

MINUTES OF THE 76TH MEETING OF J&K STATE LEVEL BANKERS' COMMITTEE (SLBC) HELD ON 30TH JULY 2009 AT S.K.I.C.C., SRINAGAR.

The 76th meeting of J&K State Level Bankers' Committee (SLBC) was held on 30th of July 2009 at Srinagar. 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 Principal Secretary, Industries & Commerce, Commissioner/ Secretary Finance Department, Executive Directors of J&K Bank, Regional Director (for J&K) Reserve Bank of India, Chief General Manager, NABARD, 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 and especially to Mr. Arnab Roy, Regional Director (for J&K) Reserve Bank of India and Mr. M. L. Sukhdeve, Chief General Manager, NABARD, who have recently assumed their offices in J&K and have joined the J&K SLBC for the first time. Thereafter, he made a power point presentation before the house encompassing a comprehensive review of the performance of the banks operating in the State during the FY 2008-09 ended on 31.03.2009 under ACP.

CREDIT SCENARIO:

The Chairman stated that the total credit off take for FY 2008-09 has been of the order of Rs.3,573 Crore of which priority sector received Rs.1938 Crore and non-priority sector 1635 Crore. The Chairman highlighted that against the Annual Action Plan target of Rs.1911 Crore the banks operating in the State have recorded an achievement of Rs.1938 Crore, which accounts for an achievement of more than 101% in financial terms. He however, said that the real problem comes into the physical targets where the achievement has remained around 58% only.

CREDIT TO PRIORITY SECTOR:

Out of the priority sector achievement of Rs.1938 Crore, Agriculture sector has received Rs.392 Crore improving from PY (Rs.370 Crore) against the target of Rs.493 Crore thereby recording an achievement of 79%. Under SMEs sector the performance has been recorded at Rs.511 Crore as against target of Rs.449 Crore thereby achieving 114% but it has remained lower as compared to Rs.580 Crore recorded during the previous year. Under Micro Credit sector as against the target of Rs.438 Crore, the performance has been recorded at Rs.144 Crore (only 33% achievement) as against Rs.260 Crore disbursed during the previous financial year. Under Retail Trade sector as against the target of Rs.369 Crore the banks have disbursed Rs.557 Crore thereby recording 151% achievement during the year as compared to Rs.582 Crore disbursed during the previous financial year. Under Education Sector as against the ACP target of Rs.65 Crore the banks have disbursed an amount of Rs.52 Crore (80% achievement) as compared to Rs.58 Crore disbursed during the PFY. Under Housing Sector as against the ACP target of Rs.96 Crore, the banks have disbursed Rs.282 Crore, which accounts for 294% achievement as compared to Rs.149 Crore disbursed during the PFY.

Stating that there has been a misallocation sectorally between what the intention was and what the achievement actually on ground has been, the Chairman stated that Housing Sector was targeted at 5% of the total credit allocation, whereas it has got 15%, Retail Trade was intended to be at 29% of the total credit disbursement, it has got 19%, Micro Credit sector was intended to get 23% of the total credit disbursed, but this sector has got just 7% in actual terms, Small Enterprises sector was intended at 23%, it has got 26% and the Agriculture Sector was intended to get 27% of the total credit, it has actually got 20%. Therefore, the Chairman pointed out that the only areas of concern that have emerged from the above analysis are Micro Credit and Agriculture Sectors. He emphasized that only 33% of target achieved under the Micro Credit sector is an area of huge concern. Describing some of the main reasons for this lower achievement, the Chairman stated that the whole culture of SHGs in J&K is very poor, therefore, we are not able to generate the kind of micro credit that is actually warranted though this sector is potentially a great area for development because of the large artisan sector in J&K, but this has not picked up as the delivery mechanism for the same is not in place.

With regard to the ticket size of lending the Chairman stated that as already pointed out in earlier SLBC meetings, the ticket size of loan is actually very small, therefore with a lesser number of beneficiaries the financial targets are being met. He stated that under Agriculture sector the average target was Rs.46000/- whereas actually we have disbursed about Rs.1.00 lac to individual farmers. Under Small Enterprises sector as against the average ticket size of Rs.2.91 lacs the actual disbursement has been at Rs.3.64 lac. Under Retail Trade sector the intended average target was Rs.1.41 lac but it turned out to be almost twice the target at about Rs.2.95 lac. Similarly, under Housing sector against the average intended target of Rs.2.90 lac the actual disbursement has been at Rs.2.03 lacs.

CREDIT BY REGIONS:

Looking at by regions, the Chairman highlighted that there has been a consistent trend that Kashmir region has been receiving lesser credit as compared to Jammu region. Giving details the Chairman stated that during the year under review Kashmir region has achieved 85% of the priority sector target against 118% by Jammu region and 99% Ladakh region. Stressing the need to have focused attention on increasing our lending in Kashmir region, the Chairman stated that although both Kashmir and Jammu regions were intended to get 49% of total credit off-take, but Kashmir region has landed up with only 41%, whereas Jammu region has got 57%. Giving sector-wise achievements, the Chairman stated that in Kashmir region the Agriculture sector has got 71% against 95% in Jammu region, similarly under SMEs sector Kashmir region has achieved 77% of the target as against 157% achieved by Jammu region, under Retail Trade sector, Kashmir region has achieved 92% of the target against 295% recorded by Jammu region. **Specifying the emerging areas of emphasis, the Chairman stated that in Kashmir region Agriculture must be taken as the area of emphasis, in Jammu region Micro Credit sector should be taken as the thrust area and in Ladakh region Housing and Education sectors be taken as area of focus.**

CREDIT BY INSTITUTIONS:

Presenting the institution-wise analysis, the Chairman stated that the J&K Bank has disbursed an amount of Rs.2389 Crore including Rs.1191 Crore under Non-priority sector and Rs.1198 Crore under priority sector, thereby recording an achievement of 143% of the ACP target of Rs.836.13 Crore for the FY 2008-09. The State Bank of India having disbursed a total amount of Rs.293 Crore including Rs.70 Crore under Non-priority sector and Rs.223 Crore under priority sector, recording an achievement of 81% of its ACP target of Rs.274.46 Crore for the year under review. Punjab National Bank has disbursed a total of Rs.224 Crore including Rs.84 Crore under Non-priority sector and Rs.140.23 Crore under priority sector recording an achievement of 80% of its ACP target of Rs.174.43 Crore for the year under review. Other

commercial banks aggregatively have recorded 76% of ACP target, Cooperative banks 57%, RRBs 52% and other FIs 45%. Out of the total credit outlay of Rs.3573 Crore the J&K Bank alone accounts for 67%, SBI 8%, PNB 6%, other Commercial Banks 8%, Cooperative Banks 8% and RRBs 6%. The Chairman highlighted that the only J&K Bank is the only bank meeting the targets and rather exceeding these and whose overwhelming dominance is very obvious, and most of other banks have not even been meeting their respective targets under ACP. **He pointed out that the real cause of concern is the poor performance of Regional Rural Banks and Cooperative 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 52% and 57% of the ACP target is surprising, which the Chairmen of the RRBs and Cooperative banks need to look into.**

(Action: RRBs/Cooperative Banks)

Performance under Government Sponsored Schemes:

Expressing his displeasure over the low and unsatisfactory achievement under Government Sponsored schemes the Chairman stated that this is an area of continuous concern. He stated that although during the last 3-4 years the C.D.Ratio of the banks in J&K State has gone up from 19% to 46%, but the achievement in none of the Government Sponsored Schemes has been even close to the targets. Highlighting the achievement of banks under major 6 Govt. sponsored schemes, the chairman stated that SGSY has got 50% of the target for the FY 2008-09, PMEGP 19%, JKSES 48%, SJSRY 32%, SC/ST/OBC 26% and total 44%. Reiterating the need for restructuring the schemes, the chairman stated that unless some systemic changes are effected the performance under this segment cannot be improved.

Summing up his presentation, the Chairman stated that

- **C. D. Ratio of all banks in the State at 46% is desirable and acceptable and there is scope for further improvement;**
- **Priority Sector Credit at 49% is satisfactory, which indicates that priority sector credit is picking up on the desired lines as mandated by RBI as well as the overall development policy of the country though it needs to be improved substantially, more particularly in Kashmir Valley where the credit of-take in agriculture is very poor and the targets are not being met;**
- **Credit to SMEs at 33%, is satisfactory and seems to have reached to a situation where we are comfortable;**
- **Advances to weaker sections at 13% compares favourably to the national average;**
- **Credit to DRI is very poor;**
- **Advances to women at 4% against the bench mark of 5% is also satisfactory**

Address of the Chief Secretary, J&K Govt.

Welcoming Mr. Arnab Roy, the new Regional Director, RBI (for J&K), and Mr. Sukhdeve, the new Chief General Manager, NABARD (Regional Office, Jammu), the Chief Secretary expressed the hope that they will find their postings in J&K professionally challenging. The Chief Secretary complimented Dr. Drabu for the well-organized presentation, which he said, was the best so far as the issues have come up very clearly. He also complimented J&K Bank for having recorded an achievement of 143% of the priority sector target in the State during the financial year ended 31st March 2009. Expressing concern that the Agriculture Sector has been a low performer in the State more particularly in the Kashmir Valley, the Chief Secretary desired the house to have a focused attention on Kashmir valley and stressed the need to have an introspection to look for the reasons that were responsible for poor performance under Agriculture sector here, whether it was lack of appetite of agriculture credit or it was due to lack of institutional response to the demand that is there, so that corrective measures are taken. He made it clear that discussing the issue is not enough; rather we need to find solutions in a time bound manner. Expressing satisfaction that Retail Trade, Housing and SMEs sectors in Jammu are performing well, the Chief Secretary emphasized that even though these sectors

may not be contributing substantially to the GSDP, but these are heavily employment intensive sectors. Expressing concern over the dismal performance under Micro Credit Sector the **Chief Secretary desired that this sector, which has tremendous potential, should be given much attention as this was the way to empower the unorganized sector especially the women.**

(Action: All Banks/Financial Institutions)

Regarding setting up of Rural Self Employment Training Institutes (RSETIs) in every district of the J&K State as envisaged under MoF, Gol guidelines, the Chief Secretary expressed that this was the one area where Government and the banks really would need to put their best foot forward because there is a tremendous potential for creating and organizing people to become entrepreneurs especially in J&K where there is a general tendency to look for Government jobs but given the kind of saturation the Government sector has, there is not much potential for providing jobs, therefore, there is need to encourage the people to come into private enterprise to whom every possible support will be made available. The Chief Secretary said that the Skill Development Mission of the Prime Ministry of India unfortunately has not made any headway in J&K and said that the RSETI initiative fits perfectly into that policy objective to create more employable and enthusiastic people who would be able to take small ventures and not only become self-employed but also create employment opportunities for others by setting up enterprises. The Chief Secretary expressed his displeasure that the participation from the Government side is less than enthusiastic and stressed the need that the leading level of the Government like Heads of Departments and Secretary level must give more attention to SLBC, which he said is an institution which has been created with a great deal of thought and aims at doing something together in order to maximize benefits to the community.

