

CONFIRMATION OF THE MINUTES OF 78TH MEETING OF J&K SLBC
HELD ON 11TH JANUARY, 2010 AT JAMMU

The minutes of 78th meeting of J&K SLBC held on 11th January, 2010 at Jammu to review the performance / achievements of the banks / financial institutions operating in the State for the quarter ended September, 2009 were uploaded on the website of J&K SLBC www.jkslbc.com and were also circulated among the members vide J&K SLBC office letter No. JKB/SLBC-78/2010-516 dated 06.02.2010. The action points were indicated to the concerned quarters for taking desired action.

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

The house is requested to confirm the said minutes.

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

| Agenda Item/ Date of SLBC | Agenda Point | Summary of decisions/ Action points. | Primary responsibility | Action taken / Progress as reported to SLBC. |
|---------------------------|--|--|---|--|
| 70.09 26.02.2007 | Permitting creation of equitable mortgage in J&K State | J&K State Government had to allow extending of Equitable Mortgage to whole State with an objective of making the procedure for creation of securities for bank loans simple and easy to reduce frauds being a better route to follow as for as securitization of loans is concerned. | Commissioner/ Secretary (Finance), J&K Government | Matter referred to Revenue and Law Departments, J&K Govt. for consideration. In 76th SLBC meeting the Commissioner Secretary Finance 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 be extended to all other areas of the J&K State |
| 73 (a) 18.06.2008 | Registration of Equitable Mortgage at nominal stamp duty - | In the 73rd SLBC meeting the Commissioner/Secretary Finance, J&K Govt., stated that they are in dialogue with the Law Department who are of the opinion that the Equitable Mortgage does not have to be registered under the Section 59 of the transfer of Property Act. He informed the house that he has held meetings with the Law Secretary & the Revenue Secretary in this regard and is waiting for the formal clearance from Revenue Secretary. | Commissioner/ Secretary (Finance), J&K Government | Matter referred to Revenue and Law Departments, J&K Govt. for consideration. |
| 76 (a) 30.07.2009 | Registration of Equitable Mortgage - creation of Central Registry | J&K Government assured to examine the issue for implementation. | Commissioner/ Secretary (Finance), J&K Government | No progress reported to the house thereafter. |

| | | | | |
|------------------------------|---|--|---|--|
| <p>73 (b) 18.06.2008</p> | <p>Legislating SARFAESI Act.</p> | <p>On the suggestion of Commissioner/Secretary Finance a small committee was set up to draft the legislation on the pattern of SARFAESI Act under the Chairmanship of Principal Secretary, Law J&K Govt., with Commissioner Secretary (Revenue) and Mr. Ajit Singh, President / CRO, J&K Bank, as its members.</p> | <p>Commissioner/ Secretary (Law)/ Sr. President, J&K Bank</p> | <p>Draft legislation prepared by J&K Bank submitted to Govt. for consideration. In 75th & 76th SLBC meetings the Commissioner/ Secretary Finance assured that government would introduce the bill in the State legislature in the next session. In 77th SLBC meeting the Commissioner/ Secretary Finance stated 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. In 78th SLBC meeting on the request of Chief Secretary to take a view the Hon'ble Finance Minister assured to decide on it in the budget session.</p> |
|------------------------------|---|--|---|--|

As the issue is long outstanding now, the Government may kindly inform the progress in the matter.

The house may advise further course of action.

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

In the 76th SLBC meeting all the 22 districts of J&K State were allocated between the J&K Bank and State Bank of India in accordance with the lead bank responsibilities assigned to them, viz. 12 districts to J&K Bank and 10 districts to SBI. It was decided that in the first phase J&K Bank will establish five RSETIs at Srinagar, Anantnag, Baramulla, Pulwama and Poonch districts and the State Bank of India will establish two such institutes in Udhampur and Samba districts.

Subsequently in the 77th SLBC meeting the house was assured that at least 4 RSETIs would be made operational by the end of CFY 2009-10, i.e. two RSETIs by J&K Bank in Srinagar and Anantnag districts and two RSETIs by State Bank of India in Samba and Udhampur districts. Both the banks were impressed upon to respect the deadline and complete all other necessary requirements at the earliest.

