

**CONFIRMATION OF THE MINUTES OF 74TH MEETING OF J&K SLBC
HELD ON 20TH OF DECEMBER 2008 AT JAMMU**

The minutes of 74th meeting of J&K SLBC held on 20th December, 2008 at Jammu to review the performance / achievements of the banks / financial institutions operating in the State for the quarter ended September 2008 were uploaded on the website of J&K SLBC www.jkslbc.com and were also circulated among the members vide J&K SLBC office letter No. JKB/SLBC-74/2009-439 dated January 12, 2009. The action points were indicated to the concerned for desired action.

No amendments to the published minutes have been received from the members.

The house is requested to confirm the said minutes.

FOLLOWUP ACTION ON THE DECISIONS TAKEN IN THE EARLIER SLBC MEETINGS (OUTSTANDING ISSUES)

Registration of Equitable Mortgage:

The issue of Equitable Mortgage and registration of charge therefor with a view to prevent frauds was initially deliberated in the 70th SLBC meeting at the behest of Indian Banks Association (IBA) and the Commissioner Secretary, Finance, J&K Govt. had stated that the Government had realized in principle that equitable mortgage is a better route to follow as far as securitization of debt is concerned. He had assured that the suggestion of making it obligatory to register equitable mortgage at a nominal stamp duty amount was being examined by the Law and Revenue Departments.

No progress was reported to the house in 71st and 72nd SLBC meetings regarding the issue.

The issue was again deliberated in 73rd SLBC meeting in the context of further communication of IBA suggesting that arrangements for registering of equitable mortgage transactions with nominal charges can be the most effective measure to prevent multiple loans against a property.

In the 74th SLBC meeting 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 where-after progress will be submitted to the house.

The Government may kindly inform the progress in the matter.

The house may advise further course of action.

Special Package for SMEs and Trade:

In 73rd SLBC meeting the Chairman highlighted the fact that the GoI has withdrawn the basic exemptions to industry causing grief, suffering and uncertainty among the SMEs sector, which is likely to impair the investment climate in the State. He stated that a sizeable number of units in Jammu were promoted on the assumption of having excise duty exemptions, income tax rebates, concessional packages, etc. and the banks have lent money to the industry sector and as such would not wish these accounts getting impaired. It was desired that the matter be reviewed on understanding the implications and the arising situation and a package be worked out.

Recommendation was made to the State Government to have a re-look of the exemption policy the State had prior to 2004 to ensure that the impact on industry could be minimized.

In the 74th meeting of J&K SLBC the Chairman stated that the RBI 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 the RBI has come out with some relaxations for the MSMEs sector that may pass on some relief to the industry in the State also.

The Commissioner/Secretary, Finance, had informed the house 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.

Government may inform the progress in respect of both the issues.

Setting up of Rural Self Employment Training Institutes- R-SETIs:

The issue of setting up Rural Self Employment Training Institutes by banks, which has been on the agenda of J&K SLBC since long, has assumed greater significance in the backdrop of the special meetings of Central Level Coordination Committee (CLCC) on RUDSETIs taken by the Ministry of Rural Development, GoI. In the CLCC meeting dated 5th December 2008, **GoI has stressed the need of establishing R-SETIs in each districts of the country.** The Indian Banks' Association while forwarding copies of minutes of the said CLCC meeting vide their letter No.SB/SLBC/2231 dated January 5, 2009, have requested all the Convenor SLBCs to examine the various suggestions and draw appropriate action plan in their area of operation.

In this context the Chief Secretary, J&K Govt. in the 73rd meeting of the J&K SLBC assured that in case any bank was desirous of setting-up such an institute in the State and was in need of land for the same they are most welcome to write to the Chief Secretary for allotment of land for the purpose.

The issue again came for discussion in the 74th meeting of J&K SLBC, wherein the Chief Secretary, advised the Government Rural Development Department that process of providing built-up infrastructure at the district headquarters to banks for R-SETIs be positively completed as per the commitment made earlier by the Secretary (RDD).

The Chief Secretary also advised that the representative of the Canara Bank should share their experience by giving a presentation on the issue before a team of concerned officials comprising of J&K Bank, Secretary Industries & Commerce, Secretary Rural Development and Director J&K EDI, which he would also like to personally view.

Accordingly, on 6th March 2009 J&K Bank hosted a Power Point Presentation given by DGM, Canara Bank on RUDSETI at Jammu. **The Chief Secretary, J&K Govt., also attended and keenly viewed the whole presentation and gave on the spot instructions to form a group constituting Director, J&K EDI, Secretary Industries & Commerce, Secretary Rural Development, two Directors of Industries (Jammu / Kashmir), representative of J&K Bank, Dr. S. N. Alam (Prof. of Rural Development in J&K IMPA) and other concerned members to be co-opted by J&K SLBC, which will study the R-SETIs model, conduct visits to other such institutes to study and gather more knowledge and further clarity about the most suitable R-SETIs and thereafter submit a comprehensive concept paper at the earliest for**

implementation of R-SETIs in the State. He advised Dr. M. I. Parray (Director, J&K EDI) to coordinate the job and ensure completing the said assignment at the earliest. A record note of the instructions given during the said presentation stands circulated among all the members vide Ref. No.LB/SLBC/346/2009-604 dated March 12, 2009 (copy enclosed for information / confirmation of the house).

New detailed guidelines on R-SETIs issued by Govt. of India (MoRD)

Now RBI, Jammu vide their letter No. RPCD (JMU) 1051/03.01.17/2008-09 dated February 12, 2009 have forwarded a copy of the approved Guidelines on R-SETIs issued by Ministry of Rural Development, Gol (copy enclosed for ready reference). Some of the main features of the guidelines are reproduced below:

- **State Governments will in consultation with the banks in SLBC assign districts, preferably to the respective Lead Banks in the States to set up R-SETIs.**
- **There shall be single bank's sponsorship of the RSETI in a district to avoid any overlapping/ disruption in management. This will also help in branding the R-SETIs in future.**
- **Land for setting up the R-SETIs will be allotted to the concerned Banks, free of cost, by the State Government.**
- **Gol (MoRD) will provide one time grant assistance to the R-SETIs, up to a maximum of Rs.1.00 Crore for meeting the expenditure on construction of building and furniture for the same. This assistance would also be provided if Banks already have land and wish to start a R-SETI there. One time funding support, up to a maximum of Rs.1 Crore, can also be provided to existing RUDSETI type Institutions for upgrading present infrastructure up to the minimum standards prescribed in these guidelines.**
- **The construction of the building for the R-SETIs will be undertaken by the concerned Bank, Trust/ Society. In case the banks so desire they may request the State Government for assistance for construction.**
- **Till the time a suitable land is identified and building constructed the R-SETI may start operation from hired premises.**
- **MoRD, through the DRDAs, will provide support towards cost of training for rural BPL candidates to the sponsor Banks at the rate of Rs.200 per**

candidate per day to a maximum of Rs.4000/- for training up to 4 weeks duration and maximum of Rs.5000/- for training of longer duration.

The guidelines also provide for setting up of SLBC Sub-Committee in every State, which will function as the State level Steering Committee for all the R-SETIs functioning in the State. This Sub-Committee will be co-chaired by the Principal Secretary, Rural Development of the State and the SLBC Convener bank of the State and the members will include top executives of those banks, which have set up/are proposing to set up RSETIs in the State and CGM, NABARD and shall have the following terms of reference:

1. To monitor the progress and review the performance of each of the R-SETIs through the Lead Bank forums i.e. DCC/SLBC.
2. To conduct evaluations of functioning of RSETIs to be done by agencies as decided by the Committee.
3. Any other matter related to the functioning of RSETIs.

The Sub-Committee shall meet at least four times in a year at quarterly intervals.

The Sub-Committee, if it feels the need for it, may invite representatives of any Bank/s, other than those specified above, as special invitees.

The house may deliberate on the issue and decide.

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Website of J&K SLBC - more about www.jkslbc.com:

As promised in 74th SLBC meeting J&K SLBC Secretariat has already conveyed via email the User Ids and member log-in passwords to the member banks and Lead District Managers.

Reforming of Lead Bank Scheme and Restructuring of SLBC forum:

The review and reforms of the Lead Bank Scheme and restructuring of SLBC forum was under consideration of HLC constituted by RBI.

In the 74th J&K SLBC meeting the Regional Director (J&K) RBI informed the house that the exercise is almost over and December 2008 has been fixed as the deadline for submission of the report and recommendations, which were expected very soon.

RBI may update the house with the latest status.

REPORT ON THE MATTERS REFERRED TO VARIOUS SUB-COMMITTEES OF J&K SLBC

Sub-Group on Bundling of Subsidies:

The Sub-group was formed in 70th SLBC meeting under the Convenorship of Principal Secretary, Agriculture Production Department, Government of J&K State, to look into the matter of bundling of subsidies and sort out the issue. As the recommendations of the Sub-group remained awaited the issue was regularly debated in the all the subsequent SLBC meetings.

Responding to the action point, Government Agriculture Production Department have informed vide letter No. Agri.B-51/98-III dated 09.04.2009 that bundling of subsidies does not seem to be a viable proposition and may be dropped from the SLBC agenda for the meeting.

The house is informed accordingly.

Meetings of Sub-Committee of J&K SLBC for Export Promotion:

The Sub-Committee of SLBC for Export Promotion was formed under Reserve Bank of India directions conveyed vide No. DBOD.IECS.43/04.02.10/2004-05. The Sub-Committee was headed by Chief General Manager, J&K Bank (Convenor Bank) with mandate to hold half yearly meetings to address exporters' problems in relation to export finance and other bank related issues at the State level. **This Sub-Committee will be headed by the Executive Director/ CFO of J&K Bank henceforth.**

Reserve Bank of India, Central Office, Mumbai, vide DBOD. Dir.(Exp.) No. 10499/04.02.10/2008-09 dated 31 December 2008 have sought the information as to whether meetings of this Sub-Committee are being convened regularly.

The Sub-Committee has held its last meeting on 21.06.2005 and subsequent meetings have not been held thereafter. The Sub-Committee has been reminded to convene a meeting very soon.

The house is informed accordingly.

Sub-Committee on Relaxation to Trade & Industry in J&K State:

A meeting of the Sub-Committee of J&K SLBC on Relaxations / Concessions to Trade & Industry in J&K State was held on 27th February, 2009 at Jammu, to consider further extension or otherwise in the period of package of relaxations/ concessions to trade and industry in the State beyond its validity period, which was expiring on 31st March, 2009 and for making necessary recommendations to RBI accordingly. The Sub-Committee decided in the meeting to recommend to RBI that special package of concessions/ relaxations to Trade & Industry in the State be further extended by a minimum period of 2 years. Accordingly, the **said recommendations made by the Sub-Committee have been conveyed to RBI for further necessary action** vide letter No. JKB/SLBC/262-III/2009-602-A dated March 12, 2009 (copy enclosed for ready reference). Minutes of the Sub-Committee meeting were uploaded on the website (www.jkslbc.com) and circulated among the concerned. A copy of the same is enclosed for information and confirmation of the house.

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Legislating SARFASEI Act:

The Sub-group under the chairmanship of Principal Secretary Law with Commissioner Secretary (Revenue) and President / CRO, J&K Bank as its members was formed in 73rd SLBC meeting to examine and suggest if the State should come up with its own legislation along lines of SARFASEI Act or allow the Act to apply in the State, because impaired assets is a concern for every bank and that uncertainty in this regard is also preventing other banks from lending. The basic draft on such legislation was to be prepared by the J&K Bank on the pattern of SARFASEI Act.

In The 74th meeting of J&K SLBC the Commissioner Secretary Finance, J&K Government stated that the draft legislation to be provided by Senior President (Law) of J&K Bank would provide just an input to the government for consideration.

Understandably the draft legislation on the lines of SARFASEI Act has been already provided by the Senior President (Law) of J&K Bank to the Government.

The Commissioner/ Secretary Finance, J&K Government had 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.

Progress in the matter may be informed.

The house may advise further course of action.

Sub-group of J&K SLBC to rationalize average ticket size in priority sector lending:

In the 74th meeting of J&K SLBC the Chairman, J&K Bank (Convenor, J&K SLBC) informed the house that as against the average ticket-size of Rs.46000/- under Agriculture Sector, the banks 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. Accordingly, a Sub-group under Executive Director/ CFO of J&K Bank was formed to look into the issue of average ticket size in priority sector lending to rationalize it and make it more realistic

The said Sub-group met on 9th of March 2009 under the chairmanship of Executive Director / C.F.O., J&K Bank, Mr. Abdul Majid Mir at J&K Bank, Corporate Headquarters, Srinagar. All the members of the Committee were present in the meeting. Record note of the decisions taken in the meeting of the Sub-group duly recommended for consideration of the house is enclosed herewith: -

The house may deliberate on the issue in the context of the recommendation of the Sub-group.

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Special Monthly SLBC meetings on MSMEs sector to monitor and review flow of credit:

With a view to withstand the impact of global recession on productive sectors of economy Government of India, Ministry of Finance, Department of Financial Services, New Delhi, vide their communication bearing No. 21/01/09-Dev dated 12.1.2009 while forwarding a copy of the IBA special package on MSMEs, Housing and Auto sectors (IBA No. CE/270/08 dated 16th December 2008) for implementation, have advised all the SLBC Convenor Banks to hold special monthly SLBC meetings from 5th to 12th of every month to monitor that credit continues to flow to MSMEs sector and oversee the resolution of credit issues of MSMEs, duly focusing primarily on the implementation of the said IBA package. Reserve Bank of India vide their letter No. RBI/2008-09/ 324 dated 16.12.2008 have also advised restructuring and other relaxations for SMEs sector. Copies enclosed for information.

In compliance with the said Gol / RBI directives special monthly meetings of J&K SLBC on MSMEs were held on 20th December, 2008 and 6th March 2009 at Jammu, wherein besides, reviewing the position as per the format prescribed by Gol, the house deliberated on a number of issues regarding credit delivery to MSMEs as well as various other issues raised by the representatives of MSMEs, trade and industry in the State. Minutes of the said meetings stand uploaded on the website www.jkslbc.com and were also circulated to all members vide SLBC office Ref. No.LBD/SLBC-74/2009-436 and No.LBD/SLBC-74/2009-614 dated January 9, 2009 and March 19, 2009, for desired action (copies enclosed for ready reference).

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AGENDA ITEM NO: 75.01

CREDIT TO PRIORITY SECTOR

Bank-wise/ Region-wise/ Sector-wise achievements in Priority Sector under Annual Credit Plan 2008-09 for quarter ended December 2008:

(1) BANK-WISE / SECTOR-WISE POSITION:

The Bank-wise/ Sector-wise achievements as at the end of December 2008 vis-à-vis targeted commitments for lending to priority sector under Annual Credit Plan 2008-09 are given as [Annexures-A & B](#).

(2) REGION-WISE / SECTOR-WISE POSITION:

The District-wise/ Sector-wise achievements as at the end of December 2008 vis-à-vis targeted commitments for lending to priority sector under Annual Credit Plan 2008-09 are given as [Annexure-C](#).

It is manifest from the figures that banks till end of December 2008 have provided total credit of Rs.1240.44 Crore in favour of 69,224 beneficiaries against a target of Rs.1910.82 Crore for 1,73,400 beneficiaries to the Priority Sector under Annual Action Plan 2008-09, thereby registering an achievement of 65% and 40% of the annual target for the Financial Year 2008-09 in financial and physical terms respectively.

The achievement vis-à-vis commitment in respect of Crop Loan out of Agriculture Sector has been incorporated separately in the Bank-wise/ Sector-wise and District-wise/ Sector-wise statements as given in [Annexures-B & C](#).

The comparison of the achievement of banks under Priority Sector vis-à-vis their respective annual targets at the end of Q3 of FY 2008-09 with Q3 of PY 2007-08 (YoY) is given hereunder:

(Amount In Crores of Rupees)

Name of Bank	PFY 2007-08			CFY 2008-09		
	Target FY07-08	Ach. Q3-08	%age of Ach	Target FY08-09	Ach. Q3-09	%age of Achiev.
J&K Bank	634.99	673.91	106	836.13	733.97	88
SBI	234.18	179.95	77	274.46	135.18	49
PNB	98.04	95.15	97	174.43	108.93	62
Other Comm. Bks.	108.31	329.44	304	164.47	81.13	49
Coop. Banks	179.64	107.49	60	226.18	91.37	40
RRBs	199.35	86.45	43	229.67	88.37	38
Other FIs	4.33	0.71	17	5.48	1.49	27
TOTAL	1458.84	1473.10	101	1910.82	1240.44	65

(3) CREDIT TO NON-PRIORITY SECTOR:

Under non-priority sector the banks have disbursed an amount of Rs.1297.37 Crore to 50,050 beneficiaries till end of December 2008 out of which disbursement of Rs.768.27 Crore to 37,895 beneficiaries had been made upto the end of 30th September, 2008 thereby reflecting disbursement of Rs.529.10 Crore during Q3 to record a growth of 69% over H1 achievement.

(4) BANK-WISE SECTOR-WISE ANALYSIS:**I) AGRICULTURE SECTOR:**

Against the annual Target of Rs.493.78 Crore for 1,07,319 beneficiaries, banks have disbursed a total amount of Rs.257.39 Crore in favour of 27,236 beneficiaries under this sector till end of December 2008 thereby registering an achievement of 52% and 25% in financial and physical terms respectively.

Out of this, an amount of Rs.69.65 Crore against a target of Rs.205.92 Crore has been disbursed under Crop Loan in favour of 8,877 agriculturists. The achievement of banks under this segment is of the order of 34% of the target.

While analyzing the Bank-wise achievements under Agriculture sector, it will be observed that leading performers have been JKBL, PNB, Canara Bank and EDB, who

have achieved 80%, 50%, 48% and 22% respectively, of their respective individual targets. While analyzing the quantum-wise disbursement based on absolute terms, the major contributors have also been the JKBL (Rs.180.06 Crore), JRB (RS.14.84 Crore), KRB (Rs.13.94 Crore). PNB (Rs.13.86 Crore), SBI (10.14 Crore).

(II) SMALL ENTERPRISES SECTOR:

As against the annual target of Rs.448.89 Crore for 15,371 beneficiaries, banks have disbursed an amount of Rs.380.46 Crore in favour of 10,866 beneficiaries by the end of December 2008, thereby registering 85% and 71% of the target in financial and physical terms respectively.

While analyzing Bank-wise achievements (quantum-wise), the major contributors have been JKBL (Rs.221.01 Crore), Punjab National Bank (Rs.49.47 Crore), State Bank of India (Rs.34.95 Crore),) and JCC Bank (18.19 Crore).

(III) MICRO CREDIT:

As against the annual target of Rs.438.60 Crore in favour of 18,568 beneficiaries banks have disbursed total amount of Rs.95.30 Crore in favour of 7,939 beneficiaries till end of December 2008. This works out to 22% and 43% achievement in financial and physical terms respectively.

While analyzing Bank-wise achievements (quantum-wise), the major contributors have been JKBL (Rs.51.71 Crore), JRB (Rs.13.60 Crore), State Bank of India (Rs.12.77 Crore), KRB (Rs.5.88 Crore) and Punjab National Bank (Rs.5.60 Crore).

(IV) RETAIL TRADE:

As against the annual target of Rs.368.56 Crore in favour of 26,069 beneficiaries banks have disbursed total amount of Rs.312.07 Crore in favour of 13,899 beneficiaries till end of December 2008. This works out to 85% and 53% achievement in financial and physical terms respectively.

While analyzing Bank-wise achievements (quantum-wise), the major contributors have been JKBL (Rs.144.93 Crore), State Bank of India (Rs.52.15 Crore) Punjab National Bank (Rs.30.33 Crore) JRB (Rs.12.62 Crore), JCC Bank (Rs.9.59 Crore), Citizen Co-op Bank (Rs.6.00 Crore), EDB (Rs.5.40 Crore) and KRB (Rs.4.78 Crore).

(V) EDUCATION:

As against the annual target of Rs.65.07 Crore in favour of 2,772 beneficiaries banks have disbursed total amount of Rs.40.57 Crore in favour of 1,798 beneficiaries by the end of December 2008. This works out to 62% and 65% achievement in financial and physical terms respectively.

While analyzing Bank-wise achievements (quantum-wise), the major contributors have been JKBL (Rs.23.78 Crore), State Bank of India (Rs.6.78 Crore), Punjab National Bank (Rs.3.64 Crore) and P&S Bank (Rs.3.44 Crore).

(VI) HOUSING:

As against the annual target of Rs.95.92 Crore in favour of 3,301 beneficiaries banks have disbursed total amount of Rs.154.65 Crore in favour of 7,486 beneficiaries till end of December 2008. This works out to 161% and 227% achievement in financial and physical terms respectively.

While analyzing Bank-wise achievements (quantum-wise), the major contributors have been JKBL (Rs.112.48 Crore), State Bank of India (Rs.18.39 Crore), Punjab National Bank (Rs.6.02 Crore) and JCC Bank (Rs.4.41 Crore).

(5) REGION-WISE/ SECTOR-WISE ANALYSIS:

(Amount in Crores of Rupees)			
Region	Targets	Achievements	Achievement %
Kashmir	937.08	526.03	56
Jammu	938.39	679.04	72
Ladakh	35.35	35.37	100
TOTAL	1910.82	1240.44	65

I) KASHMIR REGION:

In the Kashmir region an amount of Rs.526.03 Crore against target of Rs.937.08 Crores (56% achievement) has been disbursed by the end of December 2008 of the FY 08-09 with a distribution of Rs.143.63 Crore for the Agriculture Sector, Rs.139.87 Crore for the Retail Trade, in the Small Enterprises Rs.124.97 Crore, in the Micro Credit Rs.52.20 Crore, in the Housing Rs.45.49 Crore and Education Sector Rs.19.88.

The sector-wise credit flow-sharing pattern has been as Agriculture 27.30%, Retail Trade 26.59%, Small Enterprises 23.76%, Micro Credit 9.92%, Housing 8.64% and Education 3.78%.

II) JAMMU REGION:

Jammu gives a different picture of credit disbursement to various sectors. The region has the highest credit disbursement by the end of Q3 of FY 08-09 of Rs.679.04 Crore against the target of Rs.938.39 Crore (72% achievement) with a distribution of Rs.112.89 Crore for the Agriculture Sector, Rs.157.56 Crore for the Retail Trade, in the Small Enterprises Rs.245.90 Crore, in the Micro Credit Rs.34.67 Crore, in the Housing Rs.107.51 Crore and Education Sector Rs.20.51. The sector-wise credit flow-sharing pattern has been as Agriculture 16.62%, Retail Trade 23.20%, Small Enterprises 36.21%, Micro Credit 5.10%, Housing 15.83% and Education 3%.

III) LADAKH REGION:

In the Ladakh region an amount of Rs.35.37 Crore has been disbursed by the end of Q3 of the CFY 08-09 against the target of Rs.35.35 Crore (100% achievement) with a distribution of Rs.0.88 Crore for the Agriculture Sector, Rs.14.63 Crore for the Retail Trade, in the Micro Credit Rs.8.43 Crore, in the Small Enterprises Rs.9.60 Crore, in the Housing Rs.1.65 Crore and Education Sector Rs.0.18. The sector-wise credit flow-sharing pattern has been as Agriculture 2.49%, Retail Trade 41.36%, Small Enterprises 27.14%, Micro Credit 23.83%, Housing 4.66% and Education 0.5%.

The forum is requested to discuss the issue in the light of the above analysis and the data furnished.

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AGENDA ITEM NO: 75.02

CREDIT UNDER GOVERNMENT SPONSORED SCHEMES:

Region-wise/ District-wise/ Scheme-wise and Bank-wise/ Scheme-wise performance of various Banks under Government Sponsored Schemes upto 31st December 2008.

Against the Annual Action Plan 2008-09 for all banks operating in the State of Rs.204.81 Crore for 23,835 beneficiaries the achievement of banks during the CFY till end of December 2008, under five major Government Sponsored Schemes, viz. SGSY, PMEGP, JKSES, SJSRY, and SC/ST/OBC is of the order of Rs.57.36 Crore spread over 6,367 beneficiaries in all the three regions of the State thereby registering a performance of 28% (Financial) and 27% (Physical) of the target. The position is not encouraging as compared to disbursement of Rs.100.39 Crore to 9,560 beneficiaries made during the corresponding period of the previous year.

1) REGION-WISE ANALYSIS OF ACHIEVEMENTS:

The Statement of Region-wise/ Scheme-wise and District-wise/ Scheme-wise achievements vis-à-vis targeted commitments of all banks under five major Govt. Sponsored Schemes as on 31st December 2008, is attached as [Annexure-D & D1](#)

i) KASHMIR REGION:

Banks have disbursed a total amount of Rs.35.71 Crore to 4,150 beneficiaries by the end of Q3 of CFY 2008-09 against the target of Rs.120.94 Crore to 13,578 beneficiaries under these five major Government Sponsored Schemes, thereby achieving 30% and 31% in financial and physical terms respectively as compared to 41% achievement at Rs.58.92 Crore to 5,791 beneficiaries for the corresponding period of the previous year.

ii) JAMMU REGION:

Banks have disbursed an amount of Rs.16.63 Crore to 1,978 beneficiaries by the end of Q3 of CFY 2008-09 under these schemes against the target of Rs.71.46 Crore to 9,236 beneficiaries, which accounts for 23% and 21% achievement in financial and

physical terms respectively as compared to 34% achievement of banks at Rs.34.33 Crore as on 31st December 2007.

iii) LADAKH REGION:

Banks have disbursed a total amount of Rs.5.02 Crore to 239 beneficiaries by the end of Q3 of CFY 2008-09 against the target of Rs.12.42 Crore to 1,021 beneficiaries under these five major Government Sponsored Schemes, thereby achieving 40% and 23% achievement in financial and physical terms respectively as compared to 40% achievement of banks at Rs.7.13 Crore for the corresponding period of the last year.

2) BANK-WISE/ SCHEME-WISE ANALYSIS OF ACHIEVEMENTS:

The Bank-wise achievements under five major Central/ State Government Sponsored Schemes as on 31st December 2008 are discussed below in light of the figures annexed Scheme-wise as [Annexure E, E1, E2, E3 & E4](#).

SGSY: Under SGSY against a target of Rs.57.29 Crore for 11,354 beneficiaries, banks have disbursed an amount of Rs.16.83 Crore to 3, 515 beneficiaries by the end of Q3 of CFY 2008-09, which works out to achievement of 29% and 31% in financial and physical terms respectively. Out of the total achievement of Rs.16.83 Crore the major contributors are J&K Bank (Rs.7.14 Crore), Baramulla Central Cooperative Bank (Rs.2.31 Crore), State Bank of India (Rs.1.80 Crore), Kamraz Rural Bank (Rs.1.62 Crore), Jammu Central Cooperative Bank (Rs.1.43 Crore), Jammu Rural Bank (Rs.0.60 Crore), and Punjab National Bank (Rs.0.55 Crore).

PMEGP: The PMEGP Scheme was announced recently on merger of the erstwhile two centrally sponsored schemes, viz. PMRY and REGP and operational guidelines have been issued during the quarter under review. As per PMEGP Scheme KVIC is the single nodal agency at national level. The Scheme will be implemented at State level through State Directorates of KVIC, KVIB and DICs in rural areas, whereas in urban areas the scheme will be implemented through DICs only. KVIC has been assigned the job of allocating State-wise targets while-as the targets among the districts in the State are to be assigned by the **State Level Bankers' Coordination Committee (SLBCC)**. SLBCC has been also advised to ensure the targets are evenly distributed within each district.

KVIC has informed vide letter No. SOJ/PMEGP/SLBC/AGENDA/2008-09-2322 dated 18.12.2008 that 623 case have been allocated to J&K State for the FY 2008-09 with margin money and subsidy support of Rs.748.14 lacs to be executed by 3 implementing agencies, viz. KVIC (112 cases), KVIB (262 cases) and DIC (249 cases). However, district-wise allocation for implementing agencies under the Scheme has not been conveyed to SLBC. Hence, the figures indicated in the review are based on the aggregated data of districts as reported by Lead District Managers. It is reflected by the reported data that banks operating in the State have been able to disburse an amount of Rs.0.83 Crores in favour of 66 beneficiaries till the end of December 2008 and the major contributors are J&K Bank (30 units), SBI (12units), KRB (18 units), BCC Bank (5 units) & PNB (1 unit).

Since the operation on the scheme commenced in the last quarter under review and the exercise on district-wise / bank-wise allocation of targets has not be fully completed till the end of December 2008 so the achievement of banks/ lending institutions in the State under the scheme has remained very low.

JKSES: Under JKSES, banks have disbursed an amount of Rs.34.99 Crore to 1,844 beneficiaries by the end of Q3 of CFY 2008-09 against the annual target of Rs.104.69 Crore for 6,365 beneficiaries, thus registering an achievement of 33% in financial terms and 29% of the physical target. The contribution of J&K Bank, SBI & PNB, vis-à-vis their respective financial targets is of the order of 40%, 27% and 29% respectively. Against a physical target of 6,365 units only, 5,340 cases have been sponsored to various banks, out of which 2,177 cases were sanctioned, 906 have been rejected/ returned and 2257 cases are lying pending for sanction with banks.

SJSRY: Under SJSRY, banks have disbursed an amount of Rs.3.14 Crore to 498 beneficiaries by the end of Q3 of CFY 2008-09 against the target of Rs.14.77 Crore for 2,211 beneficiaries, thus registering an achievement of 21%. From the data available it is been observed that only 1,124 cases were sponsored to Banks against the target of 2,211 case out of which 428 cases were sanctioned, 143 cases were rejected/ returned and 553 Cases are pending for sanction with banks. Out of the total achievement of Rs.3.14 Crore the performance of three major banks i.e., J&K Bank, PNB and SBI vis-à-vis their respective targets is of the order of 23%, 14% and 12% respectively.

SC/ST/OBC: Under SC/ST/OBC banks have disbursed an amount of Rs.1.57 Crore to 444 beneficiaries by the end of Q3 of CFY 2008-09 against the target of Rs.9.28 Crore for 2,912 beneficiaries thereby registering an achievement of 17%. Against the target of 2,912 units, only 1,164 cases have been sponsored, out of which 523 cases were sanctioned by Banks, 156 cases were rejected/ returned and 485 cases are pending for sanction with the banks.

It is thus seen that the achievement under Government Sponsored Schemes continues to remain discouraging and rejection level also continues to be comparatively higher for which matter of concern previously suggested measures require to be implemented with sincerity and seriousness for ensuring that the sponsored programmes deliver as intended.

In the above background and the figures furnished, the house is requested to deliberate upon the issue.

Encls-08

AGENDA ITEM NO: 75.03

Performance under Handicrafts / Handloom / Credit-cum-Subsidy Scheme for Rural Housing Schemes as at the end of 31st December 2008

The Bank-wise achievement as on 31.12.2008 under these Schemes is discussed below in light of the figures given in the [Annexures-F, G, H, &I.](#)

A) Handicrafts/ ACC:

A target of Rs.19.29 Crore for 3,516 beneficiaries had been set for banks under this sector for the CFY 2008-09. Banks have disbursed a total amount of Rs.3.16 Crore to 556 beneficiaries by the end of Q3 of CFY 2008-09, which includes 83 sanctioned cases of previous year. Against the physical target of 3,516 cases 1,689 cases have been sponsored to various Banks, out of which 591 cases were sanctioned, 203 cases were rejected and 895 cases are lying pending with the banks for sanction.

B) Handlooms:

Under this sector a target of Rs.9.05 Crore for 1,251 beneficiaries had been set for the banks for the CFY 2008-09. Banks have disbursed a total amount of Rs.0.47 Crore to 104 beneficiaries by the end of Q3 of CFY 2008-09, which include 13 sanctioned cases of previous year. Against the physical target of 1,251 cases 449 cases have been sponsored to various banks, out of which the banks have sanctioned 121 cases with 260 cases pending for sanction and 68 cases rejected/ returned due to various reasons.

C) Credit-cum-Subsidy Scheme for Rural Housing.

Under this Sector against the target of Rs.62.00 Lacs to 100 beneficiaries, banks have disbursed Rs.6.37 Lacs to 14 beneficiaries by the end of Q3 of current financial year 2008-09. Against the target of 100 cases, 14 cases have been sponsored to various banks, all those 14 cases have been sanctioned, no case has been rejected/ returned by the banks and nothing is lying pending with the banks.

The house is requested to deliberate upon the issue in light of the above.

Encls-04

AGENDA ITEM NO: 75.04

BANK CREDIT AT A GLANCE (A GLIMPSE OF AGGREGATIVE ANALYSIS):

Statistical data of various banks in J&K State as at the end of Q3 2008-09

Although SLBC is primarily assigned the role of facilitating and monitoring smooth flow of credit to priority sector yet the overall credit scenario in J&K State is revealing some interesting and peculiar behavioural aspects attracting attention like low CDR, low credit appetite, lack of entrepreneurship, etc. Precisely for the purpose of having some idea and understanding of and also to address and resolve such peculiar issues, the statistical data of various banks functioning in the J&K State is provided for the perusal of the house as under:

- 1. Comparative Statement of Bank-wise deposits and advances with Credit Deposit Ratio and Credit + Investment to Deposit Ratio and NPAs outstanding as on December 2007 & December 2008. [Annexure -J](#)**
- 2. Comparative Statement of Bank-wise /Sector-wise advances Outstanding against Priority Sector/ Weaker Sections of the society as on ending December 2008. [Annexure-K](#)**

CREDIT SHARING OF MAJOR PLAYERS:

As is manifest from the Comparative Statement of Bank-wise Deposits and Advances ([Annexure-J](#)) J&K Bank has the largest share of Rs.9634.74 Crore (67.73%) in the aggregate outstanding credit of banking sector of Rs.14223.66 Crore in the State at the end of December 2008. The share of SBI is Rs.1410.12 Crore comprising 9.91% and that of PNB is Rs.736.20 Crore comprising 5.17%.

The NPAs position of the major banks as reflected in [Annexure-J](#) reveals that in the total NPAs of Rs.602.13 Crore in the State at the end of December 2008 the share of J&K Bank is to the tune of Rs.261.09 Crore, that of SBI Rs.38.02 Crore and PNB Rs.97.37 Crore.

It is also evident from the [Annexure-K](#) that J&K Bank has the largest share of Rs.3873.68 Crore aggregate outstanding credit under Priority Sector (Comprising 59%) at the end of December 2008 out of the total Priority Sector Bank Credit of

Rs.6586.21 Crore in the State. The shares of SBI and PNB in outstanding credit to Priority Sector are Rs.799.09 Crore (12%) and Rs.423.86 Crore (6 %) respectively.

From the Annexure, it will be observed that while the J&K Bank alone has made total advances of Rs.9634.74 Crore in J&K State as on 31.12.2008 as against its total deposits of Rs.17,842.51 Crore, thereby achieving a C. D. Ratio of 54.00%. The other major Public Sector Banks, viz. SBI & PNB have made advances of Rs.1,410.12 Crore and Rs.736.20 Crore respectively as against their deposits of Rs.4,745.91 Crore and Rs.2,119.52 Crore, achieving a C.D. Ratio of 29.71% and 34.73%, respectively, as on 31st December 2008. The remaining 18 Public Sector Banks put together have advanced Rs.1,047.23 Crore as against their total deposits of Rs.2,218.15 Crore, which works out to a C. D. Ratio of 47% as on that date.

The three Regional Rural Banks operating in the State have advanced a total amount of Rs.476.15 Crore against their total deposits of Rs.1,420.16 Crore, which works out a C. D. Ratio of 33.53% as on 31st December 2008.

The seven Cooperative Banks i.e. JCC Bank, BCC Bank, ACC Bank, Citizen's Coop. Bank, JKSC Bank, DUCO Bank and BMC Bank together have advanced Rs.701.91 Crore as against their total deposits of Rs.1,667.18 Crore, thereby achieving C. D. Ratio of 42.10% as on 31st December 2008.

Out of the aggregate advances of Rs.14,223.66 Crore outstanding as on 31st December 2008 an amount of Rs.6586.21 Crore has gone to Priority Sector (comprising 46.30%) and Rs.1627.88 Crore out of the priority sector has gone to weaker sections of the society (comprising 24.71% of priority sector).

While analyzing the Priority Sector advances it has been observed that the Small Enterprises sector dominates other sectors by absorbing major share of Rs.2,070.99 (31.44%)Crore followed by Retail Trade, Agriculture, Housing, and Micro Credit, sector with an amount of Rs.1,618.10 Crore (24.57%), Rs.1,547.47 Crore (23.50%), Rs.1,001.58 Crore (15.21%) and Rs.199.87 Crore (3.03%), respectively and the lowest share of Rs.148.18 Crore (2.25%) has gone to Education sector.

In light of the figures provided in the Annexures, the glimpse of credit scenario is presented before the house for deliberation upon the issue.

Encls-04

AGENDA ITEM NO: 75.05

ACHIEVEMENT UNDER KISSAN CREDIT CARD (KCC) SCHEME:

Government of India/ Reserve Bank of India attaches great importance to implementation of Kissan Credit Card scheme. The performance of banks vis-à-vis Annual Credit Plan 2008-09 under KCC scheme as at the end of Q3 of CFY 2008-09 is furnished as [Annexure-L](#).

From the annexure it is observed that as against the annual target of Rs.105.03 Crore for 34,578 beneficiaries, banks have provided credit of Rs.10.11 Crore to 1,829 beneficiaries under the scheme during the CFY up to the end of December 2008 thereby registering an achievement of 10% and 5% in financial and physical terms respectively.

As is evident from the figures the performance of banks in issuing KCC in the State is not satisfactory. The main reason for KCC Scheme not picking up to the desired level and becoming a popular credit delivery instrument among farmers has been the non-availability / inadequacy of updated land records.

The house is requested to deliberate on the issue in light of the figures provided in [Annexures-L](#)

Encl-01

AGENDA ITEM NO: 75.06

ACHIEVEMENT UNDER SELF HELP GROUP (SHG)

The Self Help Groups (SHGs) Scheme is an effective tool for delivering credit to rural poor for their economic empowerment and social development and it is an alternative loan delivering system, which minimizes the cost of operation and transaction for the banks. The Scheme has assumed greater significance in view of the global economic slowdown. The performance of banks operating in J&K State is submitted as per [Annexure-M](#).

As is evidenced by the Annexure only 12 banks amongst the banks operating in the State have reported disbursement of loans under the SHG scheme, which aggregate to Rs.44.05 Crore in favour of 2,203 beneficiaries. Since the scheme has not been picking up in J&K State satisfactorily, the concept needs to be thoroughly propagated in the State by holding awareness camps.

The house is requested to deliberate on the issue in light of the figures provided in [Annexures-M](#)

Encl-01

AGENDA ITEM NO: 75.07

Review of position as per key indicators for monitoring flow of credit in J&K State as of 31st December 2008:

Government of India, Ministry of Finance, Department of Financial Services, vide letter No. 21/26/2008-Dev dated 10th November 2008 (copy enclosed) have emphasized that the SLBC forum should monitor the credit flow more effectively and there should be sharing of innovative ideas with the Central Government.

Accordingly, the data containing key indicators as per the format prescribed by Gol in respect of the banks operating in J&K as on 31st December 2008 is enclosed for information of the house, which indicate as under:

- **As against the benchmark of 60%, the C. D. Ratio of all banks operating in the State has gradually increased to 46.52% as on 31st December 2008. C.D.Ratio needs to be improved further.**
- **Total advances of all banks operating in the State as on 31st December 2008 stood at 14,228.44 Crore and the share of priority sector advances to total advances stood at 48.53% against the benchmark of 40%, which is encouraging.**
- **Share of Agriculture advances to total advances in the State stands at 10.76% as on 31.12.2008, which is far below the benchmark of 18% and needs attention.**
- **Advances to weaker sections of society out of the total advances as on 31st December 2008 stands at 11.49% as against the benchmark of 10%, which is satisfactory**
- **As against the prescribed benchmark of 1% of total advances, total bank credit under DRI Scheme in the State as on 31.12.2008 stood at a meager figure of 0.65 Crore as against gross outstanding credit of Rs.14228 Crore, representing the negligible proportion much below the benchmark.**
- **Share of advances to women out of the total advances in the State as on 31st December 2008 stands at 4.90% as against the benchmark of 5%, which is satisfactory.**
- **Share of lending to SME out of the total advances as on 31st Dec. 2008, stands at Rs.2266.12 Crore comprising about 16% of the total bank credit in J&K State.**

The house is requested to review the position and deliberate on the issue.

Encls: 03

AGENDA ITEM NO: 75.08

Inclusion of issues pertaining to MSMEs Sector in regular SLBC meetings:

Government of India and Reserve Bank of India have taken a number of measures to deal with the impact of the global financial situation on the Indian economy. Steps have been taken to ensure that credit continues to flow to productive sectors of the economy.

In this context Reserve Bank of India, Central Office, Mumbai, vide their Circular letter No. RBI/2008-09/334 dated December 30, 2008 (**copy enclosed for ready reference**) has issued instructions to the banks to review their institutional arrangements for delivering credit to SME Sector especially in identified clusters with a view to providing adequate and timely credit. Reserve Bank of India has advised the SLBC Convenor Banks to:

- **Ensure that adequate attention is paid to the financial needs of MSMEs Sector in the State; and**
- **Include the issue and discuss the problems faced by MSMEs sector in all SLBC meetings in future.**

Besides, Gol, MoF, Department of Financial Services, New Delhi, vide their communication bearing No. 21/01/09-Dev dated 12.1.2009 have advised all the SLBC Convenor Banks that **these new items of the economic package should be included as additional agenda items during the regular (quarterly) SLBC meetings** and report thereon be submitted to Gol in the prescribed format.

Status of MSMEs Sector as on 28.02.2009

- **Upto the end of February 2009, banks in the State have so far restructured 313 MSMEs accounts involving an amount of Rs.78.52 Crores.**
- **Banks have sanctioned working capital loans (new) to the extent of Rs.205.84 Crores in favour of 2228 beneficiaries and incremental working capital loans to 783 existing units amounting to Rs.91.91 Crores.**

The house may review the position and deliberate on the issue.

Encls: 02

AGENDA ITEM NO: 75.09

Levying of service charges on NREG/ NOAP accounts:

Director (CM/Dev.), Department of Financial Services, Ministry of Finance, Government of India vide communication bearing F. No. 23(6)/08-CP dated 6th January, 2009 (copy enclosed for ready reference) has intimated that it has been brought to the notice of the Finance Secretary by Secretary (Rural Development) that the banks are levying services charges @ Rs.45/- per transaction per National Rural Employment Generation (NREG) / National Old Age Pension (NOAP) account. This is putting additional burden on the Government and if it is deducted from the wages of the beneficiaries, it may put hardship on the poor beneficiaries.

Government of India has advised to discuss the matter in the SLBC meeting for appropriate action.

The house is requested to deliberate on the issue.

Encls: 01

AGENDA ITEM NO: 75.10

100% Financial Inclusion - Evaluation by external agencies - Broad findings:

The GoI, Ministry of Finance, Department of Financial Services vide communication bearing F.No.21/3/2009-Dev dated 24.3.2009 (copy enclosed), have advised the SLBC Convenors to discuss in the SLBCs/ DLCCs meetings the observations and the loopholes pointed in the Evaluation Study got conducted by RBI through some external agencies in 26 districts in the country on the claims of SLBCs having declared several districts as 100% financially included (circulated by RBI vide their circular letter No.RBI/2008-09/357 dated 22.01.2009). The action taken report in this regard has to be sent to Government of India and to Reserve Bank of India within 3 months. Main findings of the said evaluation study are as under:

- Though some sample districts have been declared as 100% financially included, yet actual financial inclusion has not been to that extent in all the districts.
- Most of the accounts that have been opened as a part of the financial inclusion drive have remained inoperative due to various reasons cited in the said study. There is a need for SLBCs/ DCCs to actively step up the awareness with regard to 'no frills' account as this continues to be poor in many districts.
- There is an urgent need for making these no frill accounts fully functional through financial education/ banking awareness involving State Governments and banking sector. The State Governments/ UTs will have to launch a systematic plan for awareness and education of the illiterate and poor population in rural areas by involving functionaries of DRDA, NGOs, local bodies and local media etc.
- The study has also found that at places where bank employees have played prominent role in motivating people, the results have proved better.
- There is also a need for role clarity for the bankers at SLBC/ DLCC and the State Government/ UTs functionaries as well so that they take more responsibility in educating people about banking services.

As desired by GoI, the house is requested to deliberate upon the issue and advise measures to be taken to plug the loopholes as pointed out in the Evaluation Study.

Encls: 01

AGENDA ITEM NO: 75.11

Agricultural Debt Wavier and Debt Relief Scheme-2008:

The Agriculture Debt Waiver and Debt Relief Scheme, 2008 was announced by Government of India vide notification dated 28th May 2008 for implementation by all scheduled commercial banks, RRBs and cooperative credit institutions. The said Scheme was circulated by Reserve Bank of India vide Circular No. PLFS.BC.72/05.04.02/2007-08 dated May 23, 2008 in terms of which the scheme was required to be completed by 30th June 2008. Besides, the supplementary explanatory instructions issued by Government of India vide Circular No.1/2008 dated 28th May 2008 were circulated by RBI vide Circular No. RBI/2007-2008/340 dated May 30, 2008 and No. RBI/2007-2008/344 dated May 30, 2008.

There are in all 39 banks operating in J&K State, which include 22 public sector commercial banks, 6 private sector commercial banks, 3 Regional Rural Banks and 8 co-operative banks. Out of these 16 banks have got no claims to be covered under the Agriculture Debt Waiver/ Debt Relief Scheme 2008.

The banks/ financial institutions operating in J&K State have extended agriculture debt waiver/ debt relief to the tune of Rs.78.64 Crores (amount reimbursable by the Gol) in favour of 39,602 beneficiaries and Rs.24.78 Crores (amount not reimbursable by Gol - being amount of interest in excess of principal, written of amounts, unapplied interest and other charges etc.) involving 35,885 beneficiaries.

The statements containing district-wise and bank-wise details of Agriculture Debt Waiver/ Debt Relief amount reimbursable and amount not reimbursable already submitted to Gol as per Table 5(a) and Table 5(b), is enclosed.

This is for information of the house

Encl: 02

AGENDA ITEM NO: 75.12

MISCELLANEOUS ISSUES

A) Guidelines on Differential Rate of Interest (DRI) Scheme:

The Reserve Bank of India vide their communication bearing RPCD (JMU) No.971/03.01.17/2008-09 dated January 29, 2009 (copy enclosed) have sought feedback / comments of banks as to whether the condition in the eligibility criteria under Different Rate of Interest (DRI) Scheme that **"He does not incur liability to two sources of finance at same time"** appearing at Para 3.5 of the comprehensive guidelines on the said scheme circulated vide DBOD No. B.P.1900/C.453 (U)-77 dated 6 July 1977 (copy enclosed), **is restrictive in the interests of the poor beneficiaries.**

Accordingly, all banks operating in J&K State were advised vide J&K SLBC Ref. No. LB/SLBC/169/2009-480 dated January 31, 2009 to send their feedback / comments with regard to the aforesaid condition based on their experience for the past 30 years. Most of the banks have not provided the requisite feedback with the result a comprehensive viewpoint could not be formulated and conveyed to Reserve Bank of India.

The house is requested to deliberate on the issue for enabling to formulate a considered viewpoint in the matter.

Encls: 02

B) Preparation of Annual Credit Plans (ACP):

In the 74th SLBC meeting, while deliberating upon Annual Credit Plan, the house observed that the ACP was not being formulated in time and all the banks, LDMs and other concerned agencies were impressed upon to ensure that the ACP is prepared and readied on time before 31st of March, so that ACP for the State could be launched by April 01 every, which would enable the banks to make it a part of their respective business plans for better targeting, effective implementation and improve the performance.

In this context the Chief Secretary, J&K State, vide communication No. PS/CS-06/2009 dated 30.02.2009 has also advised the District Development Commissioners to ensure strict adherence to the time schedule for preparation and launch of ACP as envisaged in the relevant RBI guidelines.

Till date of this meeting the District Credit Plans have been received from only 10 districts, which include:

1. District Srinagar
2. District Ganderbal
3. District Budgam
4. District Doda
5. District Ramban
6. District Kishtwar
7. District Jammu
8. District Udhampur
9. District Reasi
10. District Samba

District ACP of other 12 districts are still awaited.

This is for information of the house.

C) Financial Literacy and Credit Counseling Centres (FLCC) - Model Scheme:

Further to the deliberations regarding establishing of FLCC Centres in the earlier SLBC meetings Reserve Bank of India (RPCD), Regional Office, Jammu vide their No. RPCD (JMU) 1296/03.01.27/2008-09 dated March 25, 2009 have given revised instructions and have also forwarded a copy of the model scheme circulated by Reserve Bank of India, Mumbai vide Circular No. RBI/2008/09/371 dated February 4, 2009 wherein it has been advised that in order to have maximum coverage, FLCCs may need to be set up at all levels viz. block, district, town and city levels. SLBCs may discuss and coordinate with banks, both in public and private sectors and arrive at a plan for setting up of FLCCs at different levels in a phased manner. However, to begin with, lead banks may take the initiative for setting up FLCCs in the district headquarters. The SLBCs could oversee the activities of FLCCs and provide support and guidance wherever required.

It has been desired that the issue be discussed in the SLBC meeting. In this context it has to be decided whether these institutions will be independent or if these will be integrated with R-SETIs (discussed in this meeting as per separate agenda item).

The house may seek willingness of banks and decide who undertakes responsibility of opening FLCCs and finalize the allocation of districts to the banks accordingly.

The copy of guidelines / scheme is enclosed for information of the members.

The house may deliberate on the issue.

Encls: 05

D) Utilizing Lok Adalat as an alternative dispute resolution mechanism for bank debt:

Lok Adalats (People's Courts) are being used by banks for settlement of disputed cases related to banking matters and act as a speedy mechanism for recovery of bank debt. Reportedly in one of the States the Lok Adalats have been organized with the help of judiciary to settle pending cases of the banks and the event has been a great success.

As per the Reserve Bank of India letter No. RPCD (JMU) No.1361/03.01.17/2008-09 dated April 1, 2009 (copy enclosed for ready reference) holding and utilizing Lok Adalats as an alternative dispute resolution mechanism for bank debts be examined for implementation in J&K State. It has been also advised that the utility of these Adalats may be widely publicized and monitored effectively through various fora of Lead Bank Scheme.

The house is requested to deliberate on the issue.

Encls: 01