The Chief Secretary also expressed his concern over the dismal achievement of just 19% under nationally recognized PMEGP Scheme although in past the REGP, earlier implemented through KVIB was considered as the outstanding performer. He advised the Principal Secretary, Industries & Commerce to make a presentation on this issue describing as to why this scheme is not picking up in this State

The Chairman clarified that great care was taken in ensuring advance notices to the members through various mediums, i.e. by post, via email etc. He said that intimations and agenda is circulated well in advance and even web-cast on the SLBC website: www.jkslbc.com for information of all the members. But despite all these efforts there is still a low participation from the Government side and expressed concern that most of the outstanding issues are waiting for action from the government due to lack of interest and involvement by the concerned Government functionaries. Thereafter, the agenda items were taken up for deliberation as under:

CONFIRMATION OF THE MINUTES OF 75TH MEETING OF J&K SLBC

Since no comments were received from the members, the minutes of the 75th meeting of J&K SLBC held on 22nd April 2009 at Jammu were taken as confirmed.

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

Registration of Equitable Mortgage:

The Chairman pointed out that the issue had been left to the Law Department J&K Government for examination but no progress was reported to the house through 71st, 72nd, 73rd meetings. In the 74th SLBC meeting the Commissioner Secretary Finance had said that they have had meetings with Revenue authorities and would report progress to the house after January 2009. Thereafter in the 75th SLBC meeting the Commissioner Secretary Finance assured that progress would be reported in the next meeting. Stating that this is the issue that is impairing

the whole flow of credit in J&K, the Chairman desired to know the progress from the Government.

Reacting to this, the Commissioner Secretary Finance stated that the matter was referred to the Law Department who have examined this issue. He stated that in the Transfer of Properties Act they had included two cities of Jammu and Srinagar and now they have recommended that the Act can be extended to all other areas of the J&K State. He informed that the formal suggestion from Law Department is likely to come within a day or two and desired that the Revenue department be pressed to come out with the necessary notification. He said that necessary amendment in the Transfer of property act had already been made and simply the notification was required in the matter.

The Chief Secretary assured that necessary action in the matter will be got done soon.

(Action: J&K Government)

Special Package for SMEs and Trade:

The Chairman reminded that the issue of withdrawal of central exemptions was discussed in earlier SLBC meetings and the State Government was requested to re-look the exemption policy the State had prior to 2004 because this was the first quarter the impact of slow down was being seen. Commenting on the figures of J&K Bank, the Chairman said that J&K Bank was growing at about 45% - 50% in SMEs in Jammu, but today we are just at about 12-13%. He stated that there is a lot of distress happening in Jammu Industrial Estates and a lot of units are getting closed, which he said needs to be taken care of by the Government. He stated that large part of the industry had been set up on certain exemptions, now that these were withdrawn and due to global slow down and of course the civil strife has led to crisis. He desired to know the progress on the issue.

Reacting to this, the Commissioner Secretary Finance stated that this issue at the moment appears to be a little complex one not within the resources of the State Government. He, however, informed that the matter has been taken up with the Central Government and the government was trying to see what kind of assistance we could get from them.

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

On being asked for to report progress on the issue, Mr. M.S.Wani, Vice President of the Convenor Bank stated that in terms of the guidelines the house needs to assign districts to two lead banks in the State, i.e. J&K Bank (having lead bank responsibility in 12 districts) and the State Bank of India (having lead bank responsibility in 10 districts). He however, informed the house that State Bank of India has indicated to set up two RSETIs in the State as of now whereas J&K Bank was required to divulge its plan as to how may RSETIs they intend to set up. Mr. Wani also informed that in terms of the related Gol guidelines there was need to constitute Societies under the auspices of the concerned banks whereafter formal requests would be made to the State Government for allotment of land and also to Gol, MoRD for allotment of funds.

Reacting to this the Chairman stated that since there were only two lead banks in the State, viz. J&K Bank and State Bank of India, so the districts should be deemed automatically allocated to the said two banks as per their respective lead bank responsibilities. He further stated that as SBI plans to set up two RSETIs this year, the J&K Bank will set up six RSETIs this year.

Mr. R. C. Bhardwaj, AGM, State Bank of India, LHO Chandigarh, joining deliberations on the issue confirmed that SBI is going to set up RSETIs in all its lead districts in a phased manner and this year the bank planned to set up two RSETIs in District Udhampur and District Samba and they also intend to cover candidates of other adjoining districts in these RSETIs.

Appreciating the commitment of State Bank of India to cover two districts this year and other districts in a phased manner, the Chief Secretary desired to know the phasing period perceived by the State Bank of India for the purpose.

Reacting to this, the representative of SBI informed that this being a very serious kind of initiative, the issue could be deliberated upon in the State Level Steering Committee already set up by the SLBC for the purpose. He further stated that in Himachal Pradesh also this initiative is being implemented in 5 districts in a phased manner.

The Chief Secretary desired to have an action plan in place so that the phasing period for setting up RSETIs in all other districts is made known. For which, the Chairman suggested that the State Level Steering Committee (SLSC) could make necessary recommendations to the SLBC.

Joining deliberations on the issue, the Secretary, Rural Development, stated that MoRD, Gol plans to make provision of Rs.1.00 Crore for creation of infrastructure for each RSETI for which the first requirement was allotment of land. Once the land is made available, the NIRD, Hyderabad could be approached for funds, which would be straightaway released. He informed the house that based on the deliberations he had in Delhi, the government has held interactions with the district level officers/ Project Officers of RDD dealing with SGSY Scheme, who have gone into exercise of identifying lands and looking after other arrangements and so far the government has successfully identified land in 11 districts out of 22 districts of the State, whereas in towns the government was facing difficulties as the Rural Development Department was not available in towns. He however, stated since the assignment of districts to banks has been resolved now, there was need to have the Societies constituted by the concerned banks as provided under the Gol guidelines, which will facilitate the government to take further steps about allotment of the lands and arranging necessary funds from Gol for infrastructure development. The Secretary RDD further stated that core of the scheme is how the trainings are to be calenderized and how the people are brought into the system, so as to fulfill the intended objectives judiciously.