Progress in respect of RSETIs to be set up by SBI in J&K State:

Deputy General Manager, State Bank of India, vide his fax message bearing S.L. No. LBS/829 dated 29.03.2010 has informed that State Bank of India has established 2 RSETIs in District Samba and District Udhampur, which are functioning from 11th and 12th March 2010 with enrolment of 29 and 20 candidates respectively.

Progress in respect of RSETIs to be set up by J&K Bank:

JKBRSETI Anantnag / Srinagar

The J&K Bank leased premises at Srinagar and Anantnag have been identified for setting up of JKBRSETIs, which are likely to be operationalized soon.

JKBRSETI Pulwama

The J&K Bank had previously identified premises for setting up JKBRSETI at Pulwama. But the concerned landlord has backed out from leasing the building to the bank and therefore, JKBRSETI at Pulwama has not come up so far.

Allotment of land by State Government

Government of J&K, Secretary, Revenue Department was approached vide letter No.LBD/SLBC/RSETIs/2009-421 dated 08.12.2009 for allotment of suitable land at the earliest for establishing the JKBRSETIs in the 12 lead districts of the State, particularly in view of the deadline of 31st December 2009 set by GoI, MoRD, for allotment of land

by the States failing which the States/Districts would not be able to avail of the funding assistance provided by Gol, MoRD, for establishment of RSETIs.

The Commissioner/ Secretary, Rural Development, J&K Govt. vide letter No.RD/PC/26/2002-11 dated 15.12.2009 had advised all the District Development Commissioners to take immediate steps for identification of the land on priority basis in consultation with the concerned lead banks while respecting the deadline.

J&K Bank has already advised the concerned Vice Presidents (Territorial) and Lead Bank Officers to follow up the matter of identification of land with the concerned District Development Commissioners and secure its earliest allotment for enabling to proceed ahead. But till date the State Government has not allotted the land for any of the 12 JKBRSETIs.

As there has been no worthwhile headway in this regard thereby resulting in delaying the process of setting up of the RSETIs, the Commissioner/Secretary, Rural Development Department, J&K Govt. has been again requested vide letter No. LBD/SLBC/RSETIs/2010-616 dated 22.03.2010 to take some concrete measures for allotment of land for setting up of RSETIs.

Government may expedite allotment of suitable land at all the district locations for enabling to proceed for creation of the RSETIs in the State.

House is requested to deliberate upon the issue.

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

1) Sub-Committee of J&K SLBC on Relaxations to Trade & Industry in J&K State

Reserve Bank of India on appreciating the difficulties faced by Customers / Borrowers of the banks due to prevailing disturbed conditions in J&K State extended a package of concessions / relaxations to Trade and Industry in J&K State, which was last revised vide their Circular No. DBOD. No.BP.BC.77/21.04.012/2003-04 dated April 21, 2004.

The said package was initially extended for a period of one year. Thereafter, the said package has been extended on year-to-year basis after the Sub-Committee of J&K SLBC on Relaxation to Trade and Industry in J&K State reviews the position and recommends further extension. The last such extension was conveyed by Reserve Bank of India vide their **Circular No. RBI/2008-484 dated 26.5.2009**, which expired on 31st of March 2010.

A meeting of the Sub-Committee of J&K State Level Bankers' Committee (SLBC) on Relaxations/ Concessions to Trade and Industry in J&K State was held on 12th January 2010 Jammu, wherein the Sub-Committee recommended that the special package of concessions and relaxations to Trade & Industry in the State be reviewed to render it more comprehensive and be extended by a further period of at least three years and that the package of concessions/ relaxations should be properly monitored by Reserve Bank of India and enforced by taking stern action against the concerned bank in case of any default. A copy of the minutes of the meeting of Sub-Committee is enclosed for perusal/ information.

