

**MINUTES OF 74<sup>TH</sup> MEETING OF J&K STATE LEVEL BANKERS' COMMITTEE (SLBC) HELD ON  
20.12.2008 AT JAMMU**

The 74<sup>th</sup> meeting of the J&K State Level Bankers' Committee (SLBC) was held on 20<sup>th</sup> December 2008 at ITC Hotel Fortune Inn, Riviera, Jammu. Dr. Haseeb A. Drabu, Economic Adviser to J&K Government and Chairman/ CEO J&K Bank (Convener J&K SLBC) chaired the meeting and Mr. S. S. Kapoor, Chief Secretary J&K State, was the Chief Guest. Commissioner/ Secretary Finance, Commissioner/ Secretary Industries & Commerce, various senior functionaries of J&K Government, Regional Director (J&K) RBI, Executive Directors of J&K Bank, representatives of concerned Government departments, development agencies, RBI, NABARD and major member banks/ FIs operating in the State attended the meeting. The list of participants is enclosed as **Annexure-A**.

Initiating the proceedings the Sr. Executive Manager of J&K Bank (Convener J&K SLBC) extended a warm welcome to the Chairman, Chief Guest, other dignitaries and participants. Highlighting the relevance of the SLBC he stated that this State level apex forum is playing a critical role of inter-institutional coordination and monitoring joint implementation of developmental programmes and policies by harnessing flow of credit for promoting priority sector, generating employment opportunities and accelerating the pace of economic development for the prosperity of the people of the region. Reminding of an earlier decision of the house that J&K SLBC should launch a website of its own regarding which Chairman had assured in the last (73<sup>rd</sup>) SLBC meeting to get it done very soon, he was pleased to announce that the website is ready for launching. The website has been designed and developed by the J&K Bank at its own expenses and using in-house enterprise resources. The J&K Bank's Web-team is also hosting it. It has adequate data uploads about SLBC functions and provides access to useful knowledge inputs about the economy of the State and application of financial sector resources and multiple versions of the supportive role played by banks and financial institutions for economic development, promotion of priority sector and implementation of sponsored employment generating programmes. The website is a big leap forward having the features of member login

for data / information upload and is intended to empower by extending technology driven advantages for resource sharing. He requested the Chairman to inaugurate the launching of the said J&K SLBC website having the registered domain name [www.jkslbc.com](http://www.jkslbc.com) as slated in the agenda for the meeting.

The Chairman launched the website [www.jkslbc.com](http://www.jkslbc.com) and speaking on the occasion termed the website as a breakthrough in leveraging technology for enhancing the performance of J&K SLBC. He said that the website will provide anywhere/ anytime accessibility to the credit plans and performance of member banks and financial institutions and facilitate online submission of information and data especially regarding credit flow to priority sector. The Chairman remarked that the website will go a long way in providing requisite information for taking timely credit decisions relating to various sectors of the State's economy.

Mr. Khawar Meraj Handoo, of J&K Bank's Web-team, gave a presentation of the website and demonstrated its design features for facilitating accessibility and effective communication. After surfing through the main menu items he informed that individual logins for all the members to enable and facilitate 2-way flow of information would be provided in the next phase very shortly.

Commencing the agenda based proceedings the Chairman gave a power point presentation and highlighted various dimensions of credit flow to the priority sector and analyzed performance of the banks and financial institutions by demonstrating various parameters of the bank-wise/ sector-wise/ scheme-wise and region-wise achievements of banks operating in the State during the first half of the CFY under review viz-a-viz the expectations and targets allocated under the Annual Credit Plan.

**Aggregative Analysis of credit scenario:**

Commenting on the aggregative analysis the Chairman informed that out of the total disbursements of Rs.1599 Crore during the half-year an amount of Rs.768 Crore has gone to Non-priority sector and the remaining Rs.831 Crore (52%) has gone to Priority Sector. The disbursements to non-priority sector during Q2 have declined to Rs.261.66 Crore (52%) as compared to Rs.506.62 Crore during Q1. However, flow of credit to priority sector during Q2 amounting to Rs.354 Crore indicates better position at 74% as compared to Rs.477 Crore

disbursed during Q1. The banks have however, achieved only 44% of the target of Rs.1910 Crore to priority sector during H1 as compared to 67% achievement during the corresponding period of the last year. The achievements in physical terms have been much lower at 26% of the target.

The Chairman reiterated it was manifest this time also that against the average ticket-size of Rs.46000/- under Agriculture sector, the banks/ financial institutions in the State have provided credit with an average of Rs.99000/-, which indicates travesty of targets with regard to the realistic ticket-size, which is much small needing a re-look for rationalization.