On being asked by the Chairman about the formation of the Societies and signing of MoU as provided under Gol guidelines, Mr. M.S.Wani, VP, Convenor Bank stated that there has to be a tripartite MoU signed between the Bank concerned, the Government and the Society concerned. Regarding the MOU Mr. Wani clarified that the model MoU has been provided by Indian Banks Association (IBA) and the number of Societies required for the purpose was to be decided by the house.

The representative of SBI informed the house that SBI intends to constitute one Society at SBI Circle level, which is intended to cover Punjab, Haryana, Himachal Pradesh and J&K States and expressed the hope that the Society would be registered in the next 10 to 15 days time. He however, expressed the view that constitution of the Society was not a pre-requisite for signing of MOU as the MOU could be executed by the concerned bank with the State Government and subsequently the task assigned to the Society. He stated that SBI has already identified two rented premises at Udhampur and Samba, which would be formalized soon. However, regarding constitution of one Society covering 4 States of Punjab, Himachal, Haryana and J&K, the Commissioner Secretary Finance pointed out that State Bank of India should examine whether it would be possible for J&K to be part of that in view of the special laws prevailing in the J&K State.

Expressing his agreement with the opinion of Commissioner/ Secretary Finance, the Chief Secretary advised SBI to take steps for checking the legal status in the matter, which could include consulting Law Department of J&K State, because may be SBI has to constitute a

separate Society for J&K to suit the legal requirements here. **Regarding allotment of Land, the Chief Secretary made it clear that the government was committed to take all possible measures for making the land available for setting up RSETIs once the locations are identified and the papers formalized by the concerned banks. He however, desired that the banks should not be over ambitious about the land size.**

(Action: J&K Government)

Chief General Manager, NABARD, Mr. Sukhdeve, suggested that there was no need for having district-wise Societies and that only one Society to be set up by a particular bank for the State was enough which could cater to the needs of whatever number of RSETIs are set up in the State by the particular Bank. He further pointed out that creating infrastructure for the RSETIs could take some time and the scheme provided that RSETIs could be started in rented premises.

Stressing the need to maintain overall balance between Kashmir and Jammu divisions while setting up the RSETIs, the Chief Secretary desired to know the six locations/ districts where J&K Bank intended to set up the RSETIs this year and requested the Chairman, J&K Bank to take personal interest in the matter and have this implemented on fast track basis, so that during the course of the year the RSETIs are made functional.

Replying to this, the Chairman stated that J&K Bank is willing to set up RSETIs in six districts of Jammu, Srinagar, Anantnag, Pulwama, Baramulla and Poonch districts.

Reacting to this, the representative of SBI pleaded that Jammu district being included in their lead bank responsibility, SBI intended to cover the district themselves and that they were already in touch with the local administration in Jammu for making available necessary arrangements. He also pleaded that both the SBI and the J&K Bank should confine themselves to their respective lead districts.

After threadbare deliberations, it was resolved as under:

- 1) **This year J&K Bank will establish the RSETIs in 5 districts of Srinagar, Baramulla, Anantnag, Pulwama, Budgam and Poonch and State Bank of India will establish 2 such institutes in Udhampur and Samba districts. Both the banks were advised to go ahead with taking necessary measures for constituting Societies and signing of MOUs as per the GoI guidelines.**

(Action: J&K Bank / State Bank of India)

- 2) **Since the allocation of districts to banks stands already decided by the forum, the existing State Level Steering Committee requires to be reconstituted strictly as per the GoI guidelines, and shall be co-chaired by Principal/Commissioner Secretary, Rural Development Department, J&K Government and SLBC Convenor bank, with Chief General Manager, NABARD, J&K Bank and SBI as its members.**

(Action: Convenor Bank)

The Chief Secretary suggested that coordination responsibilities in this regard should be assigned to the Rural Development Department.

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

Sub-Committee of SLBC on Export Promotion:

Minutes of the meeting of Sub-Committee of J&K SLBC on Export Promotion held on 14th of May 2009 at J&K Bank, Corporate Headquarters, Srinagar, and circulated vide Ref. No. FEBD/SLBC/2009-125 dated 17.06.2009 were taken on record.

Legislation on SARFASIE Act

The Commissioner Secretary Finance informed that there has been substantial progress on the issue. He stated that there were essentially two issues involved - one is the draft legislation framed by J&K Bank team - whether that is to be considered by the State legislature or the Central Act that is already in place should be made applicable to J&K State. He stated that Law Department has opined that both the situations are feasible. Elaborating further, the Commissioner Secretary Finance stated that only one clause, i.e. where mortgage of property goes to nationalized bank, is not applicable to J&K. He stated that Law Department has fixed a meeting with the Hon'ble Law Minister where they will take a view whether the matter is taken up with Central Government for specific amendment for J&K in the Central Law or take up legislation of our own. He however, stated that he has suggested to them that it would be faster for them to go for legislation with our own clauses.