The recommendations of the said Sub-Committee were forwarded to Reserve Bank of India for consideration. However, Reserve Bank of India has extended the concessions/credit relaxations to borrowers/customers in the State of Jammu & Kashmir, as laid down in their circular No.DBOD.No.BP.BC.77/21.04.012/2003-2004 dated April 21,2004 **for a further period of one year, i.e., up to March 31,2011 vide their circular letter No. BP.BC.100/21.04.012/2009-10 dated April 29,2010 addressed to the Chairman/CMD/MD/CEO of all Scheduled Commercial Banks (excluding RRB)**, copy enclosed for information of the House.

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- 2) Sub-group of J&K SLBC to oversee and monitor implementation of the recommendations for speedy disposal of the cases of small artisans and weavers:

The J&K SLBC in its 78th meeting held on 11th January 2010, constituted this Sub-group headed by President (A&AP), J&K Bank, to oversee and monitor implementation of the recommendations of the Sub-group formed in 77th SLBC meeting for speedy disposal of cases of small artisans and weavers in J&K State and report progress to SLBC regularly on quarterly basis.

The Sub-group held its first meeting under the chairmanship of President (A&AP), J&K Bank, on 27th March 2010 at J&K Bank, Corporate Headquarters, Srinagar. The recommendations were deliberated and action points emerging in the process have been conveyed for compliance to the concerned quarters. A copy of the minutes of meeting is enclosed for perusal and information.

This is for information of the house.

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- 3) Sub-group constituted in 78th SLBC meeting to sort out the issue of integration of DRI Scheme with other schemes of Government for Housing purposes in rural areas:

In the 78th SLBC meeting, while deliberating upon Agenda Item No. 78.11, a small group under the chairmanship of Mr. Umang Narula, Commissioner/ Secretary to Government, Rural Development Department with members representing J&K Bank, State Bank of India, Punjab National Bank and SLBC was constituted to sort out the issue of poor performance of banks under DRI Scheme in relation to integration of DRI Scheme with other schemes of Government for housing purposes in rural areas like Indira Awaas Yojana (IAY).

Accordingly, a meeting of the said group under the chairmanship of Commissioner/ Secretary, Rural Development, J&K Government, was held on 27.04.2010 at Civil Secretariat, Jammu, wherein the issue was thoroughly deliberated upon. Minutes of the said meeting are yet awaited. However, the main recommendations arrived at in the said meeting are mentioned as under for information of the house:

- 1) Out of the beneficiaries identified for financial assistance under IAY (a Centrally Sponsored Scheme aimed at helping construction/ up-gradation of dwelling units of members of SC/ST, free bonded labourers, other Below Poverty Line non-SC/ST rural house holds, widows etc.) the District Rural Development Agency (DRDA) shall sponsor such of the cases to banks for providing additional financial support by way of soft loans.
- 2) Out of the cases sponsored by DRDA to banks those cases of SC/ST category who are eligible under Differential Rate of Interest (DRI) Scheme, will be recommended by DRDA to banks for providing financial assistance under the said DRI Scheme. This will on one hand provide comfort of soft loan at very low rate of interest of 4% per annum to the concerned beneficiaries and on the other hand will increase the flow of credit by banks under DRI Scheme.
- 3) The group also recommended that SLBC may recommend extending housing loan under DRI Scheme to cover other eligible non-SC/ST BPL IAY beneficiaries also to the concerned quarters in Government of India/ Reserve Bank of India.

The house is requested to deliberate the issue and consider endorsing the recommendations to GoI for extension of the DRI Scheme for Housing to non-SC/ST I.A.Y. BPL Beneficiaries.

AGENDA ITEM: 79.01

CREDIT TO PRIORITY SECTOR:

Bank-wise/Sector-wise, Region-wise/Sector-wise achievements in lending to Priority Sector under Annual Credit Plan 2009-10 as at end of March 2010

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

The Bank-wise/ Sector-wise achievements as at the end of March 2010 vis-à-vis commitments for lending to priority sector under Annual Credit Plan 2009-10 are given as [Annexures-A & B](#).

It is manifest from the figures as shown in the Annexures that banks by the end of March 2010 have provided total credit of Rs.2667.16 Crore in favour of 1,40,168 beneficiaries against a target of Rs.2301.30 Crore for 1, 83,548 beneficiaries to the Priority Sector under Annual Action Plan 2009-10, thereby registering achievement of 116% in financial terms and 76% in physical terms of the annual target at the end of the financial year 2009-10.

