

**MINUTES OF THE 77<sup>TH</sup> MEETING OF J&K STATE LEVEL BANKERS' COMMITTEE (SLBC) HELD ON 20<sup>TH</sup> OCTOBER 2009 AT SKICC SRINAGAR**

The 77<sup>th</sup> meeting of J&K State Level Bankers' Committee (SLBC) was held on 20<sup>th</sup> October 2009 at S.K.I.C.C., Srinagar. The meeting was presided over by Dr. Haseeb A. Drabu, Chairman & C.E., J&K Bank and Convenor J&K SLBC. Top functionaries of the Government administration and banks including Commissioner/ Secretary (Finance), Commissioner/ Secretary (Labour & Employment), Executive Directors of J&K Bank, senior officials of Reserve Bank of India, NABARD and various line departments and development agencies and also representatives of major member 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 (Convenor J&K SLBC) extended a warm welcome to the participants to the meeting. 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 first quarter of CFY ended on 30.06.2009. The glimpses of the performance indicators under ACP highlighted in the presentation are given as under:

**AGGREGATIVE ANALYSIS - Q1 OF FY 2009-10 - (Agenda Item No.77.01 - 77.04):**

The Chairman stated that the total credit off-take during Q1 of FY 2009-10 has been of the order of Rs.817 Crore of which priority sector has received Rs.559 Crore and non-priority sector Rs.258 Crore. He highlighted that against the Annual Action Plan target of Rs.2305 Crore the banks operating in the State have recorded aggregate credit flow of Rs.559 Crore to priority sector during the first quarter, which accounts for an achievement of more than 24% in financial terms, which is quite reasonable. In physical terms the achievement has been recorded at 25% having financed 45,737 cases as against an annual target of 182958 cases.

**CREDIT TO PRIORITY SECTOR:**

Out of the priority sector credit disbursement of Rs.559 Crore, Agriculture sector has received Rs.130 Crore (improving from corresponding Q1 of PFY Rs.98 Crore) against the target of Rs.545 Crore thereby recording an achievement of 24%, which is quite reasonable. Under Small Enterprises sector the performance has been recorded at Rs.124 Crore as against target of Rs.770 Crore thereby achieving 16% but it has remained lower as compared to Rs.130 Crore recorded during the corresponding period of the previous year. The Chairman observed that slackening of demand under SMEs sector was due to the impact of Government policy in terms of withdrawal of exemptions and the hiking power tariffs. Under Micro Credit sector the performance has been recorded at Rs.52 Crore as against the target of Rs.348 Crore, thereby recording only 15% achievement and the performance has remained lower as compared to Rs.71 Crore disbursed during the corresponding period of the previous financial year. Under Retail Trade sector banks have disbursed Rs.111 Crore as against the target of Rs.462 Crore thereby recording 24% achievement during the year as compared to Rs.128 Crore disbursed during the corresponding period of previous financial year. Under Education Sector banks have disbursed an amount of Rs.15 Crore as against the ACP target of Rs.68 Crore thereby recording 23% achievement as compared to Rs.11 Crore disbursed during Q1 of the PFY. Under Housing Sector banks have disbursed Rs.127 Crore as against the ACP target of Rs.112 Crore, which accounts for 113% achievement as compared to Rs.38 Crore disbursed during Q1 of the PFY.

Commenting on the credit composition that there has been a misallocation in some sectors because of mismatch 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 23%, Micro Credit sector was intended to get 15% of the total credit disbursed, but this sector has got just 9% in actual terms, Small Enterprises sector was intended at 33%, it has got 22% and the Agriculture Sector was intended to get 24% of the total credit, it has actually got 23%.

With regard to ticket size of priority sector loans he remarked that there is visible improvement in removing the mismatch in the ticket size consequent upon the measures initiated by the SLBC in this regard.

**CREDIT BY REGIONS:**

The Chairman stated that during Q1 of the FY 2009-10 under review, Kashmir region has received Rs.289 Crore achieving 28% of the priority sector target against 21% by Jammu region receiving Rs.259 Crore and 20% by Ladakh region receiving Rs.11 Crore. He attributed this to the fact that most of the SMEs are in Jammu, and because SMEs are suffering from a demand slackening, therefore the credit absorption is lower than what it normally used to be.