Reacting to it, the Chairman emphasized that it is the real money stuck for banks. He informed that we are in litigation of more than Rs.200 Crore and courts are randomly giving stay orders the moment cases are taken up in the courts. He further stated that in case the position carries on any further, banks will express their inability to lend in J&K. Stressing the need to put up our own legislation, the Chairman remarked that we should not expect the Gol to make an amendment in the Central Law. For the purpose of addressing the issue of nationalized banks, as pointed out by the Commissioner Secretary Finance, the Chairman reiterated its offer that J&K Bank will set up an Assets Reconstruction Company (ARC) in the State, which would buy all the impaired assets of the nationalized banks as these Assets Reconstructions Companies have functioned very well in rest of the country even globally. He reminded that previously when this offer was made, the government had even earmarked Rs.200 Crore as capital for the same whereas the bank had offered to put Rs.100 Crore of its own, but claimed that there was no progress on the issue.

Reacting to this, the Commissioner Secretary Finance assured that the issue would be discussed with the Hon'ble Law Minister soon and expressed his optimism that the requisite legislation would be worked out during this session of the State legislature.

(Action: J&K Government)

Agenda Item No. 76.01 to 76.04

The Chairman informed that the agenda items stand already covered in the detailed Power Point Presentation. He, however, desired to know from the members if they had any point to deliberate upon.

PMEGP Issue:

Principal Secretary, Industries & Commerce, stated that under PMEGP Scheme last year against the target of 695 cases the achievement was 1975 cases out of which 1544 cases were sponsored by KVIB, 114 by KVIC, 101 by DIC Jammu and 216 by DIC Kashmir, and the total expenditure on account of margin money incurred was of the order of Rs.16.10 Crore against an allocation of Rs.16.61 Crore. He, however, pointed out that despite achievement of 1975 cases last year, only 623 cases have been allocated for the entire State for the current financial year.

Mr. M.S.Wani, Vice President, Convenor Bank, informed the house that FY 2009 was the first year for PMEGP which was announced by the Gol last year after clubbing two erstwhile

Schemes, i.e. PMRY and REGP. He said that the targets in the said first year were announced on the basis of erstwhile two Schemes, i.e. PMRY and REGP, but now the State will be qualifying for target allocation on the basis of the performance recorded during FY 2009. Pleading for scaling up the allocation of targets for the State, Mr. Wani stated that last year J&K Bank had got 20 cases in full Srinagar district – not even amounting to one case per branch.

Director, KVIC, Mr. Chauhan, stated that the targets so allocated for the State for CFY are tentative as they are yet to receive the budget from Central Government. Commenting on the achievements of the last year under the Scheme, Mr. Chauhan informed that against a target of 262 cases the achievement was at 1594 units, which accounts for 584%. He stated that 4500 cases have been recommended for the CFY for the State.

Expressing concern over allocation of a lesser target under PMEGP for the CFY, the Chief Secretary stated that last year the targets were got revised on his specific advise and more margin money had been made available. **He, however, advised the Principal Secretary Industries & Commerce to take up the matter with the CEO, KVIC, so that target allocation for J&K for the CFY is revised suitably. The Chief Secretary stated that he would also like to speak on the issue to Mr. Dinesh Roy, Incharge PMEGP, and desired to have a draft in this regard.**

(Action: J&K Government)

AGENDA ITEM: 76.05

ACHIEVEMENT UNDER KISSAN CREDIT CARD (KCC) SCHEME:

Expressing displeasure that the KCC Scheme has not been performing well in J&K with an achievement of just 15% and 8% in financial and physical terms respectively during the year under review, the Chairman pointed out that despite the fact that the scheme is hugely attractive with its features of having insurance of Rs.50,000/- available on disability, the scheme has not been picking up in the State. He stated that the real initiative in this regard has to come from NABAARD who have not been playing any active role here. He, however, expressed his optimism that with Mr. Sukhdeve, Chief General Manager, assuming his duties here, situation would improve. He stressed the need to have a sub-group constituted under CGM NABARD to look into this aspect.

Reacting to this, the Chief General Manager, NABARD, pointed out that owing to the lack of response, the farmers of the State are being deprived of the incentives inbuilt in the KCC Scheme. Elaborating his point, the CGM, NABARD stated that under this Scheme an interest subvention of 3% is allowed by the Gol to the loanee farmers for agriculture purposes upto the limit of Rs.3.00 lakh with further relaxation of 1% given by the Gol on prompt repayment by the farmer, so that ultimately bank interest rate will be just around 6% to be borne by the farmers. However, for improving the position under KCC Scheme, the CGM NABARD suggested two strategies, the first being to work out a plan to cover the existing loanee farmers by issuing them KCCs. For that purpose he suggested for developing a suitable reporting system indicating the total number of farmer's accounts with the bank branches, out of which how many covered under KCC and how many remaining. Thereafter, in the second stage strategy needs to be worked for covering those other than loanee farmers. He said that covering the existing loanee farmers was the best approach to be adopted for making the KCC scheme succeed in J&K.

Joining the deliberations on the issue, the Chairman suggested to adopt this strategy on pilot basis in some districts like the financial inclusion initiative already undertaken in Pulwama district by J&K Bank, Kathua district by PNB and Samba district by SBI, so as to make sure that all the farmers are covered under KCC Scheme simultaneously. He, however, desired to know from Executive Director/ CFO of J&K Bank whether there are any operational problems.

Mr. A. M. Mir, ED/ CFO, J&K Bank stated that lack of updation of the revenue records has been the main hurdle in operationalizing the KCC Scheme in the State. He pointed out that in some

previous SLBC meeting it was informed that the land records are being computerized, but that has not so far materialized. He pointed out that previously it was observed that farmers were forced to pay hefty sums for acquiring land records, which was one of main obstacles in the way of successful implementation of the KCC Scheme.

Expressing his agreement with the measures suggested by CGM, NABARD, the Chief Secretary expected to have better results out of this approach. Stressing that nothing has been done in the State so far to pass on the benefits of 3% interest subventions to the farmers, he advised that all the banks operating in the State should push this initiative and then monitor the position.