The comparison of the achievement of banks under Priority Sector vis-à-vis their respective annual targets at the end of Q4 of FY 2009-10 with Q4 of PY 2008-09 (YoY) is given hereunder:

(Amount In Crores of Rs.)

| Name of Bank | FY 2008-09 | | | CFY 2009-10 | | |
|------------------|----------------|--------------------------|-----------------|----------------|--------------------------|----------------|
| | Target | Achievement (31.03.2009) | %Age of Achiev. | Target | Achievement (31.03.2010) | %age of Achiev |
| J&K Bank | 836.13 | 1198.18 | 143 | 904.07 | 1861.65 | 206 |
| SBI | 274.46 | 223.46 | 81 | 304.18 | 241.14 | 79 |
| PNB | 174.43 | 140.23 | 80 | 194.29 | 79.46 | 41 |
| Other Comm. Bks. | 164.46 | 124.90 | 76 | 363.54 | 151.94 | 42 |
| Coop. Bks. | 226.22 | 128.48 | 57 | 259.24 | 157.71 | 61 |
| RRBs | 229.68 | 120.42 | 52 | 271.80 | 174.82 | 64 |
| Other FIs | 6.03 | 2.70 | 45 | 4.20 | 0.44 | 10 |
| TOTAL | 1911.41 | 1938.37 | 101 | 2301.30 | 2667.16 | 116 |

(2) BANK-WISE / SECTOR-WISE ANALYSIS:

I) AGRICULTURE SECTOR:

Against the annual target of Rs.544.90 Crore for 1,11,812 beneficiaries, banks have disbursed a total amount of Rs.546.81 Crore in favour of 52,223 beneficiaries under this sector by the end of March 2010 thereby registering an achievement of 100% and 47% in financial and physical terms respectively.

Out of this, an amount of Rs.151.95 Crore in favour of 22540 agriculturists against a target of Rs.236.58 Crore fvg. 72,713 beneficiaries have been disbursed under Crop Loan. The achievement of banks under this segment is of the order of 64% of the target.

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

While analyzing the quantum-wise disbursement based on absolute terms, the major contributors have been the J&K Bank (Rs.402.50 Crore), J&K Grameen Bank (Rs.39.45 Crore), PNB (Rs.24.03 Crore), SBI (22.61 Crore) and JCC Bank (Rs.14.62 Crore) thereby achieving 168%, 48%, 75%, 33% and 45% respectively. Although some other banks like BOB, United Bank, HDFC, SBP and EDB have registered achievement of 1041%, 695%, 158%, 134% and 105% respectively, of their individual targets but this high percentage of achievement by these banks is driven by small allocation of targets.

(II) SMALL ENTERPRISES SECTOR:

As against the annual target of Rs.759.30 Crore for 18,426 beneficiaries, banks have disbursed an amount of Rs.585.45 Crore in favour of 15,514 beneficiaries by the end of March 2010, thereby registering 77% and 84% of the target in financial and physical terms respectively.

While analyzing Bank-wise achievements (quantum-wise), the major contributors have been J&K Bank (Rs.346.01 Crore), State Bank of India (Rs.68.48 Crore), P&S Bank (Rs.33.51 Crore), Punjab National Bank (Rs.25.28 Crore) and JCC Bank (25.05 Crore).

(III) RETAIL TRADE:

As against the annual target of Rs.467.07 Crore in favour of 26,136 beneficiaries banks have disbursed total amount of Rs.429.34 Crore in favour of 21,938

beneficiaries by the end of March 2010. This works out to 92% and 84% achievement in financial and physical terms respectively.

(IV) MICRO CREDIT:

As against the annual target of Rs.349.52 Crore in favour of 20,618 beneficiaries banks have disbursed total amount of Rs.292.55 Crore in favour of 14415 beneficiaries by the end of March 2010. This works out to 84% and 70% achievement in financial and physical terms respectively.