Giving sector-wise achievements, the Chairman stated that in Kashmir region the Agriculture sector has got 25% against 23% in Jammu region, similarly under SMEs sector Kashmir region has achieved 19% of the target as against 14% achieved by Jammu region, under Retail Trade sector, Kashmir region has achieved 22% of the target against 26% recorded by Jammu region. Under Micro Credit Sector, Kashmir region has achieved 29% against 7% achievement by recorded by Jammu region. Under Housing Sector Kashmir region has got 143% achievement against 103% recorded by Jammu region. The Chairman observed that SMEs in Jammu are getting squeezed to Rs.66 Crore and this is perhaps for the first time that lending to Agriculture sector in Kashmir is higher than lending to SMEs in Jammu.

**CREDIT BY INSTITUTIONS:**

Presenting Institution-wise analysis, the Chairman stated that out of the total credit disbursement, J&K Bank accounts for 61%, SBI 9%, PNB 6%, all other Commercial Banks together 10%, Cooperative Banks 7% and Regional Rural Banks 7%. The institution-wise target achievement reflects that J&K Bank has achieved 39%, SBI 18%, PNB 15%, other Commercial Banks 10%, Cooperative Banks 17% and RRBs 15%.

**PERFORMANCE UNDER GOVERNMENT SPONSORED SCHEMES:**

Expressing his displeasure over the continued 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 in the Q1 of CFY under major 5 Govt. sponsored schemes, the chairman stated that SGSY has got 9% of the target, PMEGP 11%, JKSES 7%, SJSRY 8%, SC/ST/OBC 5% and total 9%. The Chairman observed that this is the first quarter of the CFY and demand and disbursement in Government Sponsored Schemes is likely to pick up towards the end of the financial year.

**CREDIT SCENARIO**

Giving overall credit scenario of the State, the Chairman stated that Credit Deposit Ratio at 45.84% was significantly higher than what it was 3 years ago, but it has slipped from 47% probably due to the impact of

global slowdown. He impressed upon the banks to improve the Credit Deposit Ratio to bring it to the benchmark of 60%. He said that credit to Priority Sector at 51% against the benchmark of 40% was satisfactory. But Credit to Agriculture and SMEs sectors at 12% and 17% was substantially lower than the prescribed benchmarks. He said that the biggest concern emerging in the Q1 of CFY was SMEs sector for the first time. The Chairman stated that advances to weaker sections at 13% against the benchmark of 10% was satisfactory, but the position of advances to women and under DRI has remained very poor. Commenting on poor performance under Micro Credit sector, the Chairman said that Micro Credit sector is an area of huge concern. He 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.

Reacting to this, the DGM, State Bank of India stated that recently NABARD had taken an initiative and conducted a workshop at Jammu for ensuring coordinated efforts by banks and NGOs to give a boost to the micro credit sector in the State. In this workshop a number of NGOs and banks were invited. SBI had also participated in that workshop and taking lead from there SBI has been talking to some NGOs with a view to increase lending under this sector.

The GM, NABARD, stated that NABARD intends to conduct similar workshops in Kashmir valley on 16<sup>th</sup> & 17<sup>th</sup> of November and at Leh on 27<sup>th</sup> - 29<sup>th</sup> of November on Kissan Card Scheme as well as other schemes.

The Chairman stated that J&K Bank has not been able to replicate the NGO models in the State to increase credit flow in the Micro Credit segment. **He requested NABARD to hold a workshop particularly for J&K Bank in the course of next three months but before the next SLBC meeting, which was agreed to by the representative of NABARD.**

*(Action: NABARD/ J&K Bank)*

#### **CONFIRMATION OF THE MINUTES OF 76<sup>TH</sup> MEETING OF J&K SLBC**

Since no comments were received from the members, the minutes of the 76<sup>th</sup> meeting of J&K SLBC held on 30<sup>th</sup> July 2009 at Srinagar were taken as confirmed.

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

##### **Registration of Equitable Mortgage:**

The Commissioner/Secretary Finance, J&K Government stated that there was no progress on the issue so far and that the Government was still waiting for final outcome from their concerned departments.