After thorough discussions, it was decided that Chief General Manager, NABARD will take a meeting with J&K Bank, SBI and PNB immediately for devising a strategy in this regard.

(Action: NABARD)

Agenda Item No. 76.06

ACHIEVEMENT UNDER SELF HELP GROUP (SHG):

Taking note that State Bank of India is leading in this initiative, the Chairman sought feedback from the representative of SBI on the issue.

Reacting to this, the AGM, SBI, stated that SBI had adopted two-way approach in this regard; one being Self Help Groups promoted through some good NGOs and the other was direct financing by branches of the bank. He informed the house the NABARD has a scheme under which incentives for creation of SHGs are provided to various NGOs. He further said that SBI is also sponsoring some good NGOs to various exposure visits outside J&K and recently one NGO in Udhampur was sponsored to visit to Hyderabad in SBI Training Institute. He also stated that Ellaquai Dehati Bank has also been taking such initiatives in the State.

Joining deliberations on the issue, the Chairman, EDB informed that the EDB has been promoting the Scheme through NGOs. He stated that recently on the initiative of NABARD, EDB has taken an NGO into confidence, which is having a good track record in the area and is on the approved list of NABARD. The NGO has so far formed 50 SHGs with only one branch of EDB. He said that another NGO provided by NABARD in Srinagar has been doing a commendable job in Ganderbal and Lar areas and EDB is in touch with the said NGO for pushing up the initiative further. He further said that EDB has got a licence for an Extension counter in Udhampur, which they intend to convert into Micro Financing unit and credit link 183 Self Help Groups in that unit only.

The Chief General Manager NABARD stated that given the fact that NGO presence in J&K is very limited, the only one alternative left was to have some kind of an agency or involvement of government machinery for formation of Self Help Groups and their linkages with the banks. He pointed out that in some States like Andhra Pradesh and Himachal Pradesh, the SHGs are promoted by the government through Anganwari Workers. He pleaded that same model could be emulated in J&K in order to ensure that the SHG movement is promoted here.

AGENDA ITEM NO: 76.07

Review of position as per key indicators for monitoring flow of credit in J&K State as of 31st march 2009:

The position was taken on record.

AGENDA ITEM NO: 76.08

Credit delivery to Micro, Small and Medium Enterprises (MSMEs):

(i) Holding of monthly Special Meetings of J&K SLBC

Minutes of the Special Monthly SLBC meetings held on 14th May 2009 at Srinagar to review the progress achieved by banks on implementation of IBA package on MSMEs and other productive sectors circulated vide SLBC office Ref. No. LBD/Spl.SLBC.MSMEs/2009-93 dated June 7, 2009 taken on record.

ii) Progress/ status of implementation of IBA package on MSMEs Sector as on 31.05.2009

The progress in implementation of IBA package on MSMEs sector Upto the end of May 2009 was taken on record. It was informed that upto the end of May 2009 banks have restructured 4357 MSMEs accounts involving an amount of Rs.234.13 Crore besides sanctioning working capital loans (new) to the extent of Rs.316.02 Crore in favour of 3334 beneficiaries and incremental working capital loans of Rs.151.93 Crore in favour of 1122 existing units.

The house also noted that banks operating in the State have sanctioned Housing Loans to the extent of Rs.228.45 Crore in favour of 7967 beneficiaries and Auto loans to the extent of Rs.162.85 Crore in favour of 6149 beneficiaries.

iii) Recommendations of K. C. Chakraborty Working Group

Initiating deliberations on the issue, the DGM, Reserve Bank of India stated that the Annexure-II contains some action points for the State Government as recommended by the K. C. Chakraborty Working Group appointed by RBI and desired to know the progress on the issues.

The Chairman read out the action points pertaining to the State Government and the Banks, stated that most of these recommendations are already being followed. However, some of these points were discussed in detail as under:

Item No.6: Preferential treatment to MSMEs in providing uninterrupted power supply:

The Principal Secretary Industries & Commerce stated that the Government has already been complying with this recommendation by way of payment for Digital Generator Sets for the entrepreneurs.

Item No.7: The State Government to provide land at 50% of the normal rate for setting up industrial estates exclusively for MSMEs, Further 50% subsidy may be provided on the capital cost of common facilities like effluent treatment plant, power plant etc.

The Principal Secretary, Industries & Commerce, informed the house that this recommendation is already being complied with by the State Government as the rates charged by the government for the purpose are not certainly at the market rate.

Item No: 8: Need for obtaining any clearance except registration with DIC for individual SME units set up in Industrial Estates developed by the State Industrial Development Corporation or DIC or approved Industrial Estates not to be considered necessary.

The Principal Secretary, Industries & Commerce, stated that there was much sense in it that the entrepreneurs setting up industrial units in any designated Industrial Estates should not be asked to get clearance/ NOCs from any body. He, however, stated that he will have to talk to other concerned departments in the matter. Replying to a question as to whether for an entrepreneur setting up his unit in a designated Industrial Estates obtaining of clearance from the Pollution Control Board would be necessary, the Principal Secretary Ind. & Commerce

stated that the Pollution Certificate was necessary as these indicate whether certain units are prohibited or not. He, however, informed the house that the government has decided to talk to the Pollution Control Board and tell them specifically what kind of industry should come up in a particular Industrial Estates, so that no entrepreneur has to obtain such clearance from the PCB individually.

Item No. 9 The Niche industry or the activities having good concentration in the area may be identified by the banks and DIC. Model cost of project for different sizes of commonly prevailing industry and overall viability of the activity to be assessed by a Committee comprising of 2-3 banks of the district under the aegis of Lead Bank.....

