

MINUTES OF THE 75TH MEETING OF J&K STATE LEVEL BANKERS' COMMITTEE (SLBC) HELD ON APRIL 22, 2009 AT JAMMU

The 75th meeting of J&K State Level Bankers' Committee (SLBC) was held on 22nd of April 2009 at Jammu. The meeting was presided over by Dr. Haseeb A. Drabu, Chairman J&K Bank and Convener J&K SLBC. The Chief Secretary, J&K State, Shri S. S. Kapoor was the Chief Guest. Top functionaries of the Government administration and banks including Commissioner/ Secretary Finance Department, Commissioner/ Secretary Labour and Employment Department, Executive Directors of J&K Bank, Regional Director (for J&K) Reserve Bank of India, senior officials of various line departments and development agencies and senior representatives of major banks/ financial institutions operating in the State attended the meeting. The list of participants is enclosed as **Annexure-A**.

At the outset the Chairman, J&K Bank (Convener J&K SLBC) extended a warm welcome to the Chief Secretary, other dignitaries and participants to the meeting. Thereafter, he presented a power point presentation before the house encompassing a comprehensive review of the performance of the banks operating in the State during the period of first three quarters of the FY 2008-09 ended on 31.12.2008 under ACP.

The Chairman stated that in aggregative terms the total credit off-take in the first 3 quarters of the CFY has been to the order of Rs.2537 Crore of which disbursement to priority sector in the State has been Rs.1240 Crore against annual ACP 2008-09 target of Rs.1911 Crore. This depicts a performance of 65% at the end of Q3 for the first time under ACP. Giving sector-wise details of credit flow the Chairman stated that within the priority sector Small Enterprises sector dominates other sectors by absorbing credit disbursement of Rs.380.46 Crore (achieving 85% of annual target) followed by Retail Trade sector with an amount of Rs.312.07 Crore (achieving 85% of annual target), Agriculture with an amount of Rs.257.40 Crore (achieving 52% of annual target), Housing with an amount of Rs.154.65 Crore (achieving 161% of annual target), Micro Credit with an amount of Rs.95.30 Crore (achieving 22% of annual target) and the lowest share of Rs.40.57 Crore (achieving 62% of annual target) has gone to Education sector. This indicates that almost all the segments of the priority sector except Micro Credit have received impressive credit delivery during the period under review. The credit scenario reflects credit flow sharing by the six sectors in the ratio of Small Enterprises 31%, Retail Trade 25%, Agriculture 21%, Housing 12%, Micro Credit 8% and Education 3%. He highlighted that 69,224 priority sector beneficiaries have been covered as against the targeted beneficiaries of 1,73,400 for the whole year thereby achieving low performance of just 40% of the target in physical terms as compared to 65% achievement in financial terms, which once again brings to the fore the grave anomaly that the ticket size of lending needs to be revisited. He added that average ticket size target of Agriculture is about Rs.46000, whereas actual disbursement has been to the order of Rs.94500 i.e. virtually double of the target size. Similar is the case under SMEs sector and the Retail Trade sector. He pointed out that Micro Credit ticket size is greater than Agriculture and Retail Trade and almost equal to SMEs sector. He reminded that in the last meeting a group under Executive Director/ CFO of J&K Bank was set up to look into this aspect and suggest steps to rationalize the average ticket size under priority sector. The recommendations of the group are listed in the agenda for deliberation today.

Highlighting the region-wise position, the Chairman informed the house that Kashmir region has received Rs.526 Crore under priority sector and Rs.674 Crore under non-priority sector, Jammu has got Rs.679 Crore under priority sector and Rs.598 Crore under non-priority sector and Ladakh region has received Rs.35 Crore under priority sector and Rs.25 Crore under non-

priority sector. He stated that though broadly there is no regional anomaly found here, but the figures reveal that Kashmir region has received agricultural credit disbursement of 48% of the target, Jammu 60% of the target and Ladakh 19% of the target. Under Retail Trade sector Jammu has received 125% of the target, Kashmir 60% of the target and Ladakh 177% of the target. Similarly, under Education Sector Jammu has recorded 83% achievement, Kashmir only 52% achievement and Ladakh just 8%. Even under Housing sector Jammu region has done exceptionally well at 212% of the target, Kashmir region has recorded 110% of the target and Ladakh region has recorded 42% of the target. This indicates that Jammu is getting more credit than Kashmir and therefore, there is need to focus more on Kashmir particularly in Agriculture Sector.

Action: All banks/ Financial institutions

Presenting the institution-wise achievements, the Chairman highlighted that the J&K Bank (Convenor bank) has recorded an achievement of 88% by disbursing a total credit of Rs.734 Crore against the target of Rs.836 Crores, which is way above anybody else in the State. He said it is the first time in the last 10-20 years that the priority sector lending in J&K Bank has been significantly improved. He stated that J&K Bank has also been the major contributor to the achievements under Small Enterprises sector by disbursing Rs.221 Crore as against the target of Rs.224 Crore, thereby recording 99% achievement. He, however, commented that Agriculture sector is not getting what is intended in J&K Bank. State Bank of India has recorded an achievement of 49% of the annual ACP target, PNB 62%, other commercial banks put together have recorded 49% achievement, Cooperative Banks 40% and Regional Rural Banks 38%. He remarked that State Bank of India is not doing enough, whereas Punjab National Bank too has shown slackness during the last few quarters than the way it has been performing in the past. He pointed out that real cause of concern is the poor performance of Regional Rural Banks having a sizeable network and outreach in the rural areas where credit delivery in priority sector is a very significant factor and achievement of just 38% of the target is surprising, which the Chairmen of the RRBs need to look into.