*(Action: J&K Government)*

##### **Setting up of Rural Self Employment Training Institutes- R-RSETIs:**

The Chairman informed the house that as per the decision taken in the 76<sup>th</sup> SLBC meeting, the J&K Bank and SBI were supposed to set up RSETIs in various districts and asked for latest status on the issue.

Reacting to it, Mr. M. S. Wani, Vice President, J&K Bank informed that the process has been initiated for getting the Society registered with the concerned authority and expressed hope that by the end of CFY two RSETIs at Anantnag and Srinagar would be made operational and the remaining three RSETIs would be set up thereafter possibly by the end of July 2010.

DGM, State Bank of India giving status on the issue stated that they have received bids for the two proposed premises at Samba and Udhampur and that completion of other requisite formalities is under process. He assured the house that by the end of December 2009 both the RSETIs would be made operational.

**It was noted that four RSETIs, viz. Srinagar and Anantnag by J&K Bank and Samba and Udhampur by SBI would be made operational during the current financial year. Both the banks were impressed upon to respect the deadline and complete all other necessary requirements at the earliest.**

**(Action: SBI / Convenor Bank)**

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

#### **Legislation on SARFAESI Act**

The Commissioner/ Secretary Finance, J&K Govt. giving status of issue informed the house that State Law Department has cleared the issue and is now with the Cabinet. He expressed hope that cabinet will clear the issue within a week and the Act would either come through the normal process or an ordinance would be issued for the purpose.

The Chairman expressed optimism that by the time of next SLBC the house will be able to have the final view of the Act.

**(Action: J&K Government)**

#### **AGENDA ITEM NO: 77.05**

##### **ACHIEVEMENT UNDER KISSAN CREDIT CARD (KCC) SCHEME:**

Expressing displeasure that the KCC Scheme has not been performing well in J&K, the Chairman stated that we were supposed to give credit of Rs.65 Crore in favour of 21,000 beneficiaries, but we have been able to disburse just Rs.4.79 Crores to 800 beneficiaries. He remarked that the position has been dismal in respect of all the banks operating in the State, and desired to know whether there are any specific constraints faced by banks here as compared to the status of the nationalized banks in other parts of the country where performance has been quite impressive.

Mr. R. R. Sharma, DGM, Canara Bank, giving his viewpoint stated that ticket size of lending in Punjab is much larger than what it is in J&K in view of bigger size of land holdings and said that KCCs worth Rs.10.00 Crore have been issued by Canara Bank in Punjab. He also observed that the average land holding in J&K was also very small. He pointed out that in other States major chunk of the KCC is provided by the Regional Rural Banks who are the basic agencies for KCC Scheme. He also stated that there are different guidelines for Regional Rural Banks for issuance of KCC and for determining the quantum of loan.

On being asked to divulge their plans to implement KCC Scheme, the Chairman, J&K Grameen Bank stated that one of the main hurdles in operationalization of KCC Scheme in the State has been the cumbersome process of getting Revenue Records and non-updation /lack of mutation in the land records. He also stated that for determining the quantum of loan to be disbursed under KCC the certificate for land holding was a pre-requisite.

Mr. M. S. Wani, Vice President, J&K Bank (Convenor SLBC) apprised the house that under the revised RBI guidelines the requirement of revenue records for issuance of KCCs upto Rs.50000/- had been dispensed with and modalities have been simplified. Hence the members should be guided accordingly.

The DGM, Punjab National Bank stated that there was no need for the farmers to have land for the purpose of issuing KCCs upto Rs.50,000/-. He informed the house that Punjab National Bank has been issuing KCCs to the farmers merely on production of an affidavit to the effect that the particular beneficiary has got tilling rights on a particular piece of land.