(V) EDUCATION:

As against the annual target of Rs.68.12 Crore in favour of 2,948 beneficiaries banks have disbursed total amount of Rs.51.14 Crore in favour of 2,852 beneficiaries by the end of March 2010. This works out to 75% and 97% achievement in financial and physical terms respectively.

(VI) HOUSING:

As against the annual target of Rs.112.39 Crore in favour of 3,608 beneficiaries banks have disbursed total amount of Rs.761.87 Crore in favour of 33,226 beneficiaries by the end of March 2010. This works out to over achievement of 678% and 921% in financial and physical terms.

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

The Region-wise/ District-wise/ Sector-wise achievements as at the end of March 2010 vis-à-vis commitments for lending to priority sector under Annual Credit Plan 2009-10 are given as [Annexure-C](#).

(Amount in Crores of Rupees)

| Region | Targets | Achievements | Achievement % |
|--------------|----------------|----------------|---------------|
| Kashmir | 1024.35 | 1278.92 | 125 |
| Jammu | 1221.92 | 1346.51 | 110 |
| Ladakh | 55.03 | 41.73 | 76 |
| TOTAL | 2301.30 | 2667.16 | 116 |

I) KASHMIR REGION:

In the Kashmir region an amount of Rs.1278.92 Crore against the target of Rs.1024.35 Crores (125% achievement) has been disbursed by the end of March 2010 with a distribution of Rs.383.85 Crore for the Housing sector (942% achievement), Rs.344.01 Crore for the Agriculture Sector (107% achievement), Rs. 25.51 Crore for Education Sector (91% achievement), Rs.244.61 Crore for the Small Enterprises sector

(90% achievement), Rs.216.31 Crore in the Retail Trade (86% achievement) and Rs.64.57 Crore for the Micro Credit sector (58% achievement) and Out of the total disbursement of Rs.1278.92 Crore in Kashmir region, Housing Sector has got 30%, Agriculture Sector has received 26.90%, Small Enterprises sector 19.13%, Retail Trade 16.91%, Micro Credit 5.05% and Education Sector has got 2%.

II) JAMMU REGION:

In the Jammu region an amount of Rs.1346.51 Crore has been disbursed by the end of March 2010 against the target of Rs.1221.92 Crore (110% achievement) with a distribution of Rs.375.03 Crore in Housing sector (562%), Rs.328.49 Crore in Small Enterprises (69%), Rs.199.42 Crore for the Retail Trade (98%), Rs.201.45 Crore for Agriculture Sector (95%), Rs.216.72 Crore in the Micro Credit (95%) and Rs.25.40 Crore in Education Sector (69%).

Out of the total disbursement of Rs.1346.51 Crore in Jammu region, Housing sector has got 27.85%, Small Enterprises sector 24.40%, Micro Credit 16.09%, Agriculture Sector 14.96%, Retail Trade 14.81%, and Education Sector has got 1.89%.

III) LADAKH REGION:

In the Ladakh region an amount of Rs.41.73 Crore has been disbursed by the end of March 2010 against the target of Rs.55.03 Crore (76%) with a distribution of Micro Credit Rs.11.21 Crore (108%), Retail Trade Rs.13.62 Crore (124%), Small Enterprises Rs.12.34 Crore (90%), Rs.3.00 Crore for Housing sector (61%), Rs.1.34 Crore in Agriculture Sector (11%) and Rs.0.22 Crore in Education Sector (7%).

Out of the total disbursement of Rs.41.73 Crore in Ladakh region, Retail Trade has got 32.64%, Small Enterprises sector has got 29.57%, Micro Credit sector has got 26.86% of credit, Housing sector 7.19%, Agriculture Sector 3.21%, and Education Sector 0.53%.

(4) CREDIT TO NON-PRIORITY SECTOR:

Under non-priority sector the banks have disbursed an amount of Rs.1198.62 Crore to 62,507 beneficiaries by the end of March 2010.