The Chairman stated that this was not the job of bankers and the entrepreneurs should themselves identify such activities. As regards the advances upto Rs.2.00 Crore to be made on the basis of scoring model, the Chairman stated that this model is already in place in the banks. Regarding on-line submission of loan applications, the Chairman said that this system is not being following in banks, but the Central Registration is already being followed. Regarding introduction of simplified application forms in regional languages, the Chairman desired to know the views of PNB and SBI with regard to applicability of this recommendation, who informed that they already have their application forms in 2-3 languages. The Chairman informed that this criterion has been adopted with regard to ATM application forms and possibilities to introduce the same in other application forms would be explored. Regarding Centralized Credit Processing Cells, the Chairman stated that the same has already been introduced.

AGENDA ITEM NO: 76.09

Progress in implementation of 100% Financial Inclusion in J&K State:

The Chairman informed that the progress regarding 100% Financial Inclusion initiative taken up in district Pulwama by J&K Bank has already been reported. He therefore, asked for the status about the other districts taken up by SBI, PNB, and the RRBs operating in the State.

The representative of JRB (J&K Grameen Bank) informed that in Jammu district about 30 villages had already been covered for 100% financial inclusion and that the coverage was being expanded further to other villages.

Representative of EDB informed that in district Anantnag 40 villages have been covered for 100% financial inclusion. He stated that individual household survey has been got conducted by the bank in some pockets and requested the district administration to extend help in completing the said survey by deploying VLWs and Anganwadi workers for the purpose. He said that the bank has already devised data collection forms, which could be put to use for the purpose of conducting the survey.

The Secretary, Rural Development, joining the deliberations on the issue, stated that the government is already on the job in terms of providing wages to job-card holders and assured that government would extend all possible help in this initiative.

Mr. M.S.Wani, Vice President, Convenor Bank giving an update in this regard informed the house that Pulwama district was assigned to J&K Bank on pilot basis but the bank has volunteered for coverage of all other districts of the State with all seriousness. He assured that latest progress with regard to other 21 districts would be given to the SLBC in its next meeting.

The Regional Director, Reserve Bank of India stated that the initiative of financial inclusion needs to be given a lot of importance in SLBC meetings. Assuring of all possible cooperation from the Reserve Bank of India, the Regional Director stressed the need to have a focused

approach towards this initiative and said that this year being their platinum jubilee year, Reserve Bank of India functionaries are also supposed to reach out and go into the interiors with the objective of spreading financial inclusion and financial literacy. The Regional Director desired that in future the agenda item on financial inclusion should include detailed figures with regard to progress achieved.

AGENDA ITEM NO: 76.10

Reverse Mortgage Loan Scheme:

The Scheme was adopted by the house for implementation in J&K State.

AGENDA ITEM NO. 76.11

Interest Subsidy Scheme for Housing the Urban Poor:

The Scheme was adopted by the house for implementation in J&K State and all the banks were advised to report progress on implementation of the scheme to SLBC on quarterly basis. The Chairman expressed his concern that such incentive-oriented schemes are not being availed of in J&K and people were being deprived of these benefits. He also stated that on the Education front the Government of India had allocated Rs.1700 Crore for education of the minorities but the money was spent only to the extent of Rs.4.50 Crore. The Chairman pleaded that all these schemes should be implemented in letter and spirit.

AGENDA ITEM NO. 76.12

Operationalization of disbursement of wages to NREGA workers through banks:

The Secretary Rural Development informed the house that out of the total 4,98,000 Job Card holders only 2.00 lakh have been linked to Rural Development Department for the purpose of providing unskilled wage employment for which the government has been approaching various banks and post offices for opening of accounts etc. Appreciating the response provided by the banks to the Rural Development Department, he informed the house that out of two lakh families connected to them under NREGA, 1,60,000 had already been registered with various banks and are operating through banks. He, however, pointed out that the government has been confronting difficulties in a few areas of the State like Wadwan, Marwah and some parts of Kargil, where no banking services are available.

AGENDA ITEM NO. 76.13

Points forwarded by Agricultural Insurance Company of India Ltd.

i) Coverage of farmers under National Agriculture Insurance Scheme (NAIS):

Initiating deliberations on the issue, the Director Agriculture Kashmir informed that loanee farmers are compulsorily to be covered under the Scheme and the problems were with non-loanee farmers. He attributed the lack of response in the State in general and Kashmir valley in particular to the fact that Agriculture Insurance Company nominated for the purpose does not even have its office in Kashmir valley.

The Principal Secretary, Industries and Commerce, stated that the scheme has not picked up in J&K due to lack of awareness among the farmers and pleaded that the Scheme should be thoroughly propagated in the State.

Expressing agreement with the views of the Principal Secretary, Industries & Commerce, the Chairman stated that all necessary measures would be taken for promotion of the Scheme in J&K State.

AGENDA ITEM NO: 76.14

Incentive Scheme for Quicker Adoption of Electronic Benefit Transfer for Government Schemes:

The Chairman informed the house that RBI has proposed this incentive scheme to quicken the pace of adoption of the smart card based EBT mechanism by banks and roll out the EBT system in the states that are ready to adopt the scheme.

Expressing his intention to set up the Electronic Benefit Transfer mechanism in the State, the Chairman advised the Vice President, J&K Bank to work on the issue and inform him the status immediately.

(Action: J&K Bank)

AGENDA ITEM NO: 76.15

Conference for Regional offices of FED – Fictitious e-mails:

The Chairman impressed upon the bankers to exercise caution in the matter.

AGENDA ITEM NO: 76.16

Loans to De-notified Nomadic Tribes (DNTs):

The Chairman informed the house that since no such tribes were existent in the J&K State, so it had no implications on the J&K.