**It was resolved that the J&K Grameen Bank will put up a concrete plan in the next SLBC meeting indicating how to implement the KCC Scheme and what kind of support they require for this purpose. Regarding easing of the requirement of revenue records as pointed out by the Vice President, J&K Bank, the Chairman advised that RRBs should take the major initiative on this account in the next 3-4 months.**

*(Action: J&K Grameen Bank)*

The General Manager, NABARD informed the house that in terms of the decision taken in the 76<sup>th</sup> SLBC meeting, NABARD is scheduled to organize a workshop on KCC Scheme for major bankers operating in J&K State very soon and requested all the bankers to attend the same, so as to develop a strategy how to include the non-loanee farmers for issuance KCCs. He also informed that NABARD is holding workshops in 8 blocks of Jammu for creating awareness about KCC Scheme.

*(Action: NABARD/ all banks)*

**AGENDA ITEM NO. 77.06**

**ACHIEVEMENT UNDER SELF HELP GROUP (SHG):**

Taking note that J&K Bank has done better than SBI, PNB and other banks operating in the State having issued 46 SHGs and disbursed Rs.33.55 lakhs, followed by J&K State Cooperative Bank with 21 SHGs, J&K Grameen Bank with 19 SHGs, Baramulla Central Cooperative Bank 12 SHGs, PNB 8, Canara Bank 7 and SBI with 6 SHGs. The Chairman desired to know the reasons why that EDB has issued only 2 SHGs during the Q1 of CFY.

Reacting to this, the Chairman, EDB clarified that the position is improving and has gone upto to 15 SHGs as on this date.

The Chairman advised all the banks to take concrete steps to improve the position under SHG Scheme, as there is a lot of potential for growth.

*(Action: All member banks)*

**AGENDA ITEM NO: 77.07**

**Review of position as per key indicators for monitoring flow of credit in J&K State as of 30<sup>th</sup> June 2009:**

The position was taken on record. The Chairman made the following observations:

- **Credit Deposit Ratio of the State stood at 45.84% against the benchmark of 60% needs to be substantially increased by further 10-12% over the next one year;**
- **Achievement of 51% in credit to priority sector against the bench mark of 40% is quite reasonable;**
- **There is a slackening in the flow of credit to agriculture sector, which stood at 11% against the benchmark of 18% inspite of the fact that large population of J&K is engaged with Agriculture and Horticulture and needs focused attention to ensure substantial improvement.**
- **SMEs advances stood at 17%, which indicates improvement;**
- **Advances to weaker sections are at 12.98% is better than previous financial year.**

The Commissioner/ Secretary Finance pointed out that advances to women is another area where performance has not been satisfactory.

Reacting to this the Chairman emphasized the need to explore possibilities of a tie up with the J&K Women Development Corporation, so that banks lend them on lower rates for on-lending to women as they by mandate have to lend to women.

Mr. M. S. Wani, Vice President, J&K Bank joining deliberations on the issue stated that even for SC/ST/OBC categories there is Development Corporation and suggested that both these Corporations could be utilized for increasing credit flow to Women and SC/ST/OBC categories.

The Chairman emphasized that since there are special vehicles created and end-use of funds is not in question, banks/ financial institutions should have no hitch in giving credit to these organizations.

**(Action: All banks/ financial institutions)**

**AGENDA ITEM NO: 77.08**

**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 30<sup>th</sup> July 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- dated 2009 taken on record. It was observed that the monthly special SLBC meetings are being held regularly as per Gol guidelines to review the flow of credit to this sector.

**ii) Progress/ status of implementation of IBA package on MSMEs Sector:**

Regarding progress in implementation of IBA package on MSMEs sector the Chairman stated that upto the end of August 2009 banks operating in the State have restructured 4431 MSMEs accounts involving an amount of Rs.235.96 Crore besides sanctioning working capital loans (new) to the extent of Rs.474.81 Crore in favour of 7936 beneficiaries and incremental working capital loans of Rs.212.58 Crore in favour of 1551 existing units.

The house also noted that banks operating in the State have sanctioned Housing Loans to the extent of Rs.310.45 Crore in favour of 11,305 beneficiaries and Auto loans to the extent of Rs.232.13 Crore in favour of 8225 beneficiaries.

**AGENDA ITEM NO: 77.09**

**Coverage of un-banked/ under-banked blocks of J&K State:**

The Chairman informed the house that five blocks of the J&K State, viz. Block Pahloo (district Kulgam), Block Duggan (district Kathua), Block Gundana (district Doda), Block Nagsani and Block Wadwan (district Kishtwar), have been identified, which are still un-banked.