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

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AGENDA ITEM: 79.02

CREDIT UNDER GOVERNMENT SPONSORED SCHEMES:

Region-wise / District-wise / Scheme-wise and Bank-wise / Scheme-wise performance of various Banks under Government Sponsored Schemes upto 31st March 2010:

Against the Annual Action Plan 2009-10 of Rs.300.54 Crore for 27,268 beneficiaries for all banks operating in the State, the achievement of banks at the end of March 2010 under five major Government Sponsored Schemes, viz. SGSY, PMEGP, JKSES, SJSRY and SC/ST/OBC is of the order of Rs.164.36 Crore spread over 13,842 beneficiaries in all the three regions of the State thereby registering a performance of 55% and 51% of the target in financial and physical terms respectively. The position is encouraging as compared to credit delivery to GSS during the corresponding period of the previous year with disbursement of Rs.88.94 Crore to 10,198 beneficiaries (44% in financial and 43% physical terms). The performance details under GSS are given in [Annexures D & D1](#).

1) REGION-WISE ANALYSIS OF ACHIEVEMENTS:

i) KASHMIR REGION:

Banks have disbursed a total amount of Rs.103.36 Crore to 8,612 beneficiaries by the end of Q4 of FY 2009-10 under these five major Government Sponsored Schemes against the target of Rs.193.62 Crore for 16,073 beneficiaries, thereby achieving 53% in financial and 54% in physical terms as against the achievement at Rs.51.46 Crore to 6,207 beneficiaries (46% in financial and 48% physical terms) for the corresponding period of the previous year.

ii) JAMMU REGION:

Banks have disbursed an amount of Rs.51.06 Crore in favour of 4,769 beneficiaries by the end of Q4 of FY 2009-10 against the target of Rs.96.76 Crore to 10,353 beneficiaries under these schemes, which accounts for 53% and 46% achievement in financial physical terms respectively as against achievement of banks at Rs.30.89 Crore (39% in financial and 37% physical terms) as on 31st March 2009.

iii) LADAKH REGION:

Banks have disbursed a total amount of Rs.9.94 Crore in favour of 461 beneficiaries by the end of Q4 of FY 2009-10 under these five major Government Sponsored

Schemes, which works out to 98% achievement in financial and 55% in physical terms against annual target of Rs.10.16 Crore for 842 beneficiaries as against achievement of banks at Rs.6.59 Crore for 409 beneficiaries (60% in financial and 40% in physical terms) for the corresponding period of the last year.

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

The Bank-wise achievements under five major Central/ State Government Sponsored Schemes as on 31st March 2010 are discussed below in light of the figures annexed Scheme-wise as [Annexure E, E1, E2, E3 and E4](#).

SGSY: Under SGSY against a target of Rs.59.74 Crore for 10,992 beneficiaries, banks have disbursed an amount of Rs.33.58 Crore to 6,983 beneficiaries by the end of Q4 of FY 2009-10, which works out to achievement of 56% and 64% in financial and physical terms respectively. Out of the total achievement of Rs.33.58 Crore the major contributors are J&K Bank (Rs.13.77 Crore for 2950 units), J&K Grameen bank (Rs.5.84 Crore for 1,253 units), State Bank of India (Rs.3.64 Crore for 682 units), Baramulla Central Cooperative Bank (Rs.3.26 Crore for 634 units), Jammu Central Cooperative Bank (Rs.2.96 Crore- 608 units), Anantnag Central Coop. Bank (Rs.1.68 Crore for 347 units) and Punjab National Bank (Rs.1.17 Crore for 232 units). From the data available it is been observed that 12,176 cases were sponsored to banks against the target of 10,992 cases out of which 7,627 cases were sanctioned, 4,097 cases were rejected/ returned and 452 Cases are pending for sanction with banks.

PMEGP: Under PMEGP Scheme against the target of Rs.116.93 Crore for 4,946 beneficiaries for the FY 2009-10, banks have disbursed an amount of Rs.60.61 Crore to 2,548 beneficiaries at the end of March, 2010 for setting up of employment generating units thereby achieving 52% in physical as well as financial terms respectively. Out of the total achievement (physical targets) of all banks operating in J&K State at 2,548 units the major contributors are J&K Bank (1605 units), SBI (339 units), Baramulla Central Coop. Bank (136 units), J&K Grameen Bank (239 units) & PNB (96 units). From the data available it is been observed that only 4,262 cases were sponsored to banks against the target of 4,946 cases out of which 2,487 cases were sanctioned, 1469 cases were rejected/ returned and 308 cases are pending for sanction with banks.