The meeting ended with a vote of thanks to the chair. The Chairman requested the participants to join for lunch hosted by the Convenor Bank.

Sd/-

(M. S. Wani)

Vice President

Lead Bank/ J&K SLBC

Annexure-A

List of Participants of the 76TH Meeting of J&K SLBC.

<u>S.No.</u>	<u>Name</u>	<u>...</u>	<u>Designation / Department.</u>
<u>Chairman</u>			
1.	Dr. Haseeb A. Drabu	...	Chairman/ CEO J&K Bank (Convenor J&K SLBC)
<u>Chief Guest</u>			
2.	S. S. Kapur	...	Chief Secretary, J&K State
<u>Government Departments/ agencies</u>			
3.	Anil Goswami	...	Principal/ Secretary, Industries & Commerce Deptt.
4.	Sudhanshu Pandey	...	Commissioner/ Secretary, Finance
5.	M.S.Khan	...	Secretary, Rural Development Depttt.
6.	Farooq Ahmad	...	Director, Industries & Commerce, Kashmir
7.	B.S.Dua	...	Director, Industries & Comm., Jammu & MD, SIDCO
8.	Dr. M.I. Parry	...	Director, EDI
9.	Brij Bala Bakshi	...	Director, Finance/ Tourism
10.	Showkat Ahmad	...	Director, Handicrafts.
11.	Bashir Ahmad Dar	...	Director, Agriculture, Kashmir
12.	Arshad Majid Butt	...	Divisional Manager, Kashmir, J&K SC/ST/OBC
13.	Sarmad Hafeez	...	Joint Director, Employment Deptt.

14.	Bashir Ahmad	...	C.E.O., Urban Dev. Authority, Kashmir
15.	B. R. Chauhan	...	State Director, KVIC
16.	Dr. A. Rashid	...	Secretary/ CEO J&K KVIB
17.	A.K.Kakroo	...	Chief Horticulture Officer, Srinagar
18.	Bhawani Rakhwal	...	Deputy Director, Employment
19.	K.J.S.Bali	...	Deputy Director, Adm.
20.	M. Iqbal Zargar	...	Deputy Director, Rural Dev. Deptt. (Jammu)

Reserve Bank of India

21.	Arnab Roy	...	Regional Director (For J&K), RBI
22.	M.R.Garg	...	DGM, Reserve Bank of India
23.	B. S. Katoch	...	AGM, Reserve Bank of India

Convenor Bank (J&K Bank)

24.	A. K. Mehta	...	Executive Director/ COO
25.	Abdul Majid Mir	...	Executive Director/ CFO
26.	Ajit Singh	...	Sr. President
27.	Pervaz Ahmad	...	President
28.	Khurshid A. Pandith	...	Vice President (CCD)
29.	F. M. Gani	...	Vice President,
30.	Abdul Rauf	...	Vice President
31.	M. S. Wani	...	Vice President, J&K SLBC

NABARD

32.	M.L.Sukhdeve	...	CGM, NABARD, Jammu
33.	P.L.Negi	...	AGM, NABARD, Srinagar

Banks/ Financial Institutions

34.	R. C. Koul	...	DGM, Punjab National Bank, J&K Circle
35.	M.L.Mir	...	AGM, Punjab National Bank
36.	Pawan K. Bajaj	...	DGM, _____ Bank, Z.O.Ludhiana
37.	R. C. Bhardwaj	...	AGM (LB/RRBs), SBI, LHO Chandigarh
38.	G.C.Nagar	...	Regional Manager, Central Bank of India
39.	K. G. Sharma	...	AGM, Oriental Bank of Commerce, RO Amritsar
40.	A.A.Allaqband	...	AGM, UCO Bank
41.	Parminder Singh	...	Sr. Manager, Punjab & Sind Bank
42.	Prem Malik	...	Chief Manager, _____ Bank
43.	Mudasir Rahim	...	HDFC Bank
44.	Neeraj Srivastav	...	AGM, SIDBI, Jammu
45.	Harish Gupta	...	Branch Head, IDBI, Jammu
46.	Mohamamd Rafiq	...	DGM, SFC

Regional Rural Banks

47.	A.U. Tak	...	Chairman, Ellaquai Dehati Bank
48.	O. P. Sharama	...	Chairman, JRB

Cooperative Banks

49.	Atta Mohammad Nath	...	General Manager, ACCB
50.	M. Latief Dar	...	Head Business Dev. Deptt., J&K SCB
51.	B. A. Lone	...	GM, BCCB

BDSMs/ Lead District Managers

52.	Mufti A. Qayoom	...	Lead Bank Officer, J&K Bank, ZO (K) South
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53.	G. R. Kumar	...	Lead Bank Officer, J&K Bank, ZO (K), South
54.	G. R. Malik	...	Lead Bank Officer, J&K Bank, ZO (K) North
55.	Tassaduq Mohammad	...	Lead Bank Officer, J&K Bank, ZO (K) Central
56.	A.H.Khan	...	ALBO, J&K Bank, Srinagar
57.	K. C. Dogra	...	BDSM, Rajouri/ Poonch
58.	M. Farooq Jallu	...	ALBO, J&K Bank, Budgam
59.	Shadi Lal Dhar	...	Lead Bank Officer, J&K Bank, Anantnag
60.	Manzoor Hussain	...	ALBO, J&K Bank, Srinagar/Ganderbal
61.	Ashok K. Koul	...	Chief Manager, SBI, Lead District Manager, Jammu
62.	Rohit Mehta	...	LDM, Samba, SBI
63.	Basant Ram	...	LDM, Kargil, SBI