Keeping in view the emphasis laid by Gol for opening bank branches in the said un-banked blocks it was observed that Block Duggan in (district Kathua) which falls within the area of operation of J&K Grameen Bank, and Block Pehloo (Kulgam) and Block Gundana (Doda), which fall within the area of operation of Ellaquai

Dehati Bank should be allocated to the said RRBs for opening branches whereas the remaining un-banked blocks of Nagsani and Wadwan (district Kishtwar) would be covered by J&K Bank.

However, Mr. B. S. Katoch, AGM, Reserve Bank of India pointed out that Block Pehloo does not fall within the notified Area of Operation of Ellaquai Dehati Bank and stated that unless it is notified as the Area of operation of EDB Reserve Bank of India cannot issue license in their favour. He said that only two blocks, viz. Duggan (Kathua) and Gundana (Doda) could be given to RRBs and in rest of the un-banked blocks only some Commercial Banks should open branches.

**Taking the observations of AGM, RBI, into consideration it was decided that J&K Grameen Bank will open branches in Block Duggan (district Kathua), Ellaquai Dehati Bank in Block Gundana (district Doda) and J&K Bank will open branches in the remaining three un-banked blocks of Pehloo (Kulgam), Nagsani and Wadwan (district Kishtwar). All these banks were advised to ensure that new bank branches are opened in the respective un-banked blocks by the end of December 2009 without merging the issue with the normal bank expansion plans.**

***(Action: J&K Bank/ J&K Grameen Bank/ EDB)***

Regarding under-banked blocks it was decided to initiate action after the un-banked blocks would be covered though the Chairman stated that J&K Bank has already worked out a strategy whereby for every six villages of the State there will be a Business Correspondent available through the Common Service Centre (CSC) initiative taken up by the Bank, which will ensure coverage of the under-banked areas of the State to a large extent. The Chairman, however, stressed that the Reserve Bank of India both Regional Office, Jammu as well as Central office, Mumbai, should speed up the process of issuing branch licenses particularly in respect of the un-banked and under-banked areas, because a lot of time is being taken to clear the applications for licenses and the J&K Bank had so many of such applications pending with RBI.

***(Action: Reserve Bank of India)***

Assuring to look into this issue, Mr. Katoch, AGM, RBI stated that RBI Central Office has already started the process of such licensing, but the issue is that there is some connectivity problem for bringing in Business Correspondents (BC) model and other models of banking, because at some places despite licensing by RBI the branch will not be viable for want of connectivity, for which he requested the State Government to provide necessary infrastructure.

The Chairman observed that through CSC project taken up by J&K Bank the connectivity issue shall be resolved to a large extent as the CSCs are all IT enabled kiosks. He assured the house that during the course of next one and a half year about 1100 CSCs are intended to be operationalized in J&K and even this week the bank is likely to inaugurate 20 to 25 of these centres.

**AGENDA ITEM NO: 77.10**

**Chalking out the modalities for speedy disposal of the cases of small artisans and weavers:**

Given the fact that exports have considerably slumped the Chairman observed that presently there was not enough appetite for this kind of finance in the State. He stated that cases worth more than Rs.300 Crores stand sanctioned by J&K Bank, which are not being availed. He further stated that he has met many artisans and craft people last year, who have been pleading for reduction in interest rates on current working capital limits. **The Chairman informed that J&K Bank has decided to reduce the interest rates on loans to small artisans/ weavers/ crafts persons in their existing working capital facilities and a notification in this**

**regard is being issued soon.** He also requested other banks to follow the suit and adopt a uniform interest rate/ restructure policy for the artisans segment in the State, which could be worked out by a small group to be constituted for the purpose.

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

The Chairman further stated that J&K Bank has restructured accounts of artisans as per RBI directives but given the fact that RBI expected a turn around in Q3 which has not happened, the Chairman expressed his intentions to extend this concession for another six months also keeping in view that the global recession was expected to last another six months and there was need for another breather of 6 months. He suggested setting up of a small group of SLBC under President (A&AP), J&K Bank to workout modalities for the purpose.