JKSES: Under JKSES, banks have disbursed an amount of Rs.63.44 Crore to 2,927 beneficiaries by the end of Q4 of FY 2009-10 against the annual target of Rs.99.05 Crore for 5,860 beneficiaries, thus registering an achievement of 64% in financial

terms and 50% of the physical target. Out of the total achievement of all banks operating in J&K State at Rs.63.44 Crore for 2,927 beneficiaries the contribution of J&K Bank, SBI & PNB is of the order of Rs.45.39 Crore (2051 cases), Rs.10.65 Crore (515 cases) and 3.35 Crore (184 cases), respectively. From the data available it has been observed that 6,899 cases were sponsored to banks against the target of 5,860 cases out of which 3,570 cases were sanctioned, 2,578 cases were rejected/ returned and 751 Cases are pending for sanction with banks.

SJSRY: Under SJSRY, banks have disbursed an amount of Rs.4.30 Crore to 775 beneficiaries by the end of Q4 of FY 2009-10 against the target of Rs.12.12 Crore for 2,336 beneficiaries, thus registering an achievement of 35% and 33% in financial and physical terms respectively. Out of the total achievement of Rs.4.30 Crore the contribution of three major banks i.e., J&K Bank, SBI and PNB has been Rs.2.45 Crore (470 units), Rs.0.62 Crore (113 units) and Rs.0.42 Crore (71 units) respectively. From the data available it is been observed that only 1,524 cases were sponsored to banks against the target of 2,336 cases out of which 828 cases were sanctioned, 577 cases were rejected/ returned and 119 Cases are pending for sanction with banks.

SC/ST/OBC: Under SC/ST/OBC banks have disbursed an amount of Rs.2.42 Crore to 609 beneficiaries by the end of Q4 of FY 2009-10 against the target of Rs.12.71 Crore for 3,134 beneficiaries thereby registering an achievement of 19% in financial as well as in physical terms. Against the physical target of 3,134 units, only 1,396 cases have been sponsored, out of which 778 cases were sanctioned by Banks, 519 cases were rejected and 99 cases are pending for sanction with the banks.

It is thus seen that the achievement under Government Sponsored Schemes continues to remain discouraging and rejection level also continues to be comparatively higher.

In light of above and the figures submitted as per the Annexures, the house is requested to deliberate upon the issue.

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AGENDA ITEM: 79.03

Performance under Handicrafts / Handloom / Credit-cum-Subsidy Scheme for Rural Housing Schemes as at the end of March 2010:

The Bank-wise achievement as on 31.03.2010 under these Schemes is discussed below in light of the figures given in the [Annexures-F, G, H, &I.](#)

A) Handicrafts/ ACC:

A target of Rs.20.97 Crore for 3,514 beneficiaries had been set for banks under this sector for the FY 2009-10. Banks have disbursed a total amount of Rs.4.86 Crore to 912 beneficiaries by the end of Q4 of FY 2009-10, which includes 56 sanctioned cases of previous year. Against the physical target of 3,514 cases 2370 cases have been sponsored to various Banks, out of which 1045 cases were sanctioned, 1052 cases were rejected and 273 cases are lying pending with the banks for sanction.

B) Handlooms:

Under this sector a target of Rs.6.09 Crore for 937 beneficiaries had been set for the banks for the FY 2009-10. Banks have disbursed a total amount of Rs.1.64 Crore to 256 beneficiaries by the end of Q4 of FY 2009-10, which include 18 sanctioned cases of previous year. Against the physical target of 937 cases 747 cases have been sponsored to various Banks, out of which the banks have sanctioned only 298 cases with 157 cases pending for sanction and 292 cases rejected/ returned due to various reasons.

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

Under this Sector against the target of Rs.52.80 Lacs to 113 beneficiaries, banks have disbursed Rs.6.37 Lacs to 14 beneficiaries by the end of Q4 of financial year 2009-10. Against the physical target of 113 cases, 14 cases have been sponsored to various banