

Minutes of 69th meeting of the State Level Bankers' Committee (J&K) held on 15th of June 2006 S.K.I.C.C., Srinagar.

The 69th meeting of the State Level Bankers' Committee (J&K) was held on 15th of June 2006 at 11.00 A.M. at S.K.I.C.C., Srinagar. While the meeting was presided over by Dr. Haseeb A. Drabu, Chairman, J&K Bank (Convener Bank), Mr. C. Phunsog, Hon'ble Chief Secretary, J&K State was the chief guest. 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 of the meeting and made a power-point presentation before the house giving an overview of the achievements by the banks in the State of J&K as on 31st March 2006.

In his overview of the entire credit off-take in the State during the year 05-06, the Chairman informed the house that the banks have lent/advanced an amount of Rs.2077 Crores in the State during the year ended March 2006, out of which Rs.1167 Crore has gone to priority sector and about Rs.910 to the Non-priority Sector. This indicates that the priority sector lending in the State is more than the non-priority sector. Though the SLBC tends to focus on the priority sector, the Chairman urged upon the banks to look at the non-priority sector as well, which presents huge opportunities for lending.

In terms of the regional distribution, he informed that out of the total credit of Rs.2077 Crore, Jammu region has got about Rs.875 Crore thus accounting for 42% of the total credit, (Rs.604 Priority and Rs.271 Crore Non-priority), Kashmir about Rs.1165 Crore, which is 56% of the total credit (i.e. Rs.539 Crore under Priority sector and Rs.626 Crore Non-priority sector) and Ladakh about Rs.37 Crore, which is 2% of the total credit and comprises of Rs.24 Crore in Priority and Rs.13 Crore in Non-priority sector.

Performance analysis of Priority Sector lending.

Commenting on the performance of banks in the State under Annual Credit Plan 2005-06, the Chairman stated that against a target of Rs.1076 Crore banks have disbursed an amount of Rs.1167.90 Crore, which is 108% of the financial target. However, it is little lesser than the last year's achievement of 115%. The Chairman pointed out that so far as physical targets are concerned, the achievement has been only about 35%, as only 80,000 beneficiaries have been covered against the target of 2,30,905 beneficiaries. He said that it has been a general tendency in the State that while the targets are over achieved in financial terms, the targets are not achieved in respect of physical terms, which reflects the manner of ticket-size lending in the State.

Looking at regional off-take, the Chairman said that the target for Kashmir fixed at Rs.637 Crore, has not been fully achieved and instead only Rs.539 Crores were disbursed during the period. The target for Jammu was Rs.420 Crore, which has been over achieved at Rs.604 Crore and similarly in Ladakh region also the target of Rs.18 Crores has been surpassed showing an achievement at Rs.23 Crores.

Analyzing region-wise growth the Chairman said that the credit of-take in Kashmir region has grown at 1.8%, Jammu at 14% and Ladakh by 4%. The Jammu growth is entirely driven by SMEs (Small & Medium Enterprises) in Industrial Sector and not the Agriculture and Service sector.

Analyzing the pattern of the target fixation, the Chairman said that the Agriculture Sector was targeted to get 33% of the total credit of-take, Services 45% and Industries about 22%, but the actual achievements indicate that the Services and the Industries sectors have got a much larger share at 150% and 118% respectively, as against 68% in Agriculture.

Analyzing sector-wise achievements under the priority sector, the Chairman intimated that the targets fixed for Agriculture Sector have not been met, whereas under Industries & Services Sectors the targets have been over achieved. The Chairman pointed out that the real problem in sectoral credit is Agriculture.

The Chairman said that in respect of regional sectoral achievements, the targets set have not been replicated in the achievements, which is again an interregional variation that comes across here. He said that in the targets set for the year the share of Kashmir was supposed to be 60%, Jammu 39% and Ladakh 2%, against which Jammu has achieved 52% and Kashmir has got squeezed to 46%. The Chairman stressed the need to focus on those sectors of economy and areas where the achievement has not been good/ satisfactory for example, Agriculture Sector lending in all the three regions is bad and similar is the case of Industries Sector in Kashmir region. Inviting the attention of the house to the credit off takes year-in-year; the Chairman said that Agriculture Sector has grown only by 8%, Industry by 14% and Services by 3.6% when compared to the last year.

In terms of Banks, the Chairman pointed out that the J&K Bank has provided a credit of Rs.524 Crores, which accounts for about 45% of the total achievement by all Banks in the State. SBI has provided a total credit of 208 Crores, PNB 125 Crore and other commercial banks put together have contributed Rs.132 Crore, Cooperative Banks Rs.103 Crores and RRBs around Rs.70 Crores.

As regards lending to the Agriculture Sector, the Chairman observed that irrespective of the Institution, all the banks have under performed. He said that instead of considering it as a Institution-specific issue, it would need to be treated as a sector-specific issue for which suitable steps need to be taken to ensure that the targets fixed under ACP are met.

In terms of sponsored schemes, which again is an area of concern for the Government as well as for the economy, the entire amount of disbursement under the six major schemes was 100 Crores, and not a single scheme actually does better than 54%, the highest under

SGSY. The Chairman expressed his concern that most banks have not achieved the targets, which necessitates the need to restructure entire mechanism of sponsored schemes and requested the house to spend some time on reviewing the existing arrangement so as to ascertain how to improve the credit disbursement through these Government Sponsored Schemes. He pointed out that the house should also take into consideration that the NPA percentage on the balance outstanding under every Govt. Sponsored Scheme is more than 20%. Analyzing this further, the Chairman said that SGSY has 21% default rate, PMRY 32%, JKSES 20%, SJSRY 41% and SC/ST schemes 41%. He said that bankers are not able to get along with the sponsored scheme business, because it has huge defaults and track record is not attractive.

Summing up the presentation, the Chairman said that the following issues emerge from the above, which need to be addressed:

- Financial targets are met, but not the physical ones. Need to re-look the implied ticket size of loans.
- Regional Target allocation is at variance with the achieved allocation. Distortionary impact has to be reduced.
- Allocation for agriculture never met, diverted to other sectors, the Lending norms need to be examined;
- There is need to workout a new mechanism to improve disbursement under Government Sponsored Schemes.

The Chief Secretary, J&K State in his address stated that the

achievement under Annual Credit Plan that have been shown do not seem to be very bad. There has been slight improvement in the over all position. Agriculture is of course very low 68%, while under others sectors the targets have been over-achieved. He, however, said that the achievement under Government Sponsored Schemes has not been satisfactory. He said that under Handicrafts Scheme the sanctioned loans are only 22% of the sponsored cases, which accounts for just 10% of the target. Similarly, the Handloom, which is very crucial for the State, only 18% of the sponsored cases have been sanctioned, which is only 9% of the target. Under Rural Housing Scheme, the Chief Secretary said that 54% of sponsored cases have been sanctioned which is 20% of target. Commenting on the Credit-Deposit Ratio, the Chief Secretary said that although it has shown some improvement, but still these are perhaps low by the banking standard.

Regarding KCC and SHG and other Government Sponsored Schemes, the Chief Secretary observed that the performance has not been satisfactory and stressed that banks as well as the sponsoring agencies need to coordinate like wheels of the same cart and put in lots of efforts to ensure that the position of disbursement of credit under these schemes is substantially improved. Thereafter the agenda papers were taken up for discussion as under:

Confirmation of the minutes of 68th SLBC meeting held on 19th of January 2006.

Since none of the members raised any objection to the minutes of the 68th SLBC meeting held on 19th of January 2006 circulated amongst

the members on 11.2.2006, these were taken to be confirmed.

Follow up Action on the decisions taken in the 68th SLBC meeting.

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

The recommendations of the Committee constituted in the 68th SLBC meeting comprising of representatives from State Bank of India, Punjab National Bank, the Jammu & Kashmir Bank Limited, Industries and Commerce Department, and the Entrepreneurship Development Institute (EDI), made in their meeting held on 9th March 2006 at Jammu, wherein the quantum of contribution to be made by each bank operating in the State, as given under [Annexure-B](#), were adopted by the house.

The Principal Secretary, Industries and Commerce, J&K Govt., thanked the banks for their co-operation and assured on behalf of EDI that this assistance from banks shall be utilized for the purpose as stipulated in the 68th SLBC meeting. The Chairman requested the member banks to pass on their contributions within the current quarter, so that the money is transferred to EDI.

(ii) Mid Course Correction in AAP.

The Commissioner Secretary, Finance, J&K Govt. informed the house that in terms of the 68th SLBC decision, for mid-course correction in the ACP for the year 2005-06, a detailed review of the issue was made on Feb.4, 2006 in the meeting of the group constituted for the purpose, which

comprised all the lending institutions and some of the concerned departments.

The Commissioner Secretary Finance said that the month of September is the right month for considering mid-course corrections in the credit plans for which he suggested constitution of an Empowered Committee, to look at the achievements of targets and thereafter effect necessary corrections.

As regards popularizing the Government Sponsored Schemes, particularly Handicrafts and Handlooms, the Commissioner/Secretary Finance said that the meeting was unanimously of the view that lot of efforts need to be made on awareness and sensitization towards these Schemes. He also informed that although it was suggested in the said meeting that seminars could be organized in Srinagar by the Handicrafts Deptt. in collaboration with Industries & Commerce, KVIB and Handloom departments with the Bankers including Branch Managers of various banks with participation from key districts, where various schemes sponsored by State and Central Governments, would be deliberated, but regretted that no action has been taken in the matter, so far. The Commissioner/Secretary suggested that some of these workshops / seminars should be organized within the Quarter-2 of the current fiscal, which will achieve three objectives, i.e. (i) Capacity building on the part of Govt. offices who are entrusted with the responsibilities of implementation of these schemes, (ii) awareness and sensitization on the part of the borrowers and (iii) a fairly high degree of comfort on the part of lending institutions to implement these schemes.

Regarding formulation of the Annual Action Plans, the Commissioner/ Secretary Finance said that the District-level Credit Committees should be energized and the Annual Credit Plans should be based on the actual credit appetite of the district. It was suggested in the meetings should be attended by one or two SLBC members on rotation so that the whole question of wide variation between physical and financial targets is addressed in a meaningful way.

As regards restructuring of the Cooperative Institutions, he said that

there are certain areas, where co-operative banks have done better as compared to the nationalized banks, which was encouraging and suggested that the Cooperative institutes should be re-energized.

Appreciating the efforts of the Expert Group on Cooperatives already existing under the chairmanship of Dr. Drabu, the Commissioner/Secretary Finance expressed his optimism that some kind of restructuring exercise will actually get done in a meaningful way.

The Commissioner Secretary Finance, commenting on the issue of recovery of banks dues, informed the house that the Government has issued instructions to the District Magistrates to extend cooperation in implementation of the SARFASI Act in the State. The Commissioner/Secretary further informed the house that with the help of J&K Bank a small group to work on the DRT bill has been set up and expressed his optimism that during the current financial year the said bill would actually reach to its logical conclusion.

Reacting to the suggestion of the Commissioner Secretary Finance (J&K) regarding association of SLBC members in formulation of District Credit Plans, the Executive Director, J&K Bank Limited, informed the house that the District Development Commissioners are always part of these Plans and that the Plans are finalized under their Chairmanship.

Mr. S. Mahapatra, Chief General Manager, NABARD, joining deliberations on the issued, said that industrial sector has picked up in the State particularly in Jammu region, because of incentives. However, as far as Agriculture is concerned, there is not much activity. He said that there is a lot of scope in the State for Horticulture, Dairy and Poultry sectors, for which suitable measures need to be taken both by the Bankers as well as the concerned implementing agencies.

The Registrar Cooperatives, taking part in the deliberations, informed the house that during the last two years near about 200 primary agriculture credit societies have been revived in the State. He also informed there is about 70-80% recovery in these PACS. He requested the bankers to come forward to extend credit to the farmers through the cooperative institutions.

The Director Finance, joining deliberations, said that as regards the

variation between the physical and financial targets at the District level the technical input into the system has not been put in place. What is primarily required is that the entire developmental scenario should undergo change at the lower level, as we have to deal with the Animal Husbandry, Sericulture, Sheep Husbandry, Agriculture and Horticulture. So it is in this background that the Universities of Agriculture, Jammu and Kashmir should primarily be associated with the line departments of the State in order to have a coordinated effort for streamlining various schemes as well as the credit off-take in the rural areas. He stressed that in order to boost the micro finance in the State and also ensure recovery of dues, the banks/ financial institutions as well as the sponsoring agencies need to organize awareness programmes / counseling for the small/ marginal farmers and the common masses. Reacting to the observations of Director Finance, the Chairman J&K Bank said that the banks have already focused attention towards micro financing. Citing examples, the Chairman J&K Bank informed the house that the bank has taken two major initiatives in this regard, one in Jammu at R.S.Pora and other in Ganderbal in the Valley, where micro lending is being done aggressively. Micro lending is becoming profitable; lot of money is going into micro lending. We need to look at the building capacity of entrepreneurs in various sectors, which the government and the banks can jointly do.

Summing up the issue the Chairman, J&K Bank, pointed out that SLBC is a very large forum, which meets for variety of purposes and requested the members to focus on whatever is on the agenda for addressing the concerns. **The Chairman suggested setting up of a five-member sub-group consisting of State Bank of India, Punjab National Bank, NABARD, Finance Department and Agriculture Department, under the Convenorship of J&K Bank Limited**, who can actually work and give a report by September. SLBC can then take up recommendations of that group for deliberations and implementation as may be required.

Follow-up decisions of the 68th SLBC meeting.

Point (i) On an enquired by the Chairman regarding the instructions on obtaining NOCs by the designated officers of Agriculture Department, the Director Agriculture (Kashmir) informed the house that the instructions have been conveyed to all the district officers for implementation, to obtain NOCs from all the Banks on behalf of the farming communities. He further assured that the instructions are being complied within the shortest possible time. The Director Agriculture (Jammu) joining the discussion

informed that his department has already implemented the same and as such, the farmers will not have to obtain the NOC from each individual bank henceforth.

Point 2 (SARFAESI ACT, Circular of Finance Deptt.):

The representatives of banks informed the house that the courts are questioning the very existence of this Act in the State. The Chairman, J&K Bank, clarified that it is not the Act in question but the application of this Act to the State of J&K that is being questioned in the Court. He said that, even if there is limited applicability, the State Government can come up with exactly mirror Act for implementation in the State.

Point 3 (Bhumiheen Credit Cards).

In response to the query of Chairman, J&K Bank, regarding the Sub-Committee constituted to suggest some innovative schemes on the pattern of Bhumiheen Credit Card Scheme that could be considered for implementation in the State, the Director Agriculture, Jammu informed that the meeting of the Committee could not be convened due to some of his engagements, for which he apologized. He suggested that a broad based Committee was required to be formed for the purpose involving Handicrafts and Handlooms Departments of the State.

Reacting to this, the Chairman observed that the SLBC had decided something to be complied with by the Director Agriculture, which has not been done. He advised the Director Agriculture to convene a meeting of the Committee and place the recommendations thereof before the house.

The Hon'ble Chief Secretary expressed his displeasure over the non-compliance of the decision of the SLBC and directed the Director Agriculture to place the recommendation of the Committee before the house in the next SLBC meeting.

Point No.4. (NGOs).

On being asked about the progress achieved on the formulation of NGOs with the active involvement of Rural Development, Handicrafts and Agriculture Departments, as decided in the 68th SLBC meeting, the Dy. Director, Social Welfare Department, informed the house that his department is already on the job regarding formulation of NGOs,

identifying the areas that could be offered to them and the matters relating to financing of these NGOs by various financial agencies. He informed the house that presently around 300 NGOs are registered with the Social Welfare Department, out of which more than 50 NGOs are being financed. He, however, informed that no meeting has so far been convened in the matter with the other concerned departments, as the minutes of the 68th SLBC meeting were received late.

The Hon'ble Chief Secretary expressed his anguish that the Director, Social Welfare Department has not been serious over the issue inspite of the fact that the minutes of the 68th SLBC were circulated well in time. The house took a serious note of the same.

The Principal Secretary, Industries & Commerce, joined deliberations on the issue and suggested that instead of writing communications to each other, the concerned departments should sit together and set out a road map on which to proceed for promoting NGOs for implementation of various developmental schemes pertaining to the respective departments.

The Hon'ble Chief Secretary suggested that we should catalyze the formation of NGOs and then activate the existing NGOs. Giving reference of an excellent NGO operating in Rajouri/ Poonch area promoted by a retired Director of Horticulture/Agriculture the Chief Secretary said that he is doing very well in that area and suggested that such NGOs should be involved in the process who are very enthusiastic in getting involved in Government Schemes. The Hon'ble Chief Secretary also suggested for preparing a list of existing NGOs in consultation with the District authorities for the whole State and said that many of them would be interested in involving in the rural development schemes.

Taking part in the deliberations, the Director Handicrafts said that some NGOs have already been involved in Handicrafts Department and that some NGOs are getting training from the Craft Development Institute. He said that some of them are doing well while others are not.

The Chairman suggested for setting up of a networking channel with NGOs who are working outside the State in view of the fact that Rural Development Department now has a corpus of Rs.20000 Crores at National Level. He said that there are some NGOs who have tremendous

expertise and experience in other parts of the country and if they were provided with networking platform they would be interested in providing help and guidance.

He observed that we diverse here and escalate the level from the Director Social Welfare to the Secretary so that there is some action taken for involvement of NGOs in the State, which was agreed.

Point No.5 - Capital Subsidy Scheme for technology upgradation of SSI.

The representative of SIDBI stated that the Director Industries Jammu was kind enough to organize all General Managers of DICs in his office chambers at Jammu, where presentation on the CLSS for Technology Upgradation of SSI, as well as the Credit Guarantee Fund Trust was made. He pointed out that the General Manager, DIC's are having offices all over the State and that they are the people who happen to interact with the prospective borrowers first. He further said that before he came here a presentation has been made at Jammu where members / representatives of Jammu Industry Association were present. He requested Federation of Chamber of Commerce & Industry Kashmir (FCIK) to organize a seminar. He said that since he (representative of SIDBI) is here for two more days he could put forth the details of scheme to all concerned.

Reacting to this, the Principal Secretary, I&C, Agriculture Production Department observed that what the SIDBI has done is not enough. He informed about his intention that instead of making individual presentation there should be a kind of discussion amongst officials of Industries Department, representatives of the SSI Association as well as some entrepreneurs across the table under one umbrella. He said that benefits of the Scheme should go actually to the prospective entrepreneurs and the people who are already in business. He request the representative of SIDBI to have interaction with the concerned and then set out an agenda for organizing awareness programmes and expressed his desire to participate in one such programme.

Agenda Item No: 69.01

Bank-wise/ Region-wise/ Sector-wise achievements under ACP 05-06 as on March 06.

The Chairman, Convenor Bank, said that largely the review of performance of banks has already been covered in the presentation. He, however, asked for view of the participants on the achievements.

The Principal Secretary, I&C, said that as pointed out by the Chief Secretary, the performance under Handicrafts and Handlooms sectors has been dismal and one of the reasons which has been identified from time to time, has been the lack of adequate use of the Credit Guarantee Fund Scheme. He recollected that last time it had been decided that director Handicrafts shall organize some workshop, which still has not been done, and he is hoping to do it in July. He said that he has interacted with the representatives of All India Handicrafts Board at workshop in Jammu, and was happy to hear that the Handicrafts Board has decided to reach out to banks like PNB and OBC, who seem to be very enthusiastic and have expressed their intention to lend to the Handicrafts and the tiny sectors in different villages of Jammu, which was encouraging.

He said that the Director Handicrafts has undertaken to have the workshop organized and that the Director Handlooms should be part of it. He requested the bankers to do some retrospection and see why the CGF Scheme, which is designed to get over the problem of collateral security, is not taking off in the State, as that was the only way to go forward to lend aggressively in the tiny sector.

The Principal Secretary, I&C thanked the Chairman, Convenor Bank for having acceded to his request of involving the representation of the office of the DC Handicrafts, Regional director, North Region.

Recognizing the excellent work done by the Khadi & Village Industries Board in the Rural Employment Generation Programme (REGP), The Principal Secretary, I&C, informed the house that the KVI Board has been recognized as the best performing board in the entire country. He informed the house that against the target of 385 units, the Board has achieved 1384 units, which accounts for 360% of the regional target. He appreciated the role of banks without whose support this would not have materialized. He said that the house should recognize there is potential and stressed that in case all the concerned work in coordination, excellent results will be achieved. The house recorded appreciation for the Secretary, KVIB and his team.

Taking part in the deliberations, the Chief General Manager, NABARD, said that the overall achievement of banks under the ACP 2005-06 was quite good. He said that as far as crop loan is concerned 98% has been achieved. He also appreciated the performance of J&K Bank, Union Bank of India, Corporation Bank and Kamraz Rural Bank for having achieved 80%, 168%, 37% and 80% of their respective individual targets under Agriculture Sector.

Joining deliberations on the issue, the Chairman, J&K Bank informed the house that while J&K Bank traditionally has been biggest lender, very good performance seems to be coming through from PNB this time around. He hailed Punjab National Bank for having exhibited overall performance in the State during the year under review.

Agenda Item No: 69.02 Govt. Sponsored Schemes:

Initiating deliberations on the issue, the Chairman, Convenor Bank pointed out that there is huge under performance everywhere. Pointing to the critical issues, i.e. the recoveries under sponsored schemes are very poor, and the sponsorship of cases is defective, the Chairman, stressed the need to have a re-look at the system of sponsored schemes as to how it is implemented and what is the interface between Government and Bankers.

Taking part in the deliberations, the DGM, Reserve Bank of India said that all the schemes have got different set up and different pattern of selection of the candidates and entrepreneurs. As regards PMRY, he said that RBI has already given instructions to the banks in addition to district set up, where the DIC etc. are involved; there is no objection if entrepreneurs are directly selected by the banks. He, however, said that the said entrepreneurs who stand selected by the bankers directly, have to be sponsored by the DICs concerned. He said that in case same instructions are mutatis-mutandis applied to other schemes, there will be no objection.

The DDC, Pulwama, informed the house that in order to overcome the difficulties being faced in successful implementation of Government Sponsored Schemes, they have constituted a Committee of Banker's and District Administration, where causes of the delay in the cases are pinpointed and steps taken to sort those out. He said that he has urged the sponsoring agencies and Bankers in his district to create some success stories, so that people are encouraged to avail credit from banks/

financial institutions for their economic development.

The Chairman, Convenor Bank suggested that Finance Secretary should actually drafts out its alternative and communicate with Bankers as well as State government and should come up with a desirable form of sponsoring system, whereby some options of reverse sponsorship are also taken into account and we are able to change the mechanism without really getting into deliberations of small groups and sub-groups. He also said that a meeting be convened at the Finance Secretary's level and then instructions be issued as to how it should be done in compliance with RBI guidelines.

One of the participants from the sponsoring agencies referring to some old cases, informed that they have the list of beneficiaries, who had been sponsored in District Doda and District Anantnag, wherein neither the loan has been disbursed nor has the margin money been returned by the bank. Reacting to this, the Chairman, Convenor Bank advised him to refer the specific cases to the Convenor Bank alongwith all necessary details, so that the matter is taken up with the concerned banks and a report on the issue as to why it has happened, shall be placed before the next SLBC meeting.

Taking part in the deliberations, the Director, Rural Development (Kashmir) pointed out that one of the reasons why the SGSY Scheme that was launched for the people living below the poverty line, did not pick up, has been the insistence of banks on providing of guarantee from a Government Employee, which, he said, is not a criteria under the Scheme. He said that there are instances when cases are returned by the banks to the sponsoring agencies at the fag end of the financial year and that even at present about 554 cases are still pending with various banks. He also pointed out that the borrowers are subjected to cumbersome process of obtaining NOCs from a number of bank branches and in some cases from near about 33 bank branches.

The Chairman, Convenor Bank, said that the criteria for obtaining of NOCs from different bank branches by the Agriculture Department (Sponsoring agency) instead of the borrowers themselves, that was

decided upon in the 68th SLBC meeting, should also be replicated in Rural Development Department and other Sponsoring Agencies.

The Chief Secretary expressed his agreement with the contention of Chairman, J&K Bank and advised that all the Sponsoring Agencies should follow the said decision of the 68th SLBC meeting and issue suitable instructions to their field staff for ensuring that the NOCs are obtained by them from different banks prior to sponsoring of the cases, so that the prospective borrowers are relieved of this cumbersome process henceforth. The Director, Rural Development Department (Kashmir) agreed to implement the said decision.

The Executive Director, J&K Bank Limited, said that in order to make the system more convenient for the prospective borrowers, the Sponsoring Agencies could contemplate to obtain NOCs from different bank branches in bunches instead of obtaining the same on individual case-to-case bases, which, he said, would lessen the burden on the banks as well as the sponsoring agencies.

The Deputy General Manager, RBI, said that in the case of PMRY, the

Reserve Bank of India has already laid down the criteria that the banks are under obligation to issue NOCs within 15 days from the date of request, and in case no reply is provided within the said stipulated outer limit, the requesting bank has reason to presume that the other banks has nothing to say in the matter.

The Regional Manager, Central Bank of India, taking part in the discussion, pointed out that discussions so far in the meeting have raised finger against the banks only and that the house should also see the other side of the problem. He said that the selection of borrowers being made at DIC level has not been found to be fair. There are instances when fictitious cases have been sponsored to banks, bogus marks sheets are provided and in some cases identities of the candidates are not genuine and in such circumstances these accounts become NPAs, which is a cause of concern for bankers. He requested the house to consider these issues, so that the system is streamlined.

Reacting to this, the Principal Secretary, I&C, said that if there are any fraud cases sponsored to banks, the same should be specified and brought to the notice of the Government, so that the action is taken

against the officials responsible for that lapse.

Agenda item No.69.03 :

Performance under Handicrafts/ Handloom/ Credit-cum-Subsidy Scheme for Rural Housing Scheme as on 31st March 2006.

The Director Handicrafts pointed out that bankers generally do not submit claims for the interest subsidy in time with the funds available with the department are lapsed and the department is put to face difficulties on this account during the next year. He requested the bankers to cooperate with the department and ensure that claims for interest subsidy are submitted in time within the same financial year.

Agenda Item No.69.04:

Statistical data of various banks in J&K State as of 31st March 2006.

The house appreciated the increase in the C.D.Ratio of almost all the banks operating in the State. The Chief General Manager, NABARD, and DGM, Reserve Bank of India, however, pointed out that in some districts of the State the C.D.Ratio of banks is below 40% for which the

recommendations of the Expert Group on Credit Deposit Ratio need to be implemented. He stressed the need to constitute Special Sub-Committees for monitoring the C.D.Ratio and to draw up monitorable action plans to ensure increase in the C.D.Ratio.

Agenda Item No.69.05:

Kissan Credit Card (KCC) Scheme.

The Chief General Manager, NABARD, initiating deliberations on the issue, said that as observed, the main hurdle in the KCC Scheme not picking up is the Revenue Records. He said that in some States like Karnataka, the Revenue Records have been fully computerized and the banks there do not face any difficulty on account of the Revenue Records. He stressed the need that the Government should take steps for computerization of the land records.

Joining deliberations on the issue, the Commissioner/Secretary Finance, said that basically the house should concentrate on the following issues: (1) In one of the meeting of SLBC it was decided that all

fresh crop loans under Agriculture Sector should be disbursed through Kissan Credit Card, which he said, would definitely increase the number of issuance of KCCs; and (2) So far as the land record is concerned, it was decided in one of the SLBC meetings that in order to accommodate maximum of small and marginal farmers under the Kissan Credit Card Scheme, the bankers shall entertain the land holding records authenticated jointly by the Patwaries and the Sarpanches of the concerned village, in respect of the farmers requiring credit limits upto Rs.5,000/-. He said that this can serve the purpose because after all the banks are only looking for a proof regarding land holding.

Taking part in the deliberations, the DGM, RBI informed that a new Card has been introduced namely General Credit Card (GCC), carrying a credit limit of Rs.25,000 and that the GCC is issued without any security/ purpose. As regards KCC, the DGM RBI suggested that the credit limit of Rs.5000 for which authentication of Sarpanch and Patwari only is required for the land records, could be raised to Rs.10,000. He also said that as regards the ownership of land, prospective beneficiary should be in possession of some land, which could be authenticated by the Revenue Authorities.

The Chairman J&K Bank suggested that since Panchayat are now constitutionally empowered, the banks could tie-up with them and work out the problem being faced in absence of proper revenue records.

The Commissioner/ Secretary, Finance, pointed out that this debate is long on the solution side and for simplifying the prescribed procedure he recommended a three-point formula to sort out the issue, i.e. (1) So far as the proof of cultivation of a particular piece of land is concerned, upto a limit of Rs.10,000/- a simple certificate from Sarpanch should be obtained. (2) All fresh advances in the Agriculture sector (under crop loan) could be done through Kissan Credit Card route; and (3) As regards the pre-sanction as well as post-disbursal follow up, Agriculture Department Officials should coordinate with the bankers.

The District Development Commissioner, Srinagar pointed out that panchayats are not functioning everywhere so it is either patwari or panchayats, both should have to be kept.

Reacting to this, the Chairman, J&K Bank said that in case where the Panchayats are not operative, the job could be assigned to Patwari.

The Director, Agriculture (Jammu), joining deliberations, said that KCC is more important and imperative for the National Agricultural Insurance Scheme (NAIS) because KCC is very important for loanee farmers and the scheme has been implemented in the State.

However, after protracted discussion on the issue, it was unanimously decided that: (1) in order to simplify the prescribed procedure for accommodating maximum number of small and marginal farmers under the KCC Scheme, the bankers shall henceforth entertain from the farmer requiring credit limits upto Rs.10,000/-, a certificate to be issued by the Sarpanch to the effect that the person concerned is in possession of a certain portion of land, which is presently under his cultivation. The draft of the Certificate to be issued by the Sarpanch is enclosed.

(2) All fresh advances in the Agriculture sector (under crop loan) could be done through Kissan Credit Card route; and

(3) As regards the pre-sanction as well as post-disbursal follow up, Agriculture Department Officials should coordinate with the bankers.

Agenda item no 69.06,

Achievements under SHG and SWAROZGAR Credit Card Scheme.

Initiating deliberations, the Chairman J&K Bank informed that the bank is trying to formulate the Self Help Groups at two places now, i.e., at R.S.Pora and at Gotlibagh in Ganderbal. The Chairman also appreciated the efforts of State Bank of India and Punjab National Bank in having done remarkably better in the formation of Self Help Groups (SHGs) in the State and suggested that SBI and PNB should share their experience with other banks to enable them to replicate the same.

Joining deliberations on the issue, the Director Handicrafts informed that they have started forming Self Help Groups in the State and that so far around 500 SHG have been registered with the department and they have been provided with various facilities in form of design innovation from Development Commissioner Handicrafts, marketing and other facilities.

Agenda item no.69.07

Scheme for Development / Strengthening of Agricultural Marketing Infrastructure grading and standardization.

The Principal Secretary, Industries & Commerce and Agriculture (J&K), informed the house that the department is working on proposal and expressed optimism that the necessary amendments in the matter would be worked out.

Agenda item no.69.08

One Time Settlement Scheme for Government Sponsored Schemes.

After a brief deliberation, the house was of the view that a Sub-Group of SLBC should be constituted under the Chairmanship of State Bank of India, which will work out the details of One Time Settlement Scheme for Government Sponsored Schemes for implementation in the State. The Sub-Group shall comprise of The J&K Bank Ltd., State Bank of India, Punjab National Bank, Canara Bank, Central Bank of India and Reserve Bank of India, which shall submit its recommendations before the next SLBC meeting.

Agenda item No.69.09.

Points forwarded by Reserve Bank of India.

(I) Review of decisions taken in the 64th SLBC meeting.

Initiating the deliberations, DGM, Reserve Bank of India invited the attention of the house to the issues debated in the 64th SLBC meeting, where it was decided that in Srinagar and Jammu districts the sponsoring agencies would be by-passed and applications would directly come to the banks. He desired to know the progress achieved in the matter.

The LDM, Jammu, informed that the system has worked smoothly in Jammu district. He, however, said that the cases of KVIB and KVIC should also be brought within the ambit of the said decision.

(II) Financial inclusion by Extension of Banking Services with "No Frills" Account, issue of General Purpose Credit Card and OTS Scheme for loans upto Rs.25000/-:

So for as "No Frills Accounts" is concerned the DGM, RBI informed that the J&K Bank already has taken-up two districts for the purpose. He requested other banks particularly RRBs to come forward and be part of this.

The house advised the member banks to forward the information regarding (a) Opening of "No Frill Accounts" (b) One Time Settlement Scheme for loans upto Rs.25000/- and eligibility for fresh finance after settlement and (c) General Credit Card Scheme (GCC) to the Convenor, SLBC, so that the same is monitored at State Level in all future SLBC meetings.

(II) Participation of Private Banks in various fora under Lead Bank Scheme.

The DGM, RBI also hoped that the private sector banks like HDFC and ICICI bank, which have recently opened their branches in the State, would also come forward in providing credit to priority Sector / weaker sections of the society in the State.

Agenda Item No.69.10.

NAIS – Compulsory Coverage of eligible Crop Loan.

The representative of NAIS informed the house that as per the provisions of NAIS, all the eligible crop loans are to be compulsorily covered by the banks with Agriculture Insurance Company (AIC). However, it has been seen that out of the 22 nodal banks operating in the State, only two banks, i.e. JCC Bank and EDB, are participating. He requested the bankers operating in the State to insure all the eligible crop loans with AIC, so that the farmers would not be deprived of crop insurance benefits if any claim arises in due course.

Agenda Item No.69.11.

Recommendation of Standing Forum to review credit in industrial development of J&K.

Initiating deliberations on the issue, the Principal Secretary, I&C and Agriculture, expressed that so far as Industries Department is concerned, all the recommendations of the Standing Forum are accepted except item No.11 relating to providing of margin money for rehabilitation of sick units by the State Government. He said that the State Government has already notified a scheme some years ago, whereunder Government is committed to provide 30% of the rehabilitation part as soft loan in case of the sick SSI units.

He said that in past the problem was that SIDCO had run into default with SIDBI and refinance was not available, therefore, interest subsidy element, which was provided for in the State Plan, was getting used for providing soft loan itself and that was actually limiting the coverage. He informed that SIDCO has now cleared the default with SIDBI and are already in touch with SIDBI to sign a revise MOU, which will make it possible for SIDCO to provide soft loan to the sick units at 30% of the total

cost at 1% interest.

Regarding Stamp Duty waiver (Recommendation No 24), he said that the Finance Department has to take a view on it. Regarding item No.26, the Principal Secretary, I&C acknowledged the generous contribution of banks towards the development of EDI and said that whenever bankers feel that they can sponsor some programme on a case to case basis for development of entrepreneurship skills, EDI will be more than willing to provide that back up support to the banks. He also informed that as desired in previous SLBC meetings, the training money in respect of PMRY entrepreneurs, which was earlier coming to the Employment department, is now being directly provided to the Industries Department, thus removing the hurdles faced previously. He advised Director EDI to share information with bankers regarding the kind of activities that the EDI is undertaking.

Reacting to this, the DGM, Reserve Bank of India informed that these recommendations have been categorized under different categories, i.e., Govt., banks and RBI. He further informed that the same will be forwarded by RBI to SLBC Convenor for circulation among the concerned, whose reply/ response in writing will be placed in the next SLBC meeting for

deliberation/ adoption of these recommendations by the house.

Agenda Item No.69.12.

Annual Credit Plan 06-07 comments on the distribution Bank-wise/ crop-wise:

The Annual Credit Plan 2006-2007 was placed before the house for information of the members. However, the DGM, RBI pointed out that the targets for Industries Sector for the current financial year are lower than the achievements of the last year.

He further said that under SJSRY targets in respect of Leh and Kargil districts have not been fixed owing to these not being urban areas. In this regard he informed that the Parliamentary Committee, which had visited Srinagar, went to Leh as well and was of the view that some allocation should be fixed for Leh and Kargil also as these are the district centers.

Reacting to this, the Chairman, J&K Bank said that as the process of formulating of Annual Credit Plan starts from the month of October every year, which is the period when there happens to be no information

available regarding the actual achievements of banks that would be at the end of the financial year and as such, the targets are fixed in relation to the last year's targets. He, however, informed that as already decided here-in-before, the issue could be taken up with the Empowered Committee/ Sub-group, which is to meet every six months to review the position for mid-course correction.

The DGM, RBI desired to know whether there is a system whereby the information regarding the total amount so far passed on by the bankers to the farmers in respect of 2% interest subsidy provided by RBI, could be made available. He said that the banks have to lend at 7% for Crop Loans and lodge claims with RBI for the shortfall in PLR and getting 2% subsidy.

During the course of discussion, the DGM, RBI informed the house that under the Lead Bank Scheme the District Collector, who is also the Chairman of the District Coordination Committee, is supposed to provide a date to the Lead Bank official of the district for convening the District Level Meeting at least once in a quarter. He, however, pointed out that there are instances that the Lead Bank officials have to run after the District Collectors for getting the date for a meeting and sometimes the

meeting is convened at such a short notice that the representatives from Reserve Bank of India, NABARD and some other institutions are not in a position to participate in such meetings, with the result these meetings do not prove to be fruitful. He desired that sufficient time needs to be given to the participants to attend the meeting, to make these meetings purpose-oriented. He requested that the State administration should suitably advise the District Collectors in the matter.

The Representative National Horticulture Board (NHB) informed the house that NHB has sponsored 182 projects under Development of Commercial Horticulture through Products and Post Harvest Management Scheme to different banks out of which only 42 proposals have been sanctioned so far. He said that maximum number of cases are pending with the J&K Bank Ltd. and State Bank of India. He pointed out that the financing under NHB Schemes is doing well in other States of the country, whereas in J&K State the response from financial institutions/ banks is lacking. Informing the house that the NHB Schemes are subsidy-oriented Schemes and that they have no dearth of money, he requested the bankers for early disposal of the cases pending with them.

Reacting to this, the Chairman, J&K Bank, said that it is in the interest of the bankers to lend under the Horticulture Sector, and suggested that the representative of NHB should meet the Executive Director of J&K Bank Limited and sort out the issue.

Supplementary Agenda Item No.S-69.04.

Charging of exorbitant rates of interest by private money lenders.

The Commissioner/ Secretary Finance, J&K Government citing reference to a communication from Union Finance Ministry to the Hon'ble Chief Minister, regarding Rural indebtedness and role of money lenders, and with a view to reduce the burden of high interest rates, the Central Government has released an amount of Rs.1700 Crore to Banks for providing 2% interest relief to farmers on the Agriculture loans. He said that the Hon'ble Finance Minister wants the response from State Government as to how the menace of private moneylenders operating could be checked. He desired to know whether any study has been done on private money lending in J&K State.

Reacting to this, the DGM, RBI informed that the RBI is studying the

laws of various States and in this regard they have already called for necessary information in respect of J&K State and the matter is presently under consideration of RBI.

Deliberations in respect of some Supplementary Agenda items bearing No.S-69.01, S-69.02, S-69.03 and S-69.05 were deferred.

Vote of thanks.

The Principal Secretary, Industries & Commerce and Agriculture while presenting the vote of thanks said that the people have really contributed in a very rich way to the discussions today and we have got a sense that SLBC is on track, which is manifested by the fact that it has been meeting regularly and the solutions to various problems faced by the financial institutions and the developmental agencies are being found. Appreciating the role of KVIB he said that he was amazed to see how much Khadi sector means to the J&K economy. He desired that the success achieved by the KVIB should be replicated by all other departments and institutions. Commenting on the rehabilitation of sick units in the Industries Sector in J&K, he expressed the hope that all necessary steps would be taken in the near future for revival of these units.

The Principal Secretary, I&C thanked the Chairman, J&K Bank (Convenor, SLBC) for not only maintaining the time schedule, and ensuring that follow up action taken, but also because of his personal dynamism and experience. Hailing the role of J&K Bank in the development of economy of the State, he expressed the hope that the Bank would take further lead in all the developmental activities in the State.

He also thanked RBI, NABARD and other banks and the State

Government officers for their contribution towards the economic development of the State and desired that we must follow up what we have committed here with a sense of mission and dynamism and productive enthusiasm.

Chief Manager,

[Annexure-A](#)

List of Participants of the 69th Meeting of SLBC (J&K).

<u>S.No.</u>	<u>Name</u>	...	<u>Designation / Department.</u>
<u>Chairman</u>			
1.	Dr. Haseeb A. Drabu	...	Chairman/CEO J&K Bank
<u>Chief Guest</u>			
2.	C. Phonsug	...	Chief Secretary, J&K State
<u>Reserve Bank of India</u>			
3.	M. L. Mahajan	...	DGM, RPCD, Reserve Bank of India
4.	R. B. Gupta	...	AGM, Reserve Bank of India
5.	P. S. Rawat	...	Research Analyst, Reserve Bank of India
<u>NABARD</u>			
6.	S. Mohapatra	...	Chief General Manager, NABARD
7.	P. N. Sarangal	...	Dy. General Manager, NABARD
<u>Government Departments</u>			
8.	S. S. Kapoor	Principal Secretary, Industries & Commerce
9.	M. I. Khanday	...	Principal Secretary, Planning Dev.

	Deptt.		
10.	Dr. G. N. Qasba	...	Registrar Cooperatives.
11.	Ajyaz A. Kakroo (Kashmir)	...	Director, Command Area Development
12.	Pardeep Kumar	...	Under Secretary Home Department
13.	Dr. M. I. Parray Institute.	...	Director, Entrepreneurship Dev.
14.	M. A. Bukhari	...	Director, Rural Dev. Deptt. (Kashmir)
15.	M. Y. Dar	...	Director, Employment Department
16.	R. A. Quadri	...	Director, Handicrafts Department
17.	Nirmal Sharma	...	Director Handlooms Department
18.	Jeet Lal Gupta Deptt.	...	Director, Industries & Commerce
19.	M. S. Khan	...	Director, Finance Department
20.	Gh. Hyder Bhat	...	Director, Agriculture Deptt., Kashmir
21.	M. Farooq Hakak	...	Director, Agriculture Deptt., Jammu
22.	Brig. K. S. Kotwal	...	Director Sainik Welfare.
23.	Dr. G. S. Naqash	...	Director Horticulture Department
24.	Hilal Ahmad Department	...	Additional Secretary, Finance
25.	M. A. Wani	...	Additional Secretary.....
26.	Farooq Ahmad Shah Department	...	Dy. Director Social welfare
27.	K. S. Bali	...	Dy. Director, Handicrafts Department
28.	Mrs. Shaheen	...	Dy. Director, Handicrafts
29.	M. R. Matoo (Kashmir)	...	Joint Director, Rural Dev. Deptt.
30.	Anil Gandotra Deptt. Jammu	...	Joint Director, Rural Development
31.	G. Q. Khatana Corporation	...	Divisional Manager, J&K SC, ST, BC
32.	Zaffar Ullah	...	Project officer, DRDA
33.	Mohd Farooq Thokar	...	General Manager, J&KSFC
34.	K. K. Mohapatra	...	RM, Agri. Insurance Co., Chandigarh
35.	Bashir Ahmad Kashmir	...	CEO, Urban Development Agency,
36.	A. M. Zargar	...	ADO/BT, KVIC
37.	M. M. Rafiqi	...	Addl. Director KVIC
38.	A. D. Sheikh	...	Dy. CEO, KVIB
39.	R. C. Sharma	...	Secretary/CEO, J&K KVIB

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| 40. Tasaduk Geelani | ... | Project Officer, DRDA |
| 41. Akram Ullah Tak | ... | Assistant Director, Employment (Central) |
| 42. J. B. Singh | ... | Assistant Director, National Horticulture Board |
| 43. G. M. Magray | ... | Assistant Director (MUT) |
| 44. R. J. Ram | ... | Assistant Director, NHB |
| 45. M. R. Dogra | ... | FA & CAO Tourism Deptt. |
| 46. Rakesh Khajuria | ... | Financial controller, J&K Agro Industries |

District Development Commissioners

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|-----------------------|-----|---|
| 47. Ejaz Iqbal | ... | Distt. Development Commissioner, Srinagar |
| 48. M. A. Kakroo | ... | Distt. Development Commissioner, Pulwama |
| 49. Ab. Majid Khanday | ... | Distt. Development Commissioner, Kupwara |

Convenor Bank(J&K Bank)

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|--------------------|-----|--------------------------------------|
| 50. A. R. Fazali | ... | Executive Director, |
| 51. N. A. Koul | ... | General Manager |
| 52. N. D. Samanani | ... | General Manager |
| 53. M. A. Kanth | ... | Joint General Managers |
| 54. G. M. Reshi | ... | District Manager, J&K Bank, Srinagar |
| 55. Mohammad Amin | ... | Chief Manager, Lead Bank Department |

Public Sector Banks

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|----------------------|-----|---|
| 56. Samir Saran | ... | DGM, SBI |
| 57. R. K. Koul | ... | Chief Manager, SBI |
| 58. S. K. Bhasin | ... | Chief Manager, PNB |
| 59. A. K. Mota | ... | District Coordinator, PNB |
| 60. A. K. Nayyar | ... | DGM, Canara Bank |
| 61. K. R. N. Kutty | ... | Senior Manager, Canara Bank |
| 62. D. K. Handoo | ... | Branch Manager, Bank of India |
| 63. P. S. Dhingra | ... | Senior Manager, Union Bank of India |
| 64. C. L. Arya | ... | Manager, United Bank of India |
| 65. Tilak Raj Koshal | ... | Senior Manager, Allahabad Bank |
| 66. Prem Singh | ... | Manager, P&S Bank |
| 67. Kuldeep Bakshi | ... | Senior Manager, Oriental bank of Commerce |

68. Rajiv Mahajan Commerce	...	Manager, Oriental Bank of
69. Sunil	...	Branch Manager, Vijaya Bank
70. C. S. Bhasin	...	Regional Manager, Central Bank of India
71. Karanjit Singh India	...	Senior Manager, Central Bank of
72. Vinod Jeen	...	Chief Manager, State Bank of India
73. Naval Gupta Bank	...	Chief Manager, Indian Overseas
74. J. N. R. Singh	...	Manager, Dena Bank
75. Rajendra RM	...	Manager, ICICI Bank
76. Zubair Iqbal	...	Branch Manager, HDFC Bank
77. D. K. Nayyar	...	Chief Manager, Bank of India
78. S. K. Raina	...	Branch Manager, Bank of Maharashtra

Regional Rural Banks

79. K. N. Sher	...	Chairman, Jammu Rural Bank
80. M. A. Hamadani	...	Chairman, Kamraz Rural Bank
81. Ahmad Ullah Tak	...	Chairman, EDB

Cooperative Banks

82. M. Muzzafar Wani	...	Manager B. M. C. Bank
83. F. A. Khan	...	General Manager A. C. C. Bank
84. Mohd Ashraf	...	MD, J&K State Cooperative Bank
85. Anil Mehta	...	MD, Citizens Cooperative Bank
86. Chatter Singh	...	General Manager J. C. C. Bank

SIDBI

87. R. C. Raina	...	AGM, SIDBI
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IDBI

88. Daya Krishan	...	AGM, IDBI
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Lead District Managers

89. T. K. Kokiloo	...	Lead District Manager, Rajouri & Poonch
90. F. A. Tanki	...	Lead District Manager, Budgam
91. G. N. Sheikh	...	Lead District Manager, Pulwama
92. G. R. Gadoo	...	Lead District Manager, Baramulla
93. M. H. Gattoo	...	Lead District Manager, Anantnag
94. A. Rashid Dar	...	Lead District Manager, Kupwara
95. Z. A. Khan	...	Lead District Manager, Srinagar

Others:

96. Zahoor Zahid ... Marketing Executive, Radio Kashmir
Srinagar
97. Basharat Qazi ... CCT& ISD
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