Director Handicrafts, J&K Govt. joining deliberations on the issue pointed out that disbursements are very less as compared to the targets set by the Handicrafts Department and said that during the current year only 97 cases had been disbursed. He further pointed out that J&K Bank had established Business Development and Promotion Centres in every district which used to facilitate hassle free credit flow to various segments particularly the artisans/ weavers, which have been dissolved and there are 2800 cases of small artisans/ weavers pending with the banks which are eligible for 5% interest subsidy from Handicrafts Department and are covered under Credit Guarantee Trust Fund Scheme of Gol, Ministry of Textiles. He strongly pleaded for setting up of a small Committee to look into this issue.

Reacting to this, the Chairman clarified that the Business Development & Promotion Centres (BDPCs) had not been dissolved but had been reclassified as Clusters with more Senior Officer as the Cluster Head vested with powers to sanction the credit facilities.

The Commissioner/Secretary Finance, J&K Government, pointed out that recently in the meeting taken by the Cabinet Secretary, Gol, it was observed that the position of artisans in J&K was quite dismal and the State was not able to avail benefits of lots of artisans' schemes funded by Gol. He suggested that since the Handicrafts/ Artisans sector was a very vibrant and wide spread sector in J&K State, there was need to explore possibilities of introducing a Card having multifarious benefits like flow of credit facilities for various schemes for artisans/ weavers, health insurance benefits etc.

Mr. M. S. Wani, Vice President, J&K Bank clarified that Artisans Credit Card Scheme has since been introduced by the Government of India, which should be extended freely by member banks.

The Chairman stated that since the entire economy in J&K State is artisan driven, the Artisans Credit Card (ACC) Scheme could be very popular in the State. All the banks/ financial institutions were advised to consider extending various credit facilities under Handicrafts/ Artisans schemes through the Artisans Credit Card.

**It was decided to set up a small group to be headed by Mr. Parvez Ahmad, President (Assets & Asset Planning), J&K Bank to look into the whole issue including Restructuring of Accounts, pending proposals of Artisans/ Weavers etc. The other members of the group are Director Handicrafts, J&K Government, Representatives from NABARD, State Bank of India, Punjab National Bank, a representative from the Information Technology Department, J&K Bank and the concerned Cluster Head of the area. The group will hold just two meetings in the same week and submit its report to SLBC at the earliest.**

***(Action: President (A&AP), J&K Bank/ all concerned)***

**AGENDA ITEM NO: 77.11**

**22<sup>nd</sup> Conference of State Finance Secretaries, May 29, 2009 - credit demands of refugees from West Pakistan:**

The Commissioner/ Secretary Finance, stated that the refugees from the erstwhile West Pakistan are facing difficulties in accessing bank credit as some banks, especially the nationalized banks, have been asking for collateral securities for extending credit facilities to these people. He said that since these people do not own any properties here in J&K and the houses they dwell in do not belong to them and that under the revised RBI guidelines no collateral security was required for credit facilities of upto Rs.5.00 Lacs, there was need to conduct awareness camps to emphasize on the banks not to ask for any collateral security for extending any credit facilities to these people.

Reacting to this, the Chairman clarified that for extending credit facilities upto Rs.5.00 lakh there was no need of any collateral security. However, Chairman desired to know whether these people had got allotment letters from the Government for the houses they are living in, as the documentary evidences for collateral security in case of larger credit facilities was imperative.

**AGENDA ITEM NO: 77.12**

**Budget Announcement 2009-10 - 1% Interest Subvention on Housing Loans upto Rs.10 lakhs - Guidelines regarding:**

It was observed that this has already been implemented and is operational in J&K. All the banks/ financial institutes operating in the State were advised to comply with the relative guidelines.

*(Action: All banks/ financial institutions)*

**AGENDA ITEM NO: 77.13**

**Earmarking of targets for 2009-10 under schemes of various ministries / Departments included in the Prime Minister's New 15 Point Programme for the Welfare of Minorities:**

The Chairman pointed out that we have been facing a peculiar problem in J&K so far as the schemes for minorities are concerned. Elaborating his point the Chairman stated that what ever banks lend in Kashmir which should have been considered as lending to minorities in the national perspective, but it is not being considered so in view that it being a majority in J&K. Similarly bank lending in Jammu too is not being considered as lending to minority in view of it being a national majority there. Hence, only Ladakhis practically seem to count as minorities in the J&K State and lending in Kashmir as well as in Jammu are not counted anywhere for the purpose of minorities.