- **A Sub-group under the Executive Director/ CFO of J&K Bank, with members from major banks, i.e. SBI and PNB to look into the issue of average ticket size in priority sector lending to rationalize it and make it more realistic. The group should submit a one-page recommendation so as to implement the same in the ACP for the next year (2009-10).**

***Action: Sub-group headed by ED/CFO (J&K Bank)***

#### **Sector-wise analysis of credit to priority sector:**

Out of the total credit off-take of Rs.831 Crore to priority sector Agriculture sector has received Rs.175 Crore (achieving 36% of the target), SME sector Rs.270 Crore (largest share of 32.5% and achieving 60% of the target), Micro Credit Rs.71 Crore (achieving 16% of the target), Retail Trade Rs.215 Crore (achieving 59% of the target), Education sector Rs.22 Crores (achieving 35% of the target) and Housing Rs.77 Crore (achieving 80% of the target). He attributed the low achievement to the two months loss of business due to disturbances that engulfed the State this year. He remarked that just 16% achievement in Micro Credit sector and 36% achievement in Agriculture sector demands that a lot more focus needs to be given to these sectors and targets need to be set with some degree of realism instead of idealism.

#### **Region-wise analysis of credit to priority sector:**

Highlighting region-wise achievements under priority sector during the half year, the Chairman said that Kashmir region has achieved 40% (Rs.378.60 Crore against target of Rs.937 Crore), Jammu 45% (Rs.421.46 Crore against target of Rs.938.43 Crore) and Ladakh 90% (Rs.30.88 Crore against target of Rs.34.35 Crore) thereby giving state level aggregate of 44%. He remarked that out that under SMEs sector Kashmir region has achieved just 42% of the credit target as against 80% achievement by Jammu. He commented that so far as region-wise distribution of credit is concerned, there is no problem across regions, but there is a problem of allocation across sectors and therefore this is not a region-specific but a sector-specific issue.

- **In many under-banked areas banks need to improve outreach and penetration for aiming at achieving the objective of financial inclusion and augmenting credit flow to priority sector in the State.**

***Action: All Banks operating in the State***

**Institution-wise analysis of credit to priority sector:**

Giving the institution-wise analysis of credit disbursement to priority sector during the period under review the Chairman stated that the J&K Bank has been the major contributor by having achieved 59% of target on having disbursed Rs.493.28 Crore against the target of Rs.835.41 Crore followed by PNB achieving 49% on disbursing Rs.85.44 Crore against target of Rs.174.41 Crore and SBI 39% on disbursing Rs.106 Crore against target of Rs.274.45 Crore. Other Commercial Banks have achieved 19% of the target, Cooperative Banks 28%, RRBs 21% and other Fis 27%. The aggregate credit-sharing scenario inclusive of credit flow to non-priority sector reflects that the J&K Bank alone has disbursed dominant share of 68%, SBI 9%, PNB 9%, Other Commercial Banks 4%, Cooperatives 5% and RRBs 5%.

**Credit under Sponsored Programmes:**

The performance under the Government Sponsored Schemes was observed to be unsatisfactory, as the target achievements have remained very low even in six major schemes. Expressing concern that the schemes are not being given due attention and consequently were not delivering as intended, the Chairman reiterated the need for evolving an effective mechanism for increasing credit dispensation under these schemes through proactive involvement of the stakeholders i.e. concerned Government agencies and financial institutions for achieving the desired objective.

**Annual Credit Plan 2008-09 and Preparation of Annual Credit Plans:**

The Annual Credit Plan 2008-09 consolidated on the basis of District Credit Plans envisaging total credit outlay of Rs.1911.41 Crore to Priority sector for 1,74,111 beneficiaries with district-wise/ sector-wise/ scheme-wise/ bank-wise allocations was taken on record. The concerned implementing agencies and banks operating in the State were impressed upon to ensure accomplishment of the allocated targets as per the ACP.

The Chairman stated that the ACP was not being formulated in time and impressed upon the banks to ensure its preparation on time. He assured that in the eventuality of the ACP being readied on time before 31<sup>st</sup> of March, J&K Bank would make it a part of its business plan for

effective performance. He suggested that other banks should also ensure that the ACP is made a part of their regional business plans by making the operational levels more accountable for their performance and facilitating a certain amount of monitoring through the pressure built in the system. This would ensure better targeting, better compliance and better results /achievements.

- **Banks advised to prepare ACP for the next year on time before ending March which would enable them to integrate and make it a part of their respective business plans to ensure effective implementation and constant monitoring.**

*Action: All Banks operating in the State*

- **The Chief Secretary desired to have a brief in the matter so that he can write to all the District Development Commissioners and bind them with a deadline by which the District Credit Plans must be finalized.**

*Action: J&K Govt. (Chief Secretary) / RBI (RO, J&K) / NABARD (RO, J&K)*

- **The Chairman advised that all the territorial Vice Presidents of J&K Bank shall take all requisite measures for ensuring timely finalization of the District Credit Plans so that the said plans are made a part of their respective zonal plans.**

*Action: All Zonal heads of J&K Bank*

#### **Address of Chief Secretary:**

The Chief Secretary, J&K State addressing the house underlined the need for coordinated efforts by the banks and concerned government departments and agencies so that economic policies of the Government are effectively implemented and the benefits of development percolate down to the entrepreneurs and public at large. Asking the banks to come together and explore possibilities of generating employment opportunities by supporting productive activities for tackling the menace of un-employment by encouraging private sector investment, which does not necessarily have to be big-ticket investment. He elaborated that there is tremendous scope for encouraging individual entrepreneurs, promoting entrepreneurship, taking advantage of the local resources, looking at the market opportunities in J&K and outside, training people, motivating them to avail bank finance and institutional finance and taking advantage of various government schemes which are aimed at removing unemployment and then deliver all these things together in a synergy. He stressed that eradicating unemployment problems in the State was a challenge for all of us. He assured of all possible cooperation from the Government side and advised all the members to play their roles with a positive mindset and find solutions to the problems. He advised all the Government departments to improve the quality of sponsorship under various sponsored schemes and the bankers/ financial institutions to respond in a more sympathetic way.

Regarding Micro Credit Sector the Chief Secretary observed that there was real need of credit under this sector as the people in this sector are defenseless and powerless and they need to be organized. The Chief Secretary said that there was need to organize SHGs into well integrated groups and network them effectively in order to reach out to the needy masses and provide them resources for productive activities in a much more effective manner.

He stressed on the banks and other financial institutions to focus much on Agriculture sector with missionary zeal as this sector has been lagging behind in the State for credit absorption and the farmers are not induced for increasing productivity, modernization and use of technology.

The Chief Secretary advocated that in view of the State economy having suffered severe setbacks due to prolonged disturbances the wholesome process of economic reconstruction is justified for the State and therefore, a special package under the circumstances is deserved and needed to be delivered to the people.

**Decisions / Action Points:**

- **Government departments to improve the quality of sponsorship under various sponsored schemes and the bankers/ financial institutions to respond in a more sympathetic way.**

***Action: All Govt. Sponsoring Agencies / All Banks***

Thereafter remaining items on the agenda items were taken up for deliberation as under:

**Confirmation of the minutes of 73<sup>rd</sup> Meeting of SLBC (J&K) held on 18.6.2008 at Srinagar:**

As no amendments to the minutes of 73<sup>rd</sup> SLBC meeting circulated vide letter No. JKB/SLBC/73/2008-09 dated 24.7.2008 were received from the members, the minutes were confirmed by the house.

**Follow-up action on decisions taken in the earlier SLBC meetings (outstanding issues)**

**Group on Bundling of Subsidies:**

The Chairman expressed concern that despite 4 SLBC meetings having moved, the issue could not be sorted out. The group formed in 70<sup>th</sup> SLBC meeting under the Convenorship of Principal Secretary Agriculture Production, has held a meeting in Civil Secretariat Srinagar in September 2008 without sorting out the issue conclusively. Thus the assignment is yet to be completed. Since the Principal Secretary Agriculture Production Department was not present in the meeting, the latest status of the matter could not be ascertained. The President (A&AP/ SBD),

J&K Bank informed the house that in the meeting held on 9.9.2008 it was decided that the Govt. departments will give a presentation in respect of various employment generation schemes alongwith the subsidies available and the second meeting of the group was scheduled to be held on 14/10/2008, which was postponed later on and has not been held thereafter.

Joining deliberations on the issue, the Regional Director (J&K) RBI suggested that since the subsidies are coming from different sources, putting them at one place may be very difficult, the forum should consider dropping the action point for further follow-up.

- **The Chief Secretary expressing concern that the issue was in the agenda since long without finding any solution, advised the President, J&K Bank to provide him a brief about the issue to enable him to intervene in the matter.**

*Action: J&K Bank (President A&AP)*

- **Summing up discussions on the issue the Chairman advised for coordinated efforts from Finance Department (Budget section), Agriculture Department and all other related departments to sort out the issue.**

*Action: J&K Govt. (Finance Deptt./ Agri.Production Deptt.)*

#### **Registration of Equitable mortgage:**

- **The Commissioner/Secretary Finance informed the house that he has held two meetings with the Revenue authorities on the issue and that the next such meeting is slated in the month of January 2009 whereafter progress will be submitted to the house.**

*Action: J&K Govt. (Finance Deptt.)*

#### **Reforming of Lead Bank Scheme – Restructuring of SLBC forum:**

The Regional Director (J&K) RBI informed the house that the issue was still under consideration of the High Level Committee constituted by RBI. The exercise is almost over and December 2008 has been fixed as the deadline for submission of the report and recommendations. So the recommendations of the HLC are now expected very soon.

#### **Relaxation to Trade & Industry:**

The Chairman said that this is an issue that concerns to the banks, the Government and above all to the industry in the State. He said that the change from value of output to value added regime has caused a lot of distress among the SMEs in the State, which is a huge cause of concern as the whole incentive structure is based on value added system. He pointed out that under a regime of low excise duty incentives do not work very well and since the value added to value of output ratio is very low in Jammu, it has proved to be a disincentive which when put

together with power tariff policies of the Government and the two months long virtual shutdown has caused squeeze into the margins of the industry in the State.

He stated that the Reserve Bank of India and the GoI had been requested to relax some norms for J&K in view of the 2 months long agitations causing virtual shut down that impeded the working of all commercial establishments including banks but the same was not acceded to. However, now in view of the impact of global recession, which was not as severe and as focused as the situation in J&K, the RBI has come out with some relaxations for the SME sector which may pass on some relief to the industry in the State also.

- **Commissioner/Secretary, Finance, informed that State Government is contemplating to make available some relaxations equivalent to the differential between the value of output to the new value-added frame work as a part of the package for which the Govt. might make some announcement by the end of December or beginning of the New Year.**

*Action: J&K Govt. (Finance Deptt.)*

#### **Setting up of RUDSETIs:**

Regarding the commitment to provide land for setting up these institutions for capacity building and skill up-gradation of the entrepreneurs, the Commissioner/ Secretary Finance, suggested for a collaboration and use of the Entrepreneurship Development Institutes (EDIs) that have been set up both at Srinagar and Jammu and for which infrastructure as well as manpower is being put in place and said that banks could contribute towards capacity building of these institutions in terms of software and training personnel. Endorsing the views the Commissioner/ Secretary Industries & Commerce stated that the Government has already made huge investments in setting up EDIs in the State but there is still a huge requirement of funds for making the EDIs fully operational. He suggested that since the objective of EDIs and RUDSETIs is almost similar, it would be feasible if the banks collaborate with the EDIs by providing every possible support by way of funding and faculty. **The Chief Secretary suggested exploring the possibilities of networking between the operations of EDIs and banks for this purpose.**

The representative of SBI informed the house that setting up a separate institute for the purpose was in their plan for the next year.

The representative of the Canara Bank informed the house that RUDSETI established in other states by Canara Bank and Syndicate Bank with the purpose to train the unemployed youth for self-employment vocations are fully financed and all the expenditure on imparting training to



the youth and hostel accommodation are being borne by these banks. He also informed that Canara Bank has established such institutes at 18 Centres. He offered to make a presentation with regard to establishment of such training institutes if desired. **The Chief Secretary, advised that the representative of the Canara Bank should make the presentation on the issue before a team comprising of J&K Bank, Secretary Industries & Commerce, Secretary Rural Development and Director EDI for which he should make a request for a date. The Chief Secretary indicated that he would also like to be present for this purpose.**

***Action: J&K Govt. (Secretary I&C, Secretary RD) / Canara Bank***

The Chief Secretary reiterated the earlier commitment that if banks require land to start the RUDSETIs they should make a request to the Government for allotment of land. He asked the representative of Rural Development to inform the progress about their commitment to identify and provide premises for setting up such training institutes. Reacting to this, the representative of Rural Development Department informed the house that they are in the process of doing so and also identifying some built-up space at district headquarters level for setting up of RUDSETIs, and assured to complete the job during the current year itself.

- **The Chief Secretary advised the Rural Development Department to ensure that the process is positively completed as per commitment made by them.**

***Action: J&K Govt. (Rural Dev. Deptt)***

#### **Need for pro-active role of J&K Govt.:**

In 73<sup>rd</sup> SLBC meeting, the Chief Secretary was requested to have a meeting with senior colleges from Agriculture, Industries, Finance, Planning and Rural Development Departments on the issue for which some inputs were provided by J&K Bank. The Chief Secretary regretted that the communication has somehow escaped his notice and told J&K Bank to remind him about the same for enabling him to take the desired action.

***Action: J&K Bank (SLBC Office)***

### **Report on the matters referred to various Sub-Committees of SLBC**

#### **Branch Expansion / Coverage of uncovered districts by RRBs:**

The recommendations of the Sub-Committee to allocate districts Leh and Kargil to Kamraz Rural Bank and districts of Doda, Ramban and Kishtwar to be retained by Ellaquai Dehati Bank were accepted by the house for being conveyed to GoI for further necessary action of allocation and notifying the area of operation of the RRBs accordingly.

**Legislation on lines of SARFASEI Act:**

The Chairman reiterated that as the SARFASEI Act does not apply to J&K State giving rise to litigations and impeding the recovery process of the banks, so there was need for a similar law for the State for which President (Law) of J&K Bank was advised in the previous SLBC meeting to prepare the basic draft for the legislation to be provided to the Government for further necessary action.

The Sr. President of J&K Bank explained that the preparation of the draft legislation was deferred in view of the fact that relative sub-judice matter in the J&K High Court is at the final stage and is likely to be decided shortly.

In the matter, the Commissioner/ Secretary Finance made it clear that the draft would provide just a feedback to the government for consideration and advised that action on the previous SLBC decision may be expedited. He assured that soon after the new legislature is constituted, the Government will make a request to the new house to take a position on the issue.

**Action: J&K Govt. (Finance Deptt.) / J&K Bank (Sr. President Law )**

**OTHER AGENDA ITEMS**

**New centrally sponsored scheme PMEGP:**

The representative of KVIC sought some clarifications with regard to achievement figures appearing in the Agenda under PMEGP Scheme in view of the fact that the scheme was launched during the current financial year and the targets were yet to be fixed for the banks. He further pointed out that as per the Scheme the targets are to be decided by KVIC and nodal banks for disbursing the subsidy are to be finalized in consultation with the SLBC. The targets that are approved and allocated by KVIC for the State have to be distributed district-wise & bank-wise. District-wise distribution stands already done by State Director, KVIC, but bank-wise targets have yet to be finalized in consultation with this Committee.

The Sr. Executive Manager, SLBC (J&K) while clarifying the issues informed that:

- Previous two central Govt. Schemes, namely PMRY and REGP, have been merged and a new scheme i.e. PMEGP has been launched by GoI in the current year and banks were permitted to disburse the pending cases under the previous schemes upto ending May

2008 in the current year. The performance of banks in the current fiscal under the PMEGP has been accordingly shown for the disbursements made on account of the same backlog of the said merged schemes.

- The guidelines for the newly introduced centrally sponsored PMEGP for which KVIC is single national level nodal implementing agency were received late by ending October 2008 from GoI, Ministry of MSMEs through RBI and have been since circulated by the Convenor Bank to all banks/ financial institutions operating in the State.
- The guidelines provide that the targets for the States shall be allocated by KVIC and advised to their State Directors / KVIBs and State Governments. The targets at the district levels will be decided thereafter by the State Level Bankers' Coordination Committee (SLBCC), which forum is different from the J&K SLBC.
- The Government subsidy under the Scheme will be routed by KVIC through the identified nodal bank branches for eventual distribution through bank accounts to the beneficiaries / entrepreneurs.

The representative of KVIC pointed out that the nodal banks through which the subsidy is to be channelized are to be identified in consultation with the SLBC on the basis of past performance. He made it clear that the J&K Bank has previously exhibited excellent performance under PMRY, followed by SBI and PNB.

The Commissioner/ Secretary, Industries & Commerce added that the PMEGP Scheme is very attractive as compared to the erstwhile PMRY and REGP schemes both in terms of margin money and the project cost. He informed that KVIC has fixed a target of 262 cases for the current year, against which 822 cases worth Rs.19.5 Crores have been sponsored, of which 77 cases have been approved by the Task Force also. As for as the DICs are concerned, it is a shift to a new scheme and they will take some time to start implementation of the scheme in urban areas. Representative of KVIB stated that they have formed the district level Task Force Committees headed by the respective DDCs in 19 districts of the State and 822 cases have been already sponsored against the target of 262 cases. Since the targets for the year have been exceeded he requested the Committee for reallocation of the targets so that all the sponsored cases can be considered by the banks.

**The Chief Secretary advised that the issues regarding PMEGP programme be decided by a group which the Commissioner/ Secretary Industries should constitute within next two weeks**

involving both the Directors of Industries and having representation from KVIC, major banks and implementing agencies.

*Action: J&K Govt. (Commissioner/ Secretary Industries & Commerce)*

**Performance under Handicrafts / Handlooms / Credit-cum-subsidy scheme for Rural Housing (Agenda Item No:74.03):**

The performance was observed to be below expectations and unsatisfactory. The banks were advised to improve their performance.

*Action: All member banks*

**Achievements under KCC Scheme (Agenda Item No: 74.05):**

The performance was observed to be below expectations and unsatisfactory. Pointing out that KCC scheme has not been picking up in the State for certain grounds, the Regional Director(J&K) RBI reiterated that the GCC Scheme, which has lesser formalities, is a good way out and people could be extended credit under GCC, which has an additional advantage that the outstanding credit under the scheme or any overdraft thereunder is counted towards indirect finance for agriculture. The banks were advised to improve their performance.

*Action: All member banks*

**Achievements under Self Help Group Scheme (Agenda Item No.74.06):**

The Chairman observed that the performance of banks under SHGs in general was not satisfactory and attributed it to non-availability of NGOs in the State. As NABARD was having a good experience and financial resources for promoting SHGs and the performance of SBI and PNB was considered better the Chairman told them to share their experience with J&K Bank by organizing a presentation in the next month.

*Action: NABARD, SBI and PNB*

**Crucial deficiencies observed in SLBC meetings of Utrakhand, UP and NCT Delhi (Agenda Item No.74.07):**

The Chairman stated that the issues raised under the Agenda highlight almost the same problems that we face in the State. However, the issue of low CDR was no longer holding valid in J&K as it has crossed 50% CDR and the J&K Bank has even crossed 65% CDR.

Regarding under-achievement of priority sector targets and the recommendations to the effect that each bank should have monthly targets under priority sector advances, the Chairman reiterated that the best way to increase flow of lending to priority sector will be to include this

in the business plans of the banks which would facilitate automatic monitoring of the credit flow to the sector.

As regards specifying a day in a week for interaction with women SHGs for examining their loan applications, sanction and disbursement of micro-credit to them, the representative of NABARD informed the house that most of the Self Help Groups are comprised of women. The representatives of SBI and PNB revealed that 90% and 40% respectively of the SHGs organized by their banks in the State comprised of women. The Chief Secretary, J&K State pointed out that SHG have maximum potential for success among women so he advised that NABARD, SBI and PNB should focus this aspect while giving their presentation with regard to SHGs as already decided. He suggested that Secretary Rural Development, and the Managing Director, Women Development Corporation, who have done a lot of fieldwork in this regard be associated.

***Action: NABARD, SBI, PNB and all member banks***

**21<sup>st</sup> Conference of State Financial Secretaries – summary of discussions (Agenda Item No. 74.08):**

The summary of the discussions was noted. The Commissioner/ Secretary, Finance, told that the directive of RBI on financial inclusion has to be adopted by the banks. Besides, Central Government has set up the Technology Fund for financial inclusion and there was need to look for the measures to access this fund and take full advantage of it particularly considering that micro credit performance in the State was not very encouraging.

Regarding Technology Fund for financial inclusion, the DGM NABARD informed that two funds have been created and maintained with NABARD with Rs.500 Crores corpus for each fund. Commenting on financial inclusion, he informed the house that in terms of GOI directions, 50% of the financial inclusion has to be completed upto 2012 and upto 2015 entire country has to be covered. He pointed out that for ensuring total financial inclusion in the State there was need for the data regarding the people who are financial excluded, so that reaching out to them could be possible.

**Opening of Special SME branches (Agenda Item No. 74.09):**

The Reserve Bank of India circulars containing clarifications with regard to designation of SME branches was placed before the house for information and compliance of the members.

***Action: All member banks/ Financial Institutions***

**Code of bank's commitment to MSMEs (Agenda Item No: 74.10):**

Copies of the RBI communication and the Code of Bank's commitment to MSEs evolved by Banking Codes and Standards Board of India (BCSBI) to give a positive thrust to the MSE sector by providing easy access to banking services and to promote good and fair banking practices was placed before the house for information and desired action by members.

*Action: All member banks/ Financial Institutions*

**Rationalization of Service Area of Regional Rural Banks operating in J&K (Agenda Item No.74.11):**

The Chairman pointed out that the issue has arisen for a variety of reasons, the principal ones being that **recent reorganization of districts in the J&K State has caused some overlaps in the area of operations of RRBs across districts.** Moreover, **unlike any other part of the country two RRBs are simultaneously present and operating in the same districts in the State.** On the other side **some districts in the State are under-serviced by RRBs despite having been allocated by GoI as area of operation to the RRBs way back in 1995 by notification under RRB Act.** In view of these strong reasons the house decided to recommend rationalization of the area of operation of the RRBs operating in the State and issuing fresh notification under RRB Act for reallocation of the area to these RRBs consequent to rationalization.

*Action: GoI (MoF)/ Convenor Bank of SLBC*

**Study on financial inclusion and indebtedness of farmers and implementations of recommendations Agenda Item No: 74.12:**

Copies of the RBI communication and the major findings of the study conducted by the Centre for Management Development, Thiruvananthapuram at the instance of SLBC Kerala, together with recommendations on the subject were placed before the house for information and desired action of the members.

*Action: All member banks/ Financial Institutions*

**Recommendations of parliamentary standing committee on Rural\_Development (2007-08) in its 35<sup>th</sup> Report of the 14<sup>th</sup> Loke Sabha (Para No.3.54, 3.55, 3.56 and 3.61) regarding flow of credit to SGSY for welfare of SCs/STs (Agenda Item No: 74.13):**

Recommendations of the parliamentary standing committee were placed before the house for information and desired action of the members.

***Action: All member banks/ Financial Institutions***

**Comments of Regional Director (J&K), Reserve Bank of India:**

The Regional Director (J&K) RBI, while appreciating the role played by banks and other concerned agencies in the State viz-a-viz the Agriculture Debt Waiver/ Debt Relief Scheme 2008, informed the house that consequent to the global financial melt down the country is also facing some impact but our economy being so large, it has a good resilience to sustain such pressures. Citing a quotation that “real wealth is not in the big industry but in the small people and small activity” he laid emphasis on focusing much on SME sector as this sector has a good employment and income generation potential.

Asserting that extending concessions for individual State or individual sector was difficult for RBI, the Regional Director informed the house that a number of concessions have been extended by GoI / RBI on all India level for the SMEs sector, and requested that these concessions should be passed on to the concerned as intended. Moreover, funds have been created with SIDBI for facilitating further growth in the SMEs sector and advised that the fund should be taken advantage of.

The President (A&AP/ SBD) J&K Bank, in the wake of the concessions extended by RBI/ GoI for SMEs at national level, invited the attention of the house to the recent political disturbances in the State and its adverse compounding impact on the tourism industry, pointed out that the impact has been so horrible that the operations are not getting streamlined and requested that the worst hit tourism and its allied sectors in the State qualify for an extra-ordinary treatment and pleaded that a much broad based concessional package be extended.

Reacting to this the Regional Director (J&K) RBI clarified that the RBI Circular dated 16<sup>th</sup> December 2008 containing concessions for SMEs has a good provision of restructuring all the advances without changing the status of the account viz-a-viz NPA norms and said that on the same analogy the treatment for tourism loans can be worked out.

***Action: Reserve Bank of India***

The Chief Manager, Lead Bank, SBI, raised the issue with regard to the classification of Priority sector advances under six sectors. Reacting to this, the Sr. Executive Manager, J&K SLBC clarified that the comprehensive and clear instructions of the Regulator in this regard are contained in

the Master Circulars on Priority sector and MSME sector issued and revised by RBI from time to time to which compliance has to be observed without any deviations. Hence, the issue was treated as closed.

The meeting concluded with a vote of thanks to the Chair and Sr. Executive Manager, Lead Bank requested the participants to join for the lunch hosted by the Convenor Bank.

**(M. S. Wani)**  
Senior Executive Manager J&K Bank  
Lead Bank Deptt./ Convenor J&K SLBC



## Annexure-A

### List of Participants of the 74<sup>TH</sup> Meeting of SLBC (J&K).

<u>S.No.</u>	<u>Name</u>	<u>...</u>	<u>Designation / Department.</u>
<b><u>Chairman</u></b>			
1.	Dr. Haseeb A. Drabu	...	Economic Adviser to Govt. of J&K and Chairman/ CEO J&K Bank (Convenor J&K SLBC)
<b><u>Chief Guest</u></b>			
2.	S. S. Kapoor	...	Chief Secretary, J&K State
<b><u>Government Departments/ agencies</u></b>			
3.	B. B. Vyas	...	Commissioner/ Secretary, Finance Department
4.	Pawan Kotwal	...	Commissioner / Secretary, Ind. & Comm.
5.	S. C. Sawhney	...	Addl. Secretary, Rural Dev. Department
6.	Rehana Batul	...	Addl. Secretary Tourism
7.	A. M. Wani	...	Addl. Secretary, Employment
8.	Pradeep Gupta	...	Director, Industries & Comm., Jammu
9.	Vinod Bala Sharma	...	Director Agriculture, Jammu
10.	J. L. Sharma	...	Director, Horticulture
11.	B. S. Dua	...	Managing Director, SIDCO
12.	Dr. M. I. Parray	...	Director, EDI
13.	R. K. Srangal	...	Deputy Director, Employment
14.	Bashir Ahmad	...	C.E.O., Urban Dev. Authority, Kashmir
15.	Ghulam Hassan	...	Assistant Director Planning (Rural Development Deptt.)
16.	B. R. Chauhan	...	Director, KVIC
17.	R. A. Qadri	...	Executive Officer, KVIB
18.	G. Q. Khatana	...	Divisional Manager, J&K ST/ ST/ OBC Corporation
19.	Afaq Gadda	...	Press Information officer to Chief Secretary, J&K Govt.
20.	Dr. Vidyasagar	...	Adm. Officer, Agriculture Insurance Co. of India
<b><u>Reserve Bank of India</u></b>			
21.	O. P. Aggarwal	...	Regional Director (For J&K), RBI
22.	H. S. Khitaulia	...	DGM, Reserve Bank of India
23.	B. S. Katoch	...	AGM, Reserve Bank of India
<b><u>Convenor Bank (J&amp;K Bank)</u></b>			
24.	A. K. Mehta	...	Executive Director/ COO
25.	Abdul Majid Mir ...	...	Executive Director/ CFO
26.	Ajit Singh	...	Sr. President (SM)/ CRO
27.	Tafazul Hussain	...	President (A& AP/ SBD)
28.	K. K. Sharma	...	President, (T&ISD/ BSD)
29.	Madan Gupta	...	Vice President (Territorial) ZO Jammu Central
30.	Khurshid A. Pandith	...	Vice President (CCD)

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|-----|---------------------|-----|--|
| 31. | M. A. Khan          | ... | Vice President (Territorial) ZO Jammu West |
| 32. | M. S. Wani          | ... | Sr. Executive Manager, J&K SLBC            |
| 33. | Zamir A. Qadri      | ... | Executive Assistant to Chairman            |
| 34. | Khavar Meraj Handoo | ... | Executive, J&K Bank Web-Team               |

**NABARD**

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|-----|--------|-----|-------------|
| 35. | Munish | ... | DGM, NABARD |
|-----|--------|-----|-------------|

**Banks/ Financial Institutions**

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|-----|---------------|-----|---|
| 36. | V. K. Agrawal | ... | General Manager / ZM, Bank of India         |
| 37. | A. K. Ralhan  | ... | DGM (Rural Business), SBI, LHO Chandigarh   |
| 38. | R. C. Koul    | ... | DGM, Punjab National Bank, J&K Circle       |
| 39. | R. R. Sharma  | ... | DGM, Canara Bank, ZO Jalandhar              |
| 40. | V. S. Katoch  | ... | Regional Manager, Central Bank of India     |
| 41. | K. G. Sharma  | ... | AGM, Oriental Bank of Commerce, RO Amritsar |
| 42. | Raj Kumar     | ... | Manager, Corporation Bank                   |
| 43. | Prem Singh    | ... | AGM, Punjab & Sind Bank                     |
| 44. | R. K. Koul    | ... | Chief Manager, Lead Bank, SBI, ZO Jammu     |
| 45. | A. K. Dhar    | ... | Sr. Manager, UCO Bank                       |
| 46. | Vinod Kumar   | ... | BM, HDFC Bank                               |

**Regional Rural Banks**

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|-----|------------|-----|--------------------------------|
| 47. | A.U. Tak   | ... | Chairman, Ellaquai Dehati Bank |
| 48. | B. A. Lone | ... | Chairman, KRB                  |
| 49. | M. K. Vig  | ... | General Manager, JRB           |

**Cooperative Banks**

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|-----|--------------------|-----|------------------------------|
| 50. | Atta Mohammad Nath | ... | General Manager, ACCB        |
| 51. | R. K. Koul         | ... | Dy. General Manager, J&K SCB |
| 52. | M. L. Sharma       | ... | Dy. General Manager, JCCB    |

**BDSMs/ Lead District Managers**

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|-----|------------------|-----|--|
| 53. | M. Altaf Bhat    | ... | BDSM, Pulwama                                    |
| 54. | M. A. Chuloo     | ... | BDSM, Srinagar/Ganderbal                         |
| 55. | G. R. Bhat       | ... | BDSM, Anantnag/ Kulgam                           |
| 56. | Meraj-uddin      | ... | BDSM, Baramulla/ Bandipora                       |
| 57. | Abdul Sattar     | ... | BDSM, Kupwara                                    |
| 58. | Abdul Hamid Khan | ... | BDSM, Budgam                                     |
| 59. | K. C. Dogra      | ... | BDSM, Rajouri/ Poonch                            |
| 60. | Ashok K. Koul    | ... | Chief Manager, SBI, Lead District Manager, Jammu |

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