Action: RRBs operating in the State

Commenting on the Government sponsored schemes, the Chairman stated that under five major sponsored schemes, viz. SGSY, JKSES, SJSRY, SC/ST/OBC and PMEGP, the banks have disbursed an amount of Rs.57.36 Crore spread over 6367 beneficiaries as at the end of December 2008 against the target of Rs.204.81 Crore for 23,835 beneficiaries, thereby achieving just 28% and 27% of the annual target in financial and physical terms respectively. Expressing his displeasure over the low and unsatisfactory achievement under Government Sponsored schemes, the Chairman pointed out that there is a basic flaw in the entire design of the sponsored schemes and the way these are run and unless some systemic changes are effected the performance under this segment cannot be improved. He also informed the house that NPA level in these schemes is way above the norms. Citing the example of J&K Bank, the Chairman pointed out that gross NPA level of the Bank is about 2.7% of its total advances in the State and net NPA is about 1%, whereas in the sponsored schemes segment the NPA level of the Bank is at about 35% and if that be the situation it would be very difficult for any bank to justify lending into these schemes. **Therefore, he stressed the need for a closer interface with the Government in order to ensure that necessary measures are taken to improve the position.**

Action: J&K Government Employment Department

The Chairman highlighted that Credit Deposit Ratio of the State at about 47% is a major comfort particularly in the environment when we find that credit growth has slowed down significantly. Reminding the house that last time having doubled the C. D. Ratio of the State in 4 years was observed to be very encouraging. He asserted that J&K Bank alone has recorded a C. D. Ratio of 54% as at end of Q3 under review.

On reviewing the position of SMEs during the quarter under review, the Chairman remarked that the recent measures and initiatives for enhancing delivery of credit to the MSMEs sector and restructuring of loan accounts have been implemented but the results so far show that more seriousness is required in this regard. He emphasized that all possible steps should be

taken so that the productive sector and its employment is protected and does not suffer for deficiency of credit delivery.

Action: All banks/ Financial institutions

He expressed that outstanding credit to SMEs at 16%, weaker sections at 11.49% and DRI at 0.65% and advances to women at 4.9% is by and large a matter of satisfaction except of course the Agriculture sector which is below 11% of the total credit. **Considering the fact that Agriculture both commercial and subsistence accounts for almost 80% of our total State Domestic Product, the credit flow to this sector is unjustifiably low and needs to be looked into with objectivity and seriousness.**

Action: All banks/ Financial institutions

Address of the Chief Secretary, J&K State

The Chief Secretary remarked that the credit delivery to the priority sector by achieving 65% of the target is highly encouraging. He stated that it was a matter of great satisfaction to note that credit disbursement to Housing sector has been recorded at 100%, which he said has the maximum spin off effect on the economy. This higher investment in Housing sector through the support of the credit system can help boost up our economic activities in a significant way in the months to come. He informed that Housing Sector has been identified as one of the key sectors of economy under the Prime Minister's stimulus plan also for greater investment and for greater support of the banking system.

Commending the performance of J&K Bank, the Chief Secretary expressed pleasure that this Bank has achieved 88% of its annual target under priority sector at the end of Q3 and complimented the Chairman of the Bank and his team for the excellent performance. He expressed the hope that other banks like SBI, PNB who are the major players in the State would also take necessary measures to improve their performance. He pointed out that he has been himself complimenting the performance of PNB in the past and therefore, the decline in their performance during the period under review should make the management of the bank to introspect and try to perform better in future.

The Chief Secretary noted with concern that whereas Jammu region has recorded an achievement of 72%, which is very encouraging, but conversely the performance in Kashmir region is far less than satisfactory and stressed the need to look into this aspect and try to make up the short comings in Kashmir region to achieve more balanced performance in the times to come.

Action: All banks/ Financial institutions

Regarding Government sponsored schemes, the Chief Secretary said that some decisions were taken in past about improving the quality of sponsorship and advising banks to become a little more friendly towards lending in this area but the results are not at all satisfactory. He stated that the State Government has a very little flexibility in changing the design of these sponsored schemes, as most of these are designed by Government of India and therefore, the State Government could only make suggestions to GoI. However, in terms of implementation there is scope for some significant improvement. He stressed upon the need to learn some lessons from some of the better performing States. He suggested that success stories and record of better performance in other States under the same schemes and same designs and same parameters should be replicated here in order to learn from some of the States like Gujrat, Haryana, Punjab, etc. the details and data whereof can be sourced from the documents which the GoI is making out. **He proposed setting up a Task Force to improve the performance to be represented by Heads of those government departments that have responsibility of implementing these schemes, which could be chaired by the Convenor Bank with representatives from some major banks like SBI, PNB, some RRBs etc. to be decided by the Convenor Bank. The Task Force should come out with necessary recommendations to improve the performance under Government sponsored schemes in the State and assured on behalf of the State Government to do what is best needed to be done by the state in this regard.** He warned that in case any government department is not able to put heads together, the government will take suitable action against them. This is imperative

for the State as the Government cannot provide jobs to all the youth and the answer lies only in attracting investment in the private sector and also by implementing various self employment and income generation programmes in a much more effective manner.

Address of the Regional Director (for J&K) Reserve Bank of India

The Regional Director (for J&K), Reserve Bank of India, in his address to the house highlighted some of the broad achievements of J&K SLBC and said that Credit Deposit ratio of the State has been doubled in 4 years, which is an unparalleled achievement. He complimented the banks and other concerned agencies for ensuring substantial achievement of targets under Annual Credit Plan. He highlighted that Annual Credit Plan for the FY 2009-10 for all the 22 districts of the State is ready as desired in the last SLBC meeting, which has been possible with the guidance and monitoring at the Chief Secretary level. He observed that this is probably for the first time that the ACP is ready in the very first month of the current financial year for discussion in the SLBC meeting. Regarding R-SETIs, the Regional Director RBI pointed out that this is a unique concept and for the first time the Govt is contributing upto Rs.1.00 Crore, State Government is willing to give land and in no training establishment ever we have got such a good response from the Govt and State Govt. and expressed the hope that the project would be taken up with seriousness. Endorsing the views of the Chairman, Convenor Bank and the Chief Secretary regarding lack of achievement of credit disbursement under Agriculture Sector, the Regional Director suggested that the CFY be adopted as Agricultural financing year in order to ensure that something special is done about the Agriculture Sector.

Commenting on the lack of performance by RRBs and Cooperatives, the Regional Director expressed the hope that following the initiatives taken by the Govt for re-capitalization of RRBs and restructuring of Cooperative institutions, these institutions shall also improve and contribute in a better way in future. He stressed upon the need to focus on priority sector and to work for the development of the State.

Thereafter the agenda items were taken up for discussion as under:

Confirmation of minutes of the 74th meeting of J&K SLBC.

The minutes of the 74th meeting of J&K SLBC held on 20th December 2009 at Jammu, uploaded on the website of J&K SLBC www.jkslbc.com and also circulated among the members vide No. JKB/SLBC-74/2009-439 dated January 12, 2009, were confirmed by the house.

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

Registration of Equitable Mortgage:

The Chairman reiterating the need for legal framework **permitting equitable mortgage** and thereafter **making its registration compulsory at notional stamp duty** enquired about the action taken by the Government in the matter from the Commissioner/ Secretary Finance. Since this is hampering the banks from lending particularly to agriculture and housing sectors the Government was requested to fix a deadline for the same. It was accordingly resolved that Commissioner/ Secretary Finance would report final progress to the house in the next meeting.

Action: Commissioner/ Secretary Finance, J&K Government

Special package for SMEs and Trade:

It was decided in the last SLBC meeting that in view of adoption of new industrial and exemptions policy a lot of exemptions, excise duty and income rebates had moved from the value of out put to value added frame work so the State Government would come out with some relaxations to help the industry. But nothing has happened on that score so far. The Chairman therefore, desired to know if the government had anything in the pipeline.

Reacting to this the Commissioner/ Secretary Finance informed the house that this can be conceived of only after the budget for the CFY is finalized.

Pleading that the industry at present is in distress due to the global economic meltdown as well as due to the conditions specific to J&K, the Chairman requested the government to take some action on this front.

Action: Commissioner/ Secretary Finance, J&K Government

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

Complimenting the group comprising Mr. M. S. Wani, Sr. Executive Manager of J&K Bank/ SLBC, Dr. M. I. Parray, Director J&K EDI and Dr. Shah Nawaz Alam, Prof. of Rural Development at J&K IMPA for having worked out the Concept Paper on setting up of RSETIs in J&K on the instructions of the Chief Secretary, the Chairman commended that this is for the first time that SLBC has desired something in a meeting and in the next meeting the report is ready and submitted for discussion.

The Chief Secretary, J&K, Mr. S. S. Kapoor appreciating that the assignment had been completed on time stated that this has to be a collaborative arrangement and lead has to be taken by the State Government. He told that on seeing the presentation of the Zonal Manager of Canara Bank on R-SETIs hosted by J&K Bank recently at Jammu the Concept Paper has been prepared under his instructions by the group set up for the purpose, which clearly outlines the R-SETIs mechanism. Hailing the concept the Chief Secretary expressed his willingness to support this initiative that he visualizes as the answer to the growing unemployment in the State. The Chief Secretary stated that R-SETIs are a great success story by leading to actually setting up of productive units and enterprises through handholding and other guidance and the failures under this mechanism are a very few and far between. He said that GoI has given a target of setting up 22 R-SETIs in all the districts of the State and desired to have a concrete action plan by different banks. He assured that Government of J&K will fulfill all its commitments and obligations in promoting and setting up the R-SETIs in a viable and sustainable manner. He desired that **J&K Bank which is having lead bank responsibility in most of the districts in the State should take the major initiative, whereas SBI as lead bank in some districts and other major banks like PNB would have to identify and decide how many R-SETIs they wish to set up in the State. He assured to fulfill all the commitments and obligations devolving on the State Government.** He pointed out that one of the major responsibilities of the State Government is allotment of land free of cost for the purpose, but that would be only subsequent to the decision by the banks to set up the R-SETIs and identifying the locations which the Government can then consider. He requested Dr. Parray, Director EDI to have a separate sitting with him so that the process is started. On this occasion **he expressed his dismay over the absence of Secretary Rural Development, who he said, has to take the prime initiative.**

The Chairman, J&K Bank (Convenor Bank) in the context of JK Bank having been appointed by the GoI as the nodal agency for establishing 1100 Common Service Centres (CSCs) across the State said that irrespective of the districts assigned for lead bank responsibility, J&K Bank offers to take responsibility of setting up R-SETIs for all the 22 districts of the State if the responsibility is entrusted to it. He committed that subject to the support of GoI and GoJK inbuilt in the scheme J&K Bank will create entire infrastructure and would dovetail this with out CSC initiative.

Highly appreciating the generous offer made by the Chairman, J&K Bank, the Chief Secretary desired to work out the plan immediately after the durbar move to Srinagar for which he requested the Chairman, J&K Bank to call a meeting of all the people linked with it including those who have prepared the Concept Paper on R-SETIs so that the process could be started in a few districts in the first stage.

Joining deliberations on the issue the Regional Director, RBI, Mr. O. P. Aggarwal, clarified that this is a GoI Scheme and cannot be altered or taken up by one bank only. Pointing out that the guidelines under the Scheme cannot be disturbed; he stated that whosoever wants to use the infrastructure has to create this and that the R-SETI so established has to be in the name of the bank that has created it. The Regional Director further clarified that in case we go beyond the scheme, we will have to write to GoI. He stated that J&K Bank has lead bank responsibility in 12 districts and the SBI in 10 districts of the State and that these two banks have got

preference in their respective lead districts as far as setting up of R-SETIs is concerned. However, in case they wanted to set up only in a few lead districts, only then the remaining districts can be allocated to other banks. Mr. Aggarwal also clarified that the guidelines on R-SETIs are comprehensive and self-contained having least scope for deviation and provide for all the details like monitoring committees, steering committees, etc. and hence, there was no need to have some other bodies composed for the purpose. He also advised that the meeting of the Steering Committee as per the Scheme should be called very urgently so that all the details in the matter could be sorted out expeditiously. He clarified that it was not necessary that the R-SETIs should be started in pucca constructions, but could even be started in rented buildings and said that even the rent for the said premises can also be recovered from the financial support of Rs.1.00 Crore to be made available by the Ministry of Rural Development, GoI.

Expressing gratitude over the clarification provided by Regional Director, RBI, the Chief Secretary observed that the idea of having a special meeting of the bankers and the State Government representatives lead by the J&K Bank was that he wanted to formalize the concept and prepare an Action Plan so as to ensure that R-SETIs are established with utmost sincerity and realism.

The Chairman, J&K Bank stated that J&K Bank is dominating the landscape in the State in such a way that no other bank has it anywhere in the country so he has made the offer and that too on considering the context of the assignment of the CSC project by the GoI to J&K Bank. He however, stated that Mr. Aggarwal will be part of the meeting to be chaired by him being convened at Srinagar.

Summing up the deliberations on the issue the Chief Secretary advised a separate meeting other than the one provided under the Scheme be convened immediately so that the banks discuss amongst themselves in a sincere and positive manner to make up their mind about setting up R-SETIs. He also advised that the Steering Committee strictly in terms of the guidelines of MoRD should be immediately set up. However, till then there was no harm in having an internal meeting, which is not at all meant to substitute the recommended institutional mechanism under the Scheme.

Action: Convenor J&K SLBC/ Secretary, RDD/ others

Meeting of Sub-Committee of SLBC on Export promotion:

The Chairman, J&K Bank stated that J&K Bank has become a corporate agency of exporters community for export promotion in J&K. He further stated that Sub-Committee of SLBC for Export Promotion will now be headed by Executive Director/ CFO of the Bank substituting the Chief General Manager of J&K Bank. He assured that the next meeting of the sub-committee would be held very soon.

Sub-Committee of SLBC on Relaxation to Trade and Industry in J&K.

The Chairman informed the house that the meeting of the Sub-Committee of J&K SLBC for Relaxations/ Concessions to Trade & Industry in J&K was held on 27.2.2009 at Jammu, minutes whereof stand since circulated among the members and also web caste on www.jkslbc.com. The said minutes were confirmed.

Legislating SARFASIE Act.

The Chairman reminded the house that for a variety of reasons the SARFASIE Act does not apply to the J&K State and that it has been questioned and is sub-judice, which has had an adverse impact on the lending and recovery of all the banks. He stated that in earlier meetings it had been decided that J&K State should have an act of its own on the lines of SARFASIE Act and the J&K Bank was supposed to prepare a draft legislation, which has already been forwarded to the Government for consideration. He requested the government to update the house with the latest status in the matter.

Reacting to this, the Commissioner/ Secretary Finance, Mr. Sudhahshu Panday informed that the draft legislation prepared by J&K Bank has been examined and certain suggestions have been made for improvement regarding which comments of J&K Bank have also been sought. He assured that government would introduce the bill in the State legislature in the next session.

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

The Chairman informed the house that the group headed by ED/ CFO of J&K Bank which was set up in the last meeting of J&K SLBC, has met on 9th March 2009 at J&K Bank Corporate Headquarters, Srinagar. The recommendations made by the group have been submitted for deliberation. He told the Executive Director/ CFO of J&K Bank to inform the house with the outcome of the meeting.

Mr. Abdul Majid Mir, Executive Director/ CFO J&K Bank stated that Sponsored schemes have national application thereby providing least flexibility for modification and that all these sponsored programmes have parameterized subsidy linkage, specified eligibility criteria and ceiling limit for financing. It has been decided that Employment Department will suitably take up the issue with the concerned authority for a review by the Central Government considering the factors like inadequacy of ticket size etc. He stated further that so far as the direct lending is concerned, making the finance available to a large number of beneficiaries could solve the problem of mismatch in physical and financial achievements. He said that while preparing District Credit Plans at grassroots level more and more beneficiaries are to be brought under the coverage and that there was need to exhibit more seriousness in review meetings at district level.

Joining deliberations on the issue the Commissioner/ Secretary, Labour & Employment pointed out that generally the targets are being met in financial terms only whereas physical targets are not being met, as a large number of cases are being returned by the banks or kept pending, which gives a wrong signal. He mentioned that 5500 cases were sponsored to banks out of which 600 have been returned and pleaded that banks should have a specified time frame within which they should dispose off the cases leaving no room for pendency of cases. Expressing concern that different banks are asking for different kinds of formalities, he suggested for setting up of a Sub-Committee for discussing the issues of Self Employment Scheme.

Sharply reacting to the comments of Commissioner/ Secretary, Labour & Employment, the Regional Director, RBI remarked that there was no need to generalize the issue and in case there are any specific examples, the same should be quoted so that necessary measures are taken to sort it out. He stated achievement of 65% of the target itself indicates that banks are performing satisfactorily.

DGM, Punjab National Bank clarified that while financing banks do take care of the viability of the projects leading to rejection of unviable cases. He further stated that banks do change the ticket size of finance in various cases based on the requirement. He however, made it clear that banks do not have to spread and cast the net so wide as to end up in difficulty.

Summing up the deliberations on the issue, the Chief Secretary stated that the Government Sponsored Schemes have specified ticket size and there is no flexibility available for any change and therefore, the issue is not relevant to the sponsored schemes as there are fixed parameters, subsidy linkage and approved eligibility criteria. He pointed out that the real problem lies in direct lending particularly under Agriculture Sector, which needs to be looked into. The SLBC forum is for harmonizing and synergizing and there is no room for a blame game he impressed upon all the members that without generalizing the issue specific cases need to be brought out and in case any bank functionary is found violating the guidelines he should be brought to book by taking action against him.

Prime Minister's Employment Generation Programme (PMEGP)

The Senior Executive Manager, J&K SLBC informed the house that KVIC has come up with revised instructions that last years pending cases under PMEGP can be disbursed upto 31st May 2009. He informed the house that the concerned agencies have not provided information to SLBC about the allocation of State target for the FY 2008-09 to districts and banks so that achievements could be effectively monitored and position could be reviewed.

Mr. Chaturvedi, Nodal Officer, KVIC pointed out that KVIC had sponsored a number of projects under PMEGP to different banks duly approved by the District Level Task Force Committees, but the bankers have neither sanctioned these projects nor rejected them with any appropriate reasons. He pleaded for issuing necessary instructions to the concerned banks to consider sanctioning and disbursing all the pending cases. He informed the house that KVIC has to submit a proposal for sanction of (bank-wise & district-wise) targets of PMEGP to KVIC Central Office, Mumbai and stated that it would be better if the targets basically come from the bankers' side on the basis of their strength and network in the State as KVIC has no knowledge of bank network in the State.

When asked by the Chairman as to whether the targets under PMEGP for the FY 2009-10 have been received and allocated to the districts and banks, the nodal officer, KVIC submitted that the target for the State have been received and the district-wise allocation as per the guidelines is yet to be decided by the Task Force Committee headed by Secretary, Industries and Commerce with State Director, KVIC, Secretary KVIB and Directors of Industries as its members.

The Chief Secretary directed that the issue be flagged to the Principal Secretary, Industries and Commerce and the meeting of the said Committee be convened immediately to sort out all the issues raised by the Nodal Officer, KVIC and the findings of the meeting be shared with him and with the SLBC. He pointed out that as long as the erstwhile REGP Scheme was being implemented by KVIC the State was receiving compliments for excellent performance, but following the launching of PMEGP by merging REGP and PMRY schemes there is a total confusion. Expressing anguish over absence of some of the key members the Chief Secretary desired to have a list of those members who had been invited but had not attended the meeting.