**The Chairman stressed that this ambiguity needs to be removed and the matter clarified for guidance of all the banks/ financial institutions operating in the State, so that all the Schemes aimed at minorities are implemented in J&K State as well.**

*(Action: Government of India/ Reserve Bank of India)*

**AGENDA ITEM NO: 77.14**

**Implementation of 100% Financial Inclusion in J&K State:**

The Chairman asked for the latest status about District Pulwama, which was selected on pilot basis for 100% financial inclusion in J&K and other districts taken up by SBI, PNB, and other banks operating in the State.

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 4 years ago and as on this day about 87% coverage has been reported to SLBC. He however, pointed out that this coverage just meant opening of accounts of the households whereas actual credit linkage has not been done at all. Mr. Wani further stated that we had announced that financial inclusion should take place in all other 21 districts simultaneously as we could not indefinitely wait for 100% financial inclusion in Pulwama and then proceed for other districts. But, he pointed out that despite repeated reminders the progress is not being reported by the Lead District Managers/ Lead Bank Officers, which is a matter of anxiety.

Emphasizing that there was need to look at this issue from a very honest perspective, the Chairman stated that mere opening of no frills accounts for the purpose of compliance was not enough but there was need to do something worthwhile as this was not the genuine financial inclusion. He requested RBI to take some proactive role in this initiative and depute somebody for examining the genuineness of the financial inclusion in these districts.

The DGM RBI clarified that Financial Inclusion does not mean only opening of accounts but including the people in the financial network. He further stated that RBI is celebrating platinum jubilee this year and in this regard RBI has decided to have outreach programmes whereunder RBI would adopt villages in various States for financial inclusion. In this context he stated that RBI intends to identify 8 villages in J&K for financial inclusion, which RBI would showcase as model villages. He, however, clarified that RBI would adopt only those villages for this initiative where no bank branches are operating. He stated that RBI intends to use Business Correspondents (BCs) in these villages besides taking help from some NGOs and RBI will try to see that these villages are connected to the nearest bank branches through Information and Communication Technology, putting to use the Smart Card Reader connecting it to the main server of the bank/s, for which RBI will require connectivity facilities from the banks as well as Government agencies. The DGM, RBI informed that a few villages had already been identified, which include Wanichakra village in district Udhampur, and Bazgo village in Leh district, and the remaining villages would be identified very soon. Regarding the request of Chairman to examine the authenticity of work done by banks in Pulwama, Samba and other districts for financial inclusion, the DGM RBI expressed its inability to do so as RBI does not have any such mandate.

However, Mr. B. S. Katoch, AGM, RBI stated that in case of some other places in India, RBI had entrusted the job of ascertaining authenticity of financial inclusion to some outside agencies and the gaps found by those agencies had been indicated to the banks.

Appreciating the move for verification of genuine Financial Inclusion, the Chairman desired that RBI should explore possibility of assigning the identified districts of J&K like Pulwama, Samba etc. to some outside agency, so that the gaps are identified which could be filled by banks here to ensure genuine financial inclusion.

**(Action: Reserve Bank of India)**

The Commissioner/Secretary Finance referring to the Conference chaired by RBI Governor stated that implementing Financial Inclusion from the top may not be successful unless to sustain it financial literacy is not given adequate importance. He stated that in Karnataka the Financial Literacy programme has been

started at School level for which a syllabus has been developed. He suggested that Chairman J&K Bank should consider getting through the said model devised by Canara Bank.

The Chairman agreed to consider emulating a similar model in J&K and for this purpose requested the DGM, Canara Bank to provide some inputs in this regard. He stated that when he will be in Jammu, he will contact the DGM, Canara Bank so as to workout a strategy in this regard.

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.

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

**Annexure-A****List of Participants of 77<sup>th</sup> Meeting of SLBC (J&K).**

<b>S.No.</b>	<b>Name</b>	<b>...</b>	<b>Designation / Department.</b>
<b>Chairman</b>			
1.	Dr. Haseeb A. Drabu	...	Chairman/ CEO J&K Bank (Convenor J&K SLBC)
<b>Government Departments/ agencies</b>			
2.	Sudhanshu Pandey	...	Commissioner/ Secretary, Finance
3.	Farooq Ahmad Peer	...	Secretary, Labour & Employment Deptt.
4.	Rashim Kashyap	...	Director, Resources-Finance Deptt.
5.	Showkat Zargar	...	Director, Handicrafts.
6.	M. Iqbal Zargar	...	Deputy Director, Rural Dev. Deptt. (Jammu)
7.	Dr. A. Rashid	...	Secretary/ CEO J&K KVIB
8.	Farooq A. Mirza	...	Representing Horticulture Department
<b>Reserve Bank of India</b>			
9.	U.C. Loham	...	DGM, RBI.
10.	B. S. Katoch	...	AGM, RBI.
<b>Convenor Bank (J&amp;K Bank)</b>			
11.	A. K. Mehta	...	Executive Director/ COO
12.	Abdul Majid Mir	...	Executive Director/ CFO
13.	Ajit Singh	...	Sr. President
14.	Pervaz Ahmad	...	President
15.	G.A. Regoo	...	President
16.	Khurshid A. Pandith	...	Vice President (CCD)
17.	M. S. Wani	...	Vice President, J&K SLBC & S/C
18.	Fazle Mehboob Gani	...	Vice President,
19.	Abdul Rauf	...	Vice President
20.	A.H.Banday	...	Vice President, Zonal Head, North Kashmir
21.	B.A.Lone	...	Vice President, Zonal Head, South Kashmir
<b>NABARD</b>			
22.	V.V.V. Satyanarayana	...	GM, NABARD
23.	P.L.Negi	...	AGM, NABARD
<b>Banks/ Financial Institutions</b>			
24.	K. K. Iyer	...	DGM, SBI.
25.	R. C. Koul	...	DGM, Punjab National Bank, J&K Circle
26.	G. C.Nagar	...	Regional Manager, Central Bank of India
27.	R. R. Sharma	...	DGM, Canara Bank
28.	Madan Lal Sharma	...	DGM, (Adv,I&V)
29.	M. Latif Mir	...	AGM, PNB
30.	Sanjiv Anand	...	Manager, Oriental Bank of Commerce.
31.	Parminder Singh	...	Sr. Manager, Punjab & Sind Bank
32.	A. A. Allaqband	...	AGM, UCO Bank
33.	J.S.Bali	...	Sr. Manager, BOI.
<b>Regional Rural Banks</b>			
34.	A. U. Tak	...	Chairman, Ellaquai Dehati Bank
35.	Raja Abdul Latief	...	Chairman, Grameen Bank
<b>Cooperative Banks</b>			
36.	Atta Mohammad Nath	...	General Manager, ACCB
37.	Mohammad Ashraf	...	M.D, J&K SCB
38.	B. A. Lone	...	GM, BCCB

**BDSMs/ Lead District Managers**

39.	Ashok K. Koul	...	Chief Manager/LDM, SBI, Jammu
40.	Basant Ram	...	LDM, Kargil, SBI
41.	S. K. Gadoo	...	LDM, Udhampur, SBI
42.	R. L. Waza	...	LDM, Doda, SBI
43.	G. R. Malik	...	Zonal Lead Bank Officer, J&K Bank
44.	G. R. Kumar	...	Lead Bank Officer, J&K Bank
45.	Tassaduq Mohammad	...	Lead Bank Officer, J&K Bank, Zonal Office, Srinagar
46.	A. H. Khan	...	ALBO, Srinagar
47.	K. C. Dogra	...	Lead Bank Officer, Zonal Office, Rajouri/ Poonch
48.	M. Farooq Jallu	...	Associate Lead bank Officer, J&K Bank, Budgam,
49.	Shadi Lal Dhar	...	Lead Bank Officer, J&K Bank, Anantnag
50.	Manzoor Hussain	...	Associate Lead bank Officer, J&K Bank

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