punjab National Bank in the

meeting itself.

As there were no comments from any other members, the minutes of the 66th and 67th SLBC meetings with little corrections as suggested above by the Principal Secretary, Industries and Commerce, were confirmed by the house.

Follow up Action on the Decisions taken in the 66th SLBC meeting:

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

The Financial Commissioner Agriculture Production Department said that the Chief Executive Officer of the Entrepreneurship Development Institute has projected an amount of Rs.260.00 Lakh for purchase of Audio-Video equipment, establishment of two computer labs and strengthening of library facilities etc. both at Srinagar and Jammu, which should be sufficient for 15 years. He asked for the comments of the Director, EDI.

Reacting to this, the Director EDI said that he has already given the proposals in the matter and expected that banks must have examined those proposals and it was for them to respond to the said proposals. He also said that the bank-wise contribution is to be decided by the house.

The Principal Secretary I&C, highlighting the objective of setting up of the EDI in the State, informed the house that the Institute has been set up in the context that J&K lacks entrepreneurship abilities and the need for providing training to young people to take on productive ventures in the private sector has been felt. He informed the house that funds had already been received from the Government of India for construction of buildings at Jammu and Srinagar and that the State Government has also been on year to year basis financing part of the revenue expenditure and the Government expects the Institute to raise resources through training fees etc. so that over a period of 5 – 6 years the EDI

could become self-sufficient and during that period the Government would be providing this support with the Plan assistance. He said that the idea of taking help from banks was mooted in the previous meetings of the SLBC and in the 66th meeting the Director, EDI had proposed that Banks should contribute a corpus for building the EDI and after discussions and seeing the reaction of bankers it was felt that this was not a right demand to make of the banks and it was decided that bankers could be asked to sponsor some of the training programmes and give a one-time assistance for purchase of computers, library etc. which would help EDI to stand on its own feet quickly and initially bankers were quite responsive to this proposal. Now the decision to be taken by each bank is to see whether they are compatible to this proposal and whether they would be able to do something in this direction. He suggested that the bankers could go to their Managements and come back in due course – not necessarily in this meeting- so that in a systematic way we could get some commitment from the banks individually. He requested the bankers to consider financing this part of the EDI.

The Financial Commissioner desired to know the reaction of J&K Bank and State Bank of India and enquired whether they had taken any decision on this issue and whether these banks would be making any contribution for the purpose.

Mr. Kanth, Joint General Manager, J&K Bank, informed the house that the issue would be sorted out as soon as the Chairman, J&K Bank arrived and that whatever was possible would be done by the bank in this direction.

The Principal Secretary, Planning, said that the issue has been pending for the last number of months and suggested that instead of contributing money, the banks could contribute some computers, audio-visual equipment, library books etc.

The representative of State Bank of India said that normally bankers are not meant for setting up corpuses etc. Expressing his inability to commit any thing in the house, he said that the house should decide the specific amount of contribution from the banks, so that the banks could approach their respective Central Boards for specific approval, as the powers for the purpose vested with their Boards. He said that even if it is to be in kind, i.e. like contributing computers, audio-visual equipment, library etc., the house should specifically decide it.

The Regional Director, Reserve Bank of India, joining deliberations on the issue said that out of the total proposed amount of Rs.260 Lakhs a good amount would be contributed by the Government, by the Institute and from other sources and it has not been worked out as to what is going to be the gap. He said that the banking institutions may like to come forward to fulfill that gap. He also said that bankers may even won't mind contributing computers and other things for the EDI. He said that since the institute is already being run at both the places, i.e. Srinagar and Jammu and programmes are being conducted, the associate banks at decision level could work out what type of programmes are held and whether these programmes could be funded by the banks. He suggested that in case the bankers find that useful programmes are being done, they would be more willing to fund these programmes.

The Commissioner Secretary (Finance) suggested that instead of talking of a corpus, we should talk of facilitating the capacity building of the prospective beneficiaries, which he said would be in the interests of the banks also. Pointing out that against a target of Rs.238 Crore the actual achievement of banks under various Government Sponsored Programmes in the State was Rs.43 Crore he attributed the low of-take of Government sponsored schemes in the State mainly to the lack of capacity at the level of the beneficiaries. He suggested that the contribution from banks should be looked at as a facilitating contribution towards the capacity building of the beneficiaries.

The Principal Secretary, Industries & Commerce said that we should do something which is necessarily needed by the Institute for its next 4-5 years as a hand-holding support to build entrepreneurship abilities in J&K, which should be looked at as capacity building as rightly suggested by the Finance Secretary. He suggested that a Committee may look into the items that the banks can feel comfortable for financing and the Committee may also suggest other measures through which the banks can assist the EDI. Commenting on the suggestion of Regional Director, RBI that banks can sponsor candidates, the Principal Secretary Industries & Commerce said that EDI could consider organizing programmes, which by itself would be a more sustainable way of helping EDI because one of the basic functions of the EDI is to organize programmes and through financial support by sponsoring candidates they would be able to raise revenue streams and that would be more sustainable way of helping it.

The Principal Secretary, Industries & Commerce, suggested that in case the Committee is set up for this purpose, Director Industries would be nominated to represent from his side because he actually is very much in the game and he has this major component of PMRY, which is suffering primarily because there is no entrepreneurship training for the PMRY candidates on a regular basis. He said that EDI is required to become a platform for PMRY training in future and as such there was need to have a futuristic view of all this. He said that it would be feasible to take some time over it and then come up with a sound recommendation through the SLBC for the decision-making.

After thorough deliberations it was decided to set up a Committee with representatives from State Bank of India, Punjab National Bank, J&K Bank, Industries & Commerce Department and Director, EDI. The Committee will deliberate upon the issue and find out as to what portion of funds could be contributed by banks either in the form of kind or in cash, whatever they like. After working out that we could know the gap, which can be met by the Government of India/ State Government. The Financial Commissioner directed that this should be done within the next two months – well before the next SLBC meeting.

Agenda Item No. 68.01 to 68.03.

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

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

Performance under Handicrafts/ Handloom/ Credit-cum-Subsidy Scheme for Rural Housing Schemes as on 30th September 2005.

Expressing his satisfaction over the performance of banks in achieving 65% of the target as on September 2005, the Commissioner Secretary Finance pointed out the following shortcomings and desired the banks/ sponsoring agencies to focus their attention to remove these shortcomings:

(i) **Variation amongst the beneficiaries from the point of view of size of beneficiary.**

He pointed out that as against the target of Rs.1076 Crore for 230905 beneficiaries the total credit disbursed is Rs.696 Crore for 40777 beneficiaries, which is 65% achievement in financial terms and looks good, but looking at the number of beneficiaries it seems that whatever loans are disbursed, these are going to a few people only.

(ii) **Sectoral variations.**

He said that under Agriculture sector as against the target of Rs.352 Crore the amount disbursed is Rs.166 Crore, but when you look at the number of beneficiaries, it is 21000 against a target of 1,70,000, which obviously is quite dismal and is indicative of the fact that the small and marginal farmer is again not getting bank credit, which is a cause of concern for all of us. He emphasized that the average land-holding size in the State is 0.76 hectare, so 90% of our farmers are of small and marginal level and keeping these farmers out of the credit system is a very serious issue.

(iii) **Industrial Sector.**

The Commissioner Secretary Finance said that under Industrial Sector too only 2246 people are covered as against a target of 22218, which is just around 10%. The amount disbursed is of course very good, i.e. Rs.215 Crore against Rs.232 Crore, which again raises the question that the artisans, the small businessmen, the SSI unit holders are getting left out of the formal credit system.

(iv) **Government Sponsor Programmes.**

The Commissioner Secretary Finance said that the overall performance of banks under Govt. sponsored programmes is 18%, which is extremely disturbing and it is need of the hour to look into the reasons why some schemes are doing better than others. Upholding the remarks of the Principal Secretary Planning that there is a social responsibility dimension to all this and the whole concept of directed credit in banking is getting diluted. He further stated that as the figures reveal, there is a regional variation in the achievements of banks, which is again a matter of concern and needs to be looked into more carefully and minutely.

The Commissioner Secretary said that the informal credit system in terms of small SHGs and the farmers clubs is also not taking off. If the formal credit channels do not operate, then it is necessary to put in place the informal mechanism of enhancing access to credit.

Taking part in the deliberations the Principal Secretary, Industries & Commerce, said that under the Industries Sector the overall performance is well, but in terms of number of the physical coverage, the figures tell a different story. We have serious problems of credit to the industries sector, we know the bankers perspective that the recovery is bad. We have been discussing these and there have been other disturbances in the recent years.

He said that under PMRY the performance has been quite dismal even though the number of sponsored cases is high. He stressed that steps for bringing visible improvement need to be initiated, which should be felt on the ground in the next 6-months or one year.

The Director Agriculture pointed out that for small and marginal farmers there has been a nation-wide scheme called KCC Scheme, which has not taken of in the State in a way it should have and it seems that these farmers are being ignored. Referring to the deliberations of the meeting of Sub-Committee of SLBC held on 18th January 2006, the Director Agriculture informed the house that the lack of performance of the Scheme has been attributed to the following shortcomings:

- Fragmented land-holdings; and
- Mutation of land- i.e. land continues to be in the name of ancestors, etc.

He further said that in order to save the time of farmers the Sub-Committee made a recommendation that the Junior Agriculture Assistants will assist the farming community while sponsoring their cases to banks in obtaining NOCs from banks. In this context he requested all the banks to cooperate with the Agriculture Department in encouraging the small and marginal farmers in receiving the credit through KCC scheme. He also requested that all the banks should ensure that the crops financed by them are properly insured under National Agriculture Insurance Scheme (NAIS).

Taking part in the deliberations, the Director Handicrafts pointed out that in one of the previous SLBC meeting various aspects of Handicrafts sector were discussed and in view of the bankers concern that under this sector NPAs of banks are increasing, the issue was discussed with the Ministry of Textiles, who came forward with the Credit Guarantee Fund Trust (CGFT) for providing Credit Guarantee to the bankers for which the Government Of India has allocated an amount of Rs.4.00 Crore for the State of J&K and J&K Bank which is the lead bank in the State were requested to become members of CGFT. J&K Bank came forward and the first instalment of Rs.37.00 lacs was released to them so as to encourage the banks to enhance credit flow to the Handicrafts

Sector. He, however, said that till date only Rs.2.50 Lakh out of Rs.37.00 Lakh have been utilized by the Bank, and as a consequence of poor response from the banks and non-utilization of this fund, the Government Of India, has slashed down the allocation.

The Director Handicrafts further pointed out that in the last meeting the Chairman, J&K Bank had agreed to conduct a study the outcome of which was to be placed before the house but that has not been done. He said that the J&K Bank has not taken any measures in making the other bankers aware about the scheme.

The Director Handicrafts said that under the Scheme the Government is providing 5% interest subsidy and no bank can claim that the government has defaulted in paying that interest subsidy. He requested the J&K Bank to utilize this money available with them on account of Credit Guarantee Fund, which he said would encourage the banks to increase credit flow to the artisans.

The Regional Director, Reserve Bank of India suggested that the Industries Department should hold seminars for mass awareness of the schemes available with them where all the bankers should also be called, which he expected would give much better results.

The principal Secretary, Industries & Commerce, appreciating the Director Handicrafts for having made a good presentation of the problems under Handicrafts Sector also acknowledged the banker's perspective that the recovery in handicrafts sector has been poor. Giving the background of the Scheme he informed the house that in the year 2000 RBI had issued a direction to banks not to insist for any collateral security for loans upto Rs.5 Lakh in the Tiny Sector. Notwithstanding that circular it was in the year 2003 or 2004 that RBI in consultation with Government Of India came up with the Credit Guarantee Fund Scheme. The Scheme has been devolved primarily in response to the problem of collateral security in the tiny sector especially and as a follow-up of that decision the provision of budget allocation has been made in the Government Of India budget. J&K Bank has been nominated as the nodal agency for this – money has been transferred to them. But inspite of this the scheme is not picking, which is a matter of concern.

The Financial Commissioner, Agriculture Production Department,

upholding the suggestion of Regional Director, Reserve Bank of India and as already desired by him in the previous SLBC meeting, suggested that J&K Bank, being the Lead Bank and the major lender in the State, which we have to be proud of, should organize a seminar where besides others, all the bankers should also be invited, so that every body is aware of this scheme in order to make the loaning possible to the tiny sector i.e. Handicraft, Handloom as well as Khadi and Village Sector.

The Principal Secretary, Planning, suggested that in addition to the proposed seminar the concerned Government agencies and the banks should organize the loan-melas where they should sanction loans under the Scheme on spot to make the initial break-through.

The Financial Commissioner, Finance, upholding the suggestion of Principal Secretary, Planning, said that a loan mela, in the nature of a road show, where on revolutionary basis each bank would provide loans on the spot, under the single window, needs to be organized with the joint effort of the banks, the Director Handicrafts, and the Director Handlooms keeping in view the situation that the State has gone through during the last 15 years. This, he said, would send good message to the industry as well as the banking community.

Mr. M. A. Kanth (Convenor Bank) informed the house that Chairman, J&K Bank had planned to call a meeting of the bankers and the Director Handicrafts to discuss the issue but the said meeting could not materialize because of the weather problems. He said that the meeting will be called and ways and means will be sorted out to find out what best can be done.

The representative of SIDBI informed the house that as per the latest figures under CGTSI 32900 cases have been settled all over India for an amount of Rs.7.25 Crores, out of which the J&K Share is 520 cases with Rs.3.75 Crores. He said that the J&K Bank has done about 304 cases,

PNB-145 cases and SBI-30 cases. He reiterated the promise made by him in one of the SLBC meetings held at Srinagar that SIDBI is ready to conduct a workshop/ propagation pertaining to the CGTSI with the help of any of the bankers including J&K Bank. He, however, informed the house that because of the problems in J&K State the One-time Guarantee Fee has been reduced from 2.5% to 1.5% for J&K State only.

The Principal Secretary, Planning, reacting to the comments of the representative of SIDBI about the situation prevailing in J&K State, said that we should not allow the situation to put us down and instead there was need to respond to the situation so that we are able to carry the people along and give them the feeling that they are our people and we are here to help them.

Upholding the observations of Principal Secretary, Planning, the Financial Commissioner, Agriculture Production Department said that this spirit needs to be imbibed by all the credit rendering institutions in the State. **He further said that, as a mid-course correction, a small Committee comprising RBI, NABARD, General Manager, J&K Bank (as the lead bank in the J&K State), State Bank of India, Punjab National Bank, Director Handicrafts, Director Industries & Commerce and Director, Agriculture, under the Chairmanship of Commissioner Secretary, Finance, be set up, which he said, would find out ways to take the targets higher and also make some suggestions as to how to really improve the situation. It was decided that this Committee would meet and give their suggestion before the next meeting.**

The Director, Industries, joining deliberations, stated that Last year achievement was 1623 units against the sponsorship of 4028 cases. This year upto November against the target of 3000 the department has already sponsored 4267 cases. Pointing out that generally the sponsorship of cases happens to be two and a half times more than the target, the Director Industries said that out of 4267 cases so sponsored the banks have sanctioned 877 cases and disbursed 722 cases by end of Nov. 2005, leaving a gap between the sanctioned and the disbursed

cases. About 561 cases are with the banks, which are sanctioned and are pending disbursement, out of which J&K Bank-289 cases, SBI-235 cases, PNB-58 cases, P&S Bank-13, UCO Bank-11, BOB-1, CBI-10 and 2 & 3 cases with Central Cooperative Banks and others. He requested that this gap should be reduced.

The Director Industries said that even after the cases are sanctioned, the banks do not disburse these unless the candidate is trained, for which the training money comes from the Government Of India but is routed through the Director Employment, who places this money with the General Manager, DIC through the District Plan and then the training is conducted in various institutes like in the EDI. He requested that the training money should be actually routed through the Directorate of Industries who is handling this subject, or else the money should directly go to the General Managers of DICs. He requested the house to make specific recommendation in this regard.

Reacting to this, the Principal Secretary Planning said that since it is the plan money, the matter has to be dealt with his department.

Regarding fixing of targets the Director Industries & Commerce further said that his department fixes the target and distributes it amongst various districts, but thereafter they receive another target from the Directorate of Employment, which are either lower or are different from those fixed by Industries Department, which creates confusion. He, as such, requested that fixing of targets or routing of training money should be done through the Director Industries Department so that it would be properly handled.

He also pointed out that some times the Bank Managers, either due

to lack of familiarity with the Schemes or some other reason insist on certain guarantees, which are not provided in the scheme, i.e. banks insist for collateral securities in the PMRY cases. Citing instances, he said that in Budgam district some banks ask for two sureties who would be Government servants, then only he would get PMRY loan, which is not provided in the Scheme. He requested the forum that all the provincial heads of banks should send directions to their Branch Managers that they should not ask for any of such guarantees. He suggested that the proposed Seminar be held by the banks at the district level, so that the General Managers of DICs and the Bankers also happen to be present there and who are familiar with the provisions of the Schemes.

Mr. M. A. Kanth of the Convenor Bank suggested the Director Industries to send a communication to the Convenor Bank pointing out therein specifically which bank and where has resorted to this practice, so that the matter would be looked into and sorted out.

The Principal Secretary, Industries & Commerce, upholding the contention of Director, Industries & Commerce, said that the banks should not ask for those securities that are not actually provided under the schemes. He desired that the banks should emphasize to their Branch Managers that they should not ask for any thing, which is outside the guidelines of the Scheme.

Joining the deliberations, the District Development Commissioner, Kathua, while supporting the views of Director Industries & Commerce said that in case of Self Employment Schemes also the general complaint among the people is that the banks are insisting for collateral securities as well as security from the Government employees. He said that the gap between the sanctioned and disbursed cases should be minimized.

The representative of KVIB said that the cases are sanctioned by the Banks but remain undisbursed for quite a long time He said that presently some 168 cases of his department are pending for disbursement with the Banks. He also requested the house to fix the time frame for disposal of the cases.

Mr. M. A. Kanth, JGM (Convenor Bank) said that specific details of the cases pending with the banks in the matter be forwarded to the Convenor Bank, so that the same are looked into and sorted out.

Commenting on the pendency of cases and fixing of a time frame for disposal of the cases, the Regional Director RBI impressed upon the bankers to ensure that no cases are allowed to be kept pending with the banks beyond a period of 15-20 days without any reason. He also requested the sponsoring agencies to forward the lists of those cases, which are reported to be sanctioned but are pending disbursement to the concerned banks with copies thereof to Reserve Bank of India, so that RBI could take up the matter with the concerned banks.

The Commissioner Secretary Finance pointing out low performance of banks under the Rural Housing Scheme impressed upon the banks to prioritize the said scheme also alongwith the other schemes like Handicrafts and Handlooms.

The representative of National Horticulture Board informed the house that his department has sponsored 86 proposals under the Scheme "**Development of Commercial Horticulture**" to different banks in the State, but said that the response has been very poor from the banks. Expressing the desire that more than 4000 cases should be sanctioned from this State, he requested the bankers to take all necessary measures on this account.

Reacting to this Mr. Kanth of the Convenor Bank, pointed out that there have been some communication problems in the matter. He said that as already informed to the National Horticulture Board vide Convenor Bank's letter No. LB/68-SLBC/2005-494 dated 30.12.2005, the Board was supposed to send the cases to the District Managers/ District Coordinators of the banks so that the cases could have been allocated to the branches as per their service areas, but instead the Board has directly sent the cases to different bank branches irrespective of the service areas and thereby the cases of one district have gone to the bank branches operating in some other district. However, he impressed upon the bankers to dispose of the cases under the captioned scheme at the earliest.

Agenda Item No : 68.04.

Kissan Credit Card.

Initiating deliberations on the issue, the Commissioner Secretary Finance pointed out that as against the target of 135189

cards set for the State for the current financial year the banks have issued just 6200 cards, which is a serious issue. He pointed out that in one of the last SLBC meetings it was decided that since most of the farmers in J&K State are very small and marginal with just 0.76 hectare of land holdings, as such the banks will issue KCCs on the strength of the mere certificate authenticated by Patwaris and Sarpanches. He desired to know whether the same has been implemented by the banks.

Reacting to this, Mr. Kanth of the Convenor Bank informed that the said decision is already being implemented but that is applicable upto Rs.5000/- only. He also informed the house that in pursuance of the decision taken in the 66th SLBC meeting regarding simplification of procedure related to issuance of KCCs in the State, a meeting of the Sub-Committee was held on 18th January 2006, where the problems generally faced in issuance of the KCCs in the State, were discussed at length and the following recommendations were made:

- (i) Considering the fact that the non-availability/ updation of the revenue records has been the major impediment in issuance of the KCCs by banks in the State, it was suggested that the Revenue Authorities would prepare and publish Village-wise authenticated lists of land-holdings, which would facilitate issuance of Kissan Credit Cards by banks in the State;
- (ii) In order to relieve the individual farmers of the burden of obtaining NOCs from all the banks/ financial institutions, it was agreed that the designated officers from the Agriculture Department would obtain the NOCs themselves before sponsoring the cases to different banks.

However, the Principal Secretary, Planning said that publishing of Village-wise authenticated lists by the Revenue Authorities does not seem possible. He said that Patwaris are supposed to issue individual revenue records to the farmers.

The recommendation (ii) made by the Sub-Committee that *"In order to relieve the individual farmers of the burden of obtaining NOCs from all the banks/ financial institutions, it was agreed that the designated officers from the Agriculture Department would obtain the NOCs themselves before sponsoring the cases to*

different banks" was adopted by the house for implementation. However, the Financial Commissioner, Agri. Production Department stated that the main issue here is the difficulty in getting revenue records which comes in the way as an impediment. He suggested that this issue also needs to be deliberated upon and sorted out in the meeting of the Committee headed by the Commissioner Secretary (Finance), for which the Revenue Secretary should also be invited. He further suggested that the Divisional Commissioner should also be invited to participate in the next SLBC meeting.

Agenda Item No.68.05.

Statistical data of various banks in J&K State.

Initiating deliberations on the issue, the Regional Director, RBI informed the house that on redefining/ reworking of the CDR a Committee was constituted under NABARD who has already worked out a number of measures, which is expected to bring improvement in the matter. These measures are:

- The C.D.Ratio of Banks should be monitored at different levels on the basis of the following parameters:

Institution/Level	Indicator
Individual banks at Head Office	Credit as per place of utilization + Total Resource Support provided to States under RIDF
State Level (SLBC)	Credit as per place of utilization + Total Resource Support provided to States under RIDF
District Level	Credit as per place of sanction.

- Districts having CDR between 40 to 60% will be monitored under the existing system by DLCC,
- In the districts having CDR less than 40%, Special Sub-Committees (SSCs) of DLCC may be set up to monitor the CDR, and
- The Districts with CDR of less than 20% needs to be treated on a special footing.

The Regional Director, RBI further informed that the Doda, Poonch and Rajouri districts are having CDR less than 20%. Jammu, Kathua, Udhampur and Kupwara districts are having 20-40%, Anantnag, Baramulla, Pulwama and Srinagar districts are having a CDR of above 40%.

It was decided that the Lead Banks in each district will frame out the requisite Committees to monitor the Credit Deposit Ratio as per the information provided by the Regional Director, RBI as well as the RBI guidelines which stand circulated vide RPCD.LBS.BC. No.47/02.13.03/2005-06 dated 9th November 2005.

Agenda Item No: 68.06.

Section 14 of the SARFAESI Act.

The representatives of banks informed the house that in terms of the Securitisation and Re-construction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) the powers to take possession of secured assets for further action by the banks and financial institutions for sale or reconstruction has been vested with the District Magistrates, who do not provide any prompt assistance or cooperation to the banks on this account, and as a result the matter gets delayed and the desired objectives of the Act are not fulfilled.

After thorough deliberation it was decided by the house that through a circular to be issued by the Finance Department, J&K Govt., the District Magistrates should be asked to cooperate for prompt implementation of the SARFAESI ACT.

Agenda Item No. 68.07.

Enhance access by Small Farmers / Marginal Farmers and Landless farmers to formal credit.

Initiating deliberations on the issue, the Regional Director, RBI informed the house that the small and marginal farmers are facing difficulties in getting credit facilities from the banks and in order to overcome this, the Government Of India in collaboration with RBI have suggested certain measures, so that these farmers are covered under the credit system by issuing some Credit Card type facility. In this context the Government Of India has come up with some innovate schemes like "Bhumiheen Credit Card" whereunder a loan facility upto Rs.25000/- could be provided. He also informed that there are some other schemes, which are sponsored through Self Help Groups. He suggested that similar schemes could be considered for J&K State also.

The Commissioner Secretary (Finance) said that all these schemes are very innovative and are working on the field in some State and suggested that since the formal credit channels have little outreach, we should take help from informal channels like SHGs, Farmers Clubs etc. for extending credit to the small, marginal and landless farmers. He also said that the innovative schemes, which are context-specific and relevant to the conditions of the State, need to be considered.

After brief deliberations the house decided setting up of a small Committee comprising representatives from Reserve Bank of India, NABARD, J&K Bank Limited, Punjab National Bank and State Bank of India, which shall be convened by the Director Agriculture, to suggest some innovative Schemes, adopting any one of them or devising some newer schemes for the purpose.

Agenda Item No: 68.08.

Reserve Bank of India Points:

(1) Review of progress of "Credit Linked Capital Subsidy Scheme for Technology upgradation of SSI."

The Regional Director, Reserve Bank of India informed the house that the Scheme has been doing good in all other States, but J&K State is lagging behind. He said that the Government Of India has extended this scheme upto 31st March 2007 and that extension needs to be made use of in this State. Pointing out that the achievement of banks under Industrial Sector in the State has been around 90% of the set target, the Regional Director expressed his optimism that the Scheme should pick up in the State as it is linked with the Industrial Credit.

The Financial Commissioner, Agriculture Production Department suggested that the Industries Department should conduct awareness programmes for popularizing the scheme.

Reacting to this the Principal Secretary, Industries & Commerce, desired that SIDBI taking lead in the matter should organize at least 3-4 inter-active sessions not only with the Directorate Officials at the level of General Managers, but also with

the Industry representatives, Associations Presidents as well as some entrepreneurs, both at Jammu and Srinagar. He said that the first of such seminars should be organized at Jammu in the month of March - prior to the Darbar Move, wherein he expressed his desire to participate.

(2) Implementation of Policy Package for stepping up of credit to Small and Medium Enterprises - Announcements made by the Union Finance Minister.

The Regional Director, RBI informed the house that the Union Finance Minister in his Budget speech has laid lot of emphasis on the role of Small and Medium Enterprises and the need for financing them. He said that RBI has accordingly circulated the policy package for stepping up credit to small and medium enterprises vide their Circular letter No. RPCD.PLNFS.BC.NO.35/06.02.31/2005-06 dated August 25, 2005 (copy enclosed). The brief details of the same were read before the house.

(3) Implementation of Recommendations of Expert Group on Credit Deposit Ratio.

Stands already discussed under Agenda Item No.68.05.

(4) Implementation of decisions taken for improvement of the PMRY Scheme in the meeting held on 16.09.2005 under the Chairmanship of the Secretary (SSI & ARI) at New Delhi.

Stands already discussed under Agenda Item No. 68.01 to 68.03.

(5) Providing the data (target and achievements) relating to Non-priority Sector under ACP and submission of recovery position under various Govt. sponsored schemes.

The Regional Director, RBI advised the banks to submit their achievements under Priority / Non-priority Sectors as well as the position of Recoveries under NPAs under various Government Sponsored Schemes, from the quarter ended December 2005 to the Convenor, SLBC, so that the same could be deliberated in future SLBC meetings in prescribed proforma (Given under

Annexure-C and D).

Agenda Item No.68.09.

Inter-Sectoral/ Inter-district various found in the performance of banks under AAPs.

The issue was discussed under Agenda Item No. 68.01– 68.03 here in before.

The house impressed upon the banks to forward to the Convenor, SLBC the reasons for their poor performance in various sectors (district-wise) alongwith their relevant statements of their respective achievements under Annual Action Plan / Sponsored Schemes.

Agenda Item No.68.10.

Achievement under SHG and SCC Schemes.

Self Help Group (SHG).

The Commissioner Secretary, Finance, in the context of the earthquake in Kashmir, informed the house that the question of coordinating NGOs was discussed with the member Planning Commission Mrs. Syeda Hamida Ji, who agreed to organize the meeting of NGOs in Delhi keeping in view that the National NGOs can operate in a way in which the local NGOs are strengthened. Hailing the efforts put in by the NGOs recently in the Earthquake affected areas of Kashmir, the Commissioner Secretary Finance said that there were tremendous possibilities of working through NGOs to create SHG.

Joining deliberation on the issue, the Principal Secretary, Planning informed the house that the NGOs are being handled by the Social Welfare Department, who possess records of all the NGOs. He desired that there was need to work in tandem in order to help organize the workshop.

The General Manager, RBI Mumbai, sharing her concern on the issue, said that the NGOs and SHG are very important in developing finance system. She further said that dispensation of credit with the involvement of NGOs and SHGs has recorded a very good recovery rate, i.e. about 90%, especially through women NGOs and SHGs. Quoting from her previous experience that there was a very low awareness level about the role of SHGs in the industrial representatives, the General Manager, RBI stressed the need for activating NGOs/ SHGs

in the State of J&K in a big way.

The Financial Commissioner, Agriculture Production Department said that the Social Welfare Deptt can catalyze formation of NGOs and desired the need to involve the Rural Development Department, Handicrafts Department and Agriculture Department in the effort.

Swarozgar Credit Cards.

Initiating deliberations on the issue, the representative of NABARD pointed out before the house that progress under Swarozgar Credit Card (SCC) Scheme in the State is almost dismal and said that there was lack of awareness among the people.

The Financial Commissioner, Agriculture Production Department, J&K suggested that the Scheme should be propagated and popularized in the State through electronic or print media so as to explain the scheme and its benefits to the people.

Reacting to this the Director, Handicrafts Department, invited attention of members to some Radio Programme launched by the Jammu and Kashmir Bank and said that the SCC Scheme could be popularized among the general masses through the said Radio programme.

Summing up deliberations on the issue, Mr. M. A. Kanth, Chairman of the meeting, said that the Radio programme is being broadcast, on Saturdays and Sundays only from Radio Kashmir, Jammu, and Srinagar, respectively and said that the possibilities of covering the SCC programme would be looked into.

Agenda item No: S-68.01.

Rescheduling repayment of loans, waiver of compound/penal rate of interest in the areas affected by recent Earthquake.

The Commissioner Secretary, Finance Department initiating the deliberations on the agenda item said that after earthquake hit the State there was the need for rehabilitation of the affected families in terms of providing them temporary shelter, which phase is over. Regarding permanent shelters, the Commissioner Secretary Finance informed the house that Government has already announced a financial package for the re-construction of

residential units, which work will begin after the winter is over, for which he said that Earthquake-resistant technology would be used.

He said that the rehabilitation programme consists of building of livelihood as well as building of business. He informed the house that when Hon'ble Prime Minister had come here to assess the loss caused by earthquake, the deputation of people from Karnah submitted a memorandum to Prime Minister for special package for revival of business units particularly trading units and other small business units who have obtained financial assistance from banks and other Financial Institutions.

He said that during his tenure in Rural Credit Deptt. Government of India, his understanding to the RBI circular regarding standing guidelines on natural calamities/ disasters was to consider re-schedulement of repayment of loans, waiver of penal interest etc. only for agriculture loans while as the instant requirement is in respect of loans raised under business sector. He said the Government has mobilized Lok-Adalats in all the villages to issue on-the-spot instructions and directions and one of the directions relate to re-phasing of repayment of loans, waiver of compound and penal rate of interest. He informed that the demand for the loan waiver has been categorically turned down by the Government. He said that the issue was also raised by large number of MLA's in the recently held assembly session and that is why it was flagged for the consideration of SLBC

The Regional Director, RBI clarified before the house that the RBI guidelines regarding the rescheduling, repayment of loans and waiver of compound and penal rate of interest in the areas effected by the natural calamities are already in vogue.

The General Manager, RBI, Mumbai joining the deliberations on the issue, informed that RBI Circular very clearly states that not only agriculture but Artisans and Self Employed persons are also covered under the RBI guidelines. She pointed out that no database regarding relief measures carried out by the Government/ banks in the earth-quake affected areas is available and desired that SLBC in coordination with Government should ensure that the said data is made available.

After thorough deliberations on the issue it was decided that RBI

guidelines regarding relief and rehabilitation of earthquake affected people in J&K should be reiterated to all the District Dev. Commissioners/ Banks by SLBC / Finance Department for speedy implementation.

Agenda item No: S-68.02.

Standing forum to review Credit & others related issues to Industrial Development in J&K.

The Regional Director, RBI, initiating the deliberations on the issue, informed the house that in pursuance of the decision taken during the deliberations held between the Governor, Reserve Bank of India, the Chief Minister of J&K State and a select SSI Associations on May 05, 2005, a Standing Forum “ **to review Credit and other issues relating to Industrial Development in J&K**” was constituted. He said that the Forum held three meetings to make concrete proposals/ suggestions on the terms of reference for effective deliberations and recommendations to the SLBC and in its meeting held on December 22, 2005 the forum has finalized its recommendations, which have been forwarded to the Convenor SLBC for circulation among all the member banks to enable them to go through the same thoroughly and in case there are any suggestions on the issue/s, same should be forwarded to the Convenor, SLBC, so that the same are placed along with the recommendations of the Standing Forum in the next SLBC meeting for thorough discussions/ deliberations by the house and making necessary recommendations to the concerned authority

Taking part in the deliberations, Principal Secretary, Industries & Commerce, suggested that RBI should circulate these recommendations to all the member banks enabling them to go through the same thoroughly and in case there is any suggestion on the issue/s same should be forwarded to RBI for deliberations in one more meeting of the Standing forum to be called in the month of March this year. He said the final recommendations should then be placed in the SLBC meeting for thorough discussions/ deliberations. The Regional Director, Reserve Bank of India agreed to this suggestion.

The meeting ended with a vote of thanks, which was presented by the Deputy General Manager, State Bank of India.

Annexure-A

List of Participants of the 68th Meeting of SLBC (J&K), held on 19.01.2006.

S.No. **Name of Participant.** ... **Designation.** _____
_____ S/Shri

Chief Guest.

1) C. Phunsog ... Financial Commissioner
(Agriculture), J&K.

Chairman.

2) M.A. Kanth ... Joint General Manager, J&K Bank
Ltd.

Reserve Bank of India.

3) O. P. Aggarwal ... Regional Director, Reserve Bank of India.
4) Smt. R. Sebastian ... General Manager, RBI, C.O.

- Mumbai
- 5) M. L. Mahajan ... DGM, RPCD, Reserve Bank of India, Jammu.
- 6) R. B. Gupta ... AGM, Reserve Bank of India, Jammu.
- 7) P. S. Rawat ... Research Officer, Reserve Bank of India, Jammu.

NABARD.

- 8) S. Mahadevan ... Dy. General Manager, NABARD.
- 9) Sohan Premi ... AGM, NABARD, Jammu

Government Departments.

- 10) S. S. Kapoor ... Principal Secretary, Ind. & Commerce, J&K
- 11) M. I. Khanday ... Principal Secretary, Planning Dev. Department, J&K
- 12) B. B. Vyas ... Commissioner/Secretary, Finance Department, J&K
- 13) G. R. Bhagat ... Director, Rural Development, Jammu
- 14) G. A. Peer ... Director, Rural Development Department, Kashmir
- 15) Mohammad Yousuf Dar ... Director, Employment Department
- 16) R. A. Qadri. ... Director, Handicrafts Department
- 17) Nirmal Sharma ... Director, Handlooms Department
- 18) M. Farooq Hakak ... Director, Agriculture Department (Jammu).
- 19) M. S. Qasba ... Director Horticulture, Kashmir.
- 20) Mohd Ashraf Khan ... Director, Sericulture Department,
- 21) Dr. M. I. Parray ... Director, J&K, EDI.
- 22) V. C. Sharma ... MD, J&K SC/ST/OBC Dev. Corporation
- 23) R. C Sharma ... Secretary/CEO J&K KVIB
- 24) Trilok Chand ... Dy. Director, KVIC, Jammu
- 25) Naveen Kumar Sharma ... Div. Manager J&K SC/ST/OBC Corp.
- 26) J. L. Sharma ... Chief Horticulture officer, Jammu
- 27) R. K. Gupta ... Dy. Director, Local Bodies, Jammu
- 28) Hilal Ahmad ... Addl. Secretary, Finance Department
- 29) Irshad Ahmad ... Addl. Secretary Law Department

- 30) Pardeep Kumar ... Under Secretary, Home Department.
- 31) Verinder Slathia ... AC(R), Udhampur.
- 32) J. B. Singh ... Asstt. Director, National Horticulture Board, GOI.
- 33) Ashok Yadav ... AO, Agriculture Insurance Company of India
- 34) P. S. Ganai ... Information officer.

District Development Commissioners.

- 35) Pradeep Gupta ... District Development Commissioner, Kathua.

Convenor Bank (The J&K Bank Ltd.)

- 35) N. A. Koul ... General Manager**
- 36) S. D. S. Jamwal ... Dy. General Manager,
- 37) R. K. Sharma ... Assistant General Manager.
- 38) Mohammad Amin ... Chief Manager.
- 39) Shakeel Ahmad ... Manager.
- 40) Riyaz Ahmad ... Manager.
- 41) Zameer A. Qadri ... Manager.

Banks/ FIs

- 42) Samir Saran ... DGM, State Bank of India, Jammu.
- 43) R. K. Koul ... Chief Manager, State Bank of India.
- 44) C. R. Khajuria ... Zonal Manager, Punjab National Bank.
- 45) A. K. Mota ... District Coordinator, Punjab National Bank.
- 46) Ashok Verma. ... DGM, Oriental Bank of Commerce.
- 47) V. K. Sharma ... Sr. Manager, Oriental Bank of Commerce.
- 48) A. K. Nayar ... AGM, Canara Bank, Regional office, Jallundhar.
- 49) S. L. Khaibri ... Sr. Branch Manager, Bank of Baroda.
- 50) Ashok K. Devedi ... Sr. Manager, Indian Overseas Bank.
- 51) D. K. Nayyar ... Chief Manager, Bank of India.
- 52) Nagar Mal Karotra ... State Bank of Patiala, Srinagar,

	Camp office Jammu		
53)	R. K. Gupta Jammu.	...	Chief Manager, Allahabad Bank,
54)	R. K. Bhasin Jammu.	...	Sr. Manager, Allahabad Bank,
55)	Balram	...	Branch Manager, Syndicate Bank.
56)	A. K. Kaul	...	Sr. Manager, UCO Bank, Jammu.
57)	Surinder Singh Jammu	...	Branch Manager, Central Bank of India,
58)	Jagat Ram	...	Manager, Vijaya Bank.
59)	Anil Mehta	...	Manager Canara Bank.
60)	Prem Singh Jammu.	...	Group Manager, P& S Bank,
61)	Sanjay Handoo	...	Manager, UTI Bank, Jammu
62)	A. K. Sachdewa	...	Manager, Bank of Maharashtra
63)	Yadvender Dogra Jammu	...	Branch Manager, ICICI Bank,
64)	Pankaj Soin Jammu	...	Branch Manager, HDFC Bank,
65)	Shailender Sharma	...	Sr. Executive, BOP Ltd.
66)	D. K. Dhar	...	Sr. Manager,.....
67)	M. Aslam	...	MD, State Financial Corporation.

Regional Rural Banks.

68)	K. N. Sher	...	Chairman, Jammu Rural Bank.
69)	S. Koul	...	Sr. Manager, Jammu Rural Bank.
70)	I. K. Raina	...	Area Manager, Ellaquai Dehati Bank.

Cooperative Banks.

71)	B. A. Lone	...	DGM, Baramulla Central Coop. Bank.
72)	Rattan Lal Raina Bank.	...	AGM, Anantnag Central Coop.
73)	Anil Mehta	...	MD, Citizens Coop. Bank, Jammu.
74)	N. A. Handoo Cooperative Bank.	...	General Manager, J&K State

SIDBI / IDBI

75)	N. Krishna Prasad	...	Deputy General Manager, SIDBI
76)	Daya Krishan	...	Asstt. General Manager, IDBI

Lead District Managers.

- 77) Zahoor Ahmad Khan ... LDM, Srinagar.
78) Mohd Akbar Mir ... LDM, Anantnag.
79) G. N. Sheikh. ... LDM, Pulwama.
80) T. K.Kokiloo ... LDM, Rajouri/ Poonch
81) V. K. Gupta ... LDM, Jammu.
82) Tarsem Kumar ... LDM, Kathua