Action: Convenor J&K SLBC

The Chief Secretary emphasized that PMEGP is a very important programme having enough potential for generation of employment opportunities in the State and there is no burden on State Plan as the margin money is coming from Central Government. He advised that this scheme should be taken advantage of and said that the government expects better commitment to this programme from every one who is involved in it.

Mr. B. S. Dua, Director Industries & Commerce, Jammu informed that targets under PMEGP were by the Task Force in the meeting taken by Mr. Kotwal, the then Secretary Industries & Commerce, on 31st of December, 2008 wherein the targets were given to both directorates, viz. Jammu and Kashmir. He further informed that 134 cases were allocated to Jammu directorate against which 212 cases were cleared by the District Level Task force, out of which 164 cases were sponsored to banks and the banks have already sanctioned 59 cases, rest cases are pending with the banks. He stated that margin money of Rs.66.76 Lacs has been disbursed to the banks.

The Joint Director, Industries & Commerce, Kashmir pleaded that targets for urban area is too less as only 12 cases have been allocated for each district.

Reacting to this Mr. M. S. Wani, Sr. Executive Manager, J&K SLBC clarified that State-wise targets are advised by KVIC whereas the district-wise allocation is to be made by the SLBCC headed by Secretary, Industries & Commerce, under intimation to J&K SLBC, where after the bank-wise targets are to be decided by Lead District Offices.

Resolved that Secretary, Industries & Commerce is enjoined upon to immediately convene a meeting of the Task Force involving all the constituents who are part of the process and ensure that district-wise / bank-wise targets under PMEGP for the financial year 2009-10 are allocated by middle of May, 2009 taking into consideration the potential and all other aspects and conveyed to all the concerned agencies for implementation on time.

Action: Principal Secretary, Industries & Commerce

Special Monthly SLBC meetings on flow of credit to MSMEs:

The Chairman briefed the house about holding of special monthly meetings of J&K SLBC to monitor that credit continues to flow to MSMEs sector and to oversee the resolution of credit issues of MSMEs duly focusing primarily on the implementation of IBA package. The outcome of the monthly special SLBC meetings has been reported to the house and is therefore, taken on record.

Agenda Item No. 75.01 to 75.04:

Already covered under the power point presentation made by the Chairman.

Agenda Item No.75.05

Achievements under Kissan Credit Card Scheme:

The Chairman pointed out that the performance under Kissan Credit Card Scheme in J&K State has not been satisfactory and said that the issue has been deliberated upon several times but nothing substantial has emerged.

All the banks / financial institutions operating in the State were impressed upon to improve performance under the Scheme.

Action: All banks/ Financial institutions

Agenda Item No.75.06

Achievement under Self Help Group (SHG) Scheme:

The Chairman pointed out that out of the 12 banks that have reported the achievement under SHG, a total amount of Rs.44.05 Crore has been disbursed in favour of 2,203 beneficiaries. He further stated that J&K Bank has not done well under SHG Scheme. Only SBI and PNB have shown some performance under the Scheme having financed 1200 and 698 SHGs respectively. Reiterating his desire that SBI, PNB and NABARD should share their experiences with J&K Bank, the Chairman suggested for convening a special small meeting of J&K SLBC to discuss the issues before the next SLBC meeting. He also requested Reserve Bank of India to be a part of the said meeting. The DGM, Canara Bank, Mr. R. R. Sharma, offered to make a presentation in the next SLBC meeting, which was agreed to by the Chairman.

The Chief Secretary advised that a smaller meeting of SLBC on SHGs be convened in a very systematic manner, wherein the Managing Director, J&K Women Development Corporation, who have also done a lot of field work in the line, be also associated with. He stated that empowerment is the better way of helping the women.

Action: Convenor J&K SLBC

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 2998:

The data containing key indicators for monitoring flow of credit in the State as per the format prescribed by Government of India in respect of all the banks operating in the J&K State as of 31st December 2008 as placed for information of the members was taken on record.

Agenda Item No. 75.08

Inclusion of issues pertaining to flow of credit to MSMEs sector in regular SLBC meetings:

The agenda item has to be included on the directions of GoI in the regular SLBC meetings for monitoring and reviewing the position of flow of credit to MSMEs sector. It is evident from the information provided that upto the end of March 2009 the banks operating in the State have restructured 3683 MSMEs accounts across the State involving an amount of Rs.186.97 Crore, which included 3314 accounts restructured only during the month of March 2009. The house was informed that banks in J&K State have sanctioned new working capital loans of Rs.242.31

Crore in favour of 2604 beneficiaries upto 31st March 2009 and incremental working capital loans to 933 existing MSMEs units amounting to Rs.186.97 Crore. The J&K Bank on its part has done a massive restructuring of MSMEs accounts with a view to help the MSMEs sector. The position of restructuring of loans to the sector in the State and resolving of credit issues was reviewed and observed to be satisfactory.

The banks/ financial institutions were impressed upon to ensure that the directions emanating from Government of India, Reserve Bank of India relating to MSMEs sector be strictly adhered to.

Action: All banks/ Financial institutions

Agenda Item No. 75.09

Levy of service charges on NREG / NOAP accounts:

The Department of Financial Services, Ministry of Finance, Government of India had intimated that it has been brought to the notice of the Finance Secretary that banks are levying service charges @ Rs.45/- per transaction per National Rural Employment Generation (NREG) and National Old Age Pension (NOAP) account, which is putting additional burden on the government or if it is deducted from the wages of the beneficiaries it may put hardship on the poor beneficiaries.

Deliberating on the issue, the Chairman, J&K Bank pointed out that we cannot levy these services charges per transaction of NREG / NOAP accounts as J&K Bank is already bound by the memorandum of understanding. As regards the other banks operating in the State, the Chairman asked the representatives of the member banks present to give their views.

Both the DGM, Punjab National Bank and DGM, State Bank of India informed the house that no such service charges are levied by them.

The Regional Director, RBI, joining deliberations on the issue, pointed out that based on the feedback received some banks are levying some service charges on account of clearing of outstation cheques relating to NREG accounts only and not on pension accounts, which usually does not get noticed by the controlling offices of these banks.

Resolved that all the banks operating in the State shall ensure that no service charges are levied on NREG / NOAP accounts.

Action: All banks/ Financial institutions

Agenda Item No.75.10

100% Financial Inclusion – Evaluation by external agencies – broad findings:

The Chairman briefed the house that Reserve Bank of India has conducted a study in the districts, which had been declared to have achieved 100% financial inclusion and found that the claims were not fully true as most of the accounts were inoperative. Commenting that Pulwama district in Kashmir Division and district Kathua in Jammu division had also been identified for 100% financial inclusion in J&K, the Chairman enquired the status from the concerned Lead District Managers/ BDSMs.

BDSM Pulwama informed that almost all the villages of the district Pulwama have been covered under the financial inclusion programme.

The representative of PNB informed that they were yet to achieve the target of 100% financial inclusion and so far 30000 accounts have been opened in Jammu and Kathua districts.

Representative of the SBI informed that they have opened 25000 accounts in the district Samba taken up by SBI and the financial inclusion has been covered upto 70%.

Resolved that banks are enjoined upon to report progress achieved in the project of 100% financial inclusion in the next SLBC meeting in respect of their respective allocated districts.

Action: All banks/ Financial institutions

Agenda Item No.75.11

Agriculture Debt Waiver and Debt Relief Scheme-2008:

Briefing the house about the performance of the banks / lending institutions operating in the State with regard to the Agriculture Debt Waiver/ Debt Relief Scheme, 2008 the Chairman informed that the debt waiver/ debt relief to the extent of Rs.78.64 Crore (amount reimbursable by the Government of India) covering 39602 beneficiaries and Rs.24.78 Crore (amount not reimbursable) covering 35885 beneficiaries was extended to the farmers in the J&K State and the exercise was completed within the prescribed time frame. The district-wise bifurcation of the same placed for information of the members was taken on record.

Agenda Item No.75.12

Miscellaneous issues

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

Regional Director (for J&K) Reserve Bank of India informed that under Gol guidelines there is a requirement that "the borrower does not incur liability to two sources of finance at the same time". He further stated that as per the prescribed criteria 1% of the total advances have to be extended to the weaker sections of the society under DRI Scheme @ 4% rate of interest where the annual income is upto Rs.18000/- in rural areas and Rs.24000/- in the urban areas, which is generally never achieved and suggestion has been made that this condition, which is perhaps coming in the way of extending this facility to the deserving beneficiaries could be deleted. The Regional Director accordingly sought views of the member banks in this regard.

The representatives of some major banks present in the meeting were unanimously of the view that in order to ensure adherence of the credit discipline, the condition under reference should continue. It was resolved that the decision taken in the matter be conveyed to the concerned quarters.

Action: Convenor J&K SLBC

B) Preparation of Annual Credit Plans (ACP):

The Chairman informed the house that pursuant to the decision taken in the 74th SLBC meeting the District Credit Plans for the Financial Year 2009-10 in respect of all the 22 districts of the State have been completed on time and were ready even in the very first month of the FY 2009-10, which envisage a total outlay of Rs.3701.75 Crore Crores covering 2,60,777 beneficiaries, which includes Rs.2308.70 Crore under Priority Sector and Rs.1393.06 Crore under Non-Priority Sector. The ACP was approved and adopted for implementation by the concerned.

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

The Chairman briefed the house about the model scheme of FL/CCs and expressed his intension to merge the FL/CC with R-SETIs once the same are established, as the same would be a better option for the State like J&K.

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

The Reserve Bank of India instructions for holding and using Lok Adalats as an alternative mechanism for resolution of disputes for bank debts were noted. The house was informed that the State has set up dedicated courts for bank cases and Lok Adalats are already being organized by the Court.

The meeting concluded with a vote of thanks to the members of SLBC who were requested to join the Chairman for lunch hosted by Convenor Bank.

(M. S. Wani)
Vice President,
Lead Bank Department/ J&K SLBC

Annexure-A
List of Participants.

<u>S.No.</u>	<u>Name</u>	...	<u>Designation / Department</u>
S/ Shri			
<u>CONVENOR</u>			
1.	Dr. Haseeb A. Draboo	...	Chairman & CEO, J&K Bank (Convenor Bank)
<u>CHIEF GUEST</u>			
2.	Shri S. S. Kapoor	...	Chief Secretary, J&K Government
<u>GOVERNMENT DEPARTMENTS/ AGENCIES</u>			
3.	Sudhanshu Panday	...	Commissioner/ Secretary, Finance Department
4.	Khalid Habib	...	Commissioner/ Secretary, Labour & Employment
5.	M.A. Shah	...	Additional Secretary, Industries & Commerce
6.	Mir Tariq Ali	...	Addl. Secretary, Revenue Department.
7.	Achal Sethi	...	Under Secretary to Govt. Law Department
8.	B. S. Dua	...	Director, Industries & Commerce, Jammu,
9.	Dr. M. I. Parray	...	Director, J&K EDI
10.	Vinod Bala Sharma	...	Director, Agriculture, Jammu
11.	Brij Bala Bakshi	...	Director Finance, Tourism Department
12.	Sheikh Nazir Ahmad	...	Joint Director, Industries & Commerce Kashmir
13.	Rakesh Jamwal	...	Joint Director, Rural Development Department
14.	G. Q. Khatana	...	Divisional Manager, SC/ST/OBC Corporation
15.	P. K. Sharma	...	Deputy Director, Horticulture Department, Jammu
16.	B. S. Dua	...	M. D. SIDCO
17.	Neeraj Srivastav	...	AGM, SIDBI
18.	Dr. Akram-ullah Tak	...	Asstt. Director, Employment (Central)
19.	Jaspal Singh Chandigarh	...	Adm. Officer, Agri. Insurance Co. of India,
20.	B. K. Chaturvedi	...	Nodal Officer (PMEGP), KVIC, Jammu
21.	D. V. Singh	...	PRO, KVIC, Jammu
<u>RESERVE BANK OF INDIA</u>			
22.	O. P. Aggarwal	...	Regional Director (for J&K)
23.	M. R. Garg	...	DGM, Reserve Bank of India, R.O. Jammu
24.	B. S. Katoch	...	AGM, Reserve Bank of India
<u>NABARD</u>			
25.	Munish	...	DGM, NABARD
26.	S. Srinivasan	...	AGM, NABARD
<u>Public Sector Banks</u>			
27.	K. K. Iyer	...	DGM, State Bank of India
28.	R. C. Kaul	...	DGM, Punjab National Bank
29.	R. R. Sharma	...	DGM, Canara Bank, Jalandhar Circle
30.	Pawan Kumar Bajaj	...	DGM, Bank of India, Ludhiana
31.	G. C. Nagar	...	Regional Manager, Central Bank of India
32.	Rashpal Singh	...	Chief Manager, UCO Bank, Budshah Chowk, Srinagar
33.	Rajinder Mujoo	...	Chief Manager, Oriental Bank of Commerce
34.	Harish Gupta	...	Branch Head, IDBI Bank
<u>Regional Rural Banks</u>			
35.	B. A. Lone	...	Chairman, Kamraz Rural Bank
36.	O. P. Sharma	...	Chairman, Jammu Rural Bank

37. K. J. Koul	...	Area Manager, Ellaquai Dehati Bank
<u>Cooperative Banks</u>		
38. A. K. Goswamy	...	M.D., Citizen's Cooperative Bank
39. Atta Mohammad Nath	...	General Manager, Anantnag Central Coop. Bank
40. B. A. Lone	...	General Manager, Baramulla Central Coop. Bank
41. Mohammad Latif	...	Head, Business Dev. Deptt. J&K State Coop. Bank.
42. G. C. Sharma	...	AGM, Jammu Central Cooperative Bank
<u>Convenor Bank (J&K BANK)</u>		
43. A. K. Mehta	...	Executive Director (CRO), J&K Bank
44. A. M. Mir	...	Executive Director, J&K Bank
45. Ajit Singh	...	Senior President, J&K Bank
46. Parvez Ahmad	...	President, J&K Bank
47. Madhan Gupta	...	Vice President, J&K Bank
48. M. S. Wani	...	Senior Executive Manager, J&K SLBC
49. Atul Sethi	...	J&K Bank, EDP, ZOJ (Central)
<u>BDSMs/ Lead District Managers</u>		
50. M. Altaf	...	BDSM, Pulwama/ Shopian
51. M. A. Chuloo	...	BDSM, Srinagar/ Ganderbal
52. A. H. Khan	...	BDSM, Budgam
53. M. D. Kababi	...	BDSM, Baramulla/ Bandipora
54. G. R. Bhat	...	BDSM, Anantnag/ Kulgam
55. K. C. Dogra	...	BDSM, Rajouri/ Poonch
56. Ashok Kumar Koul	...	Chief Manager, SBI, Jammu (Lead Bank Department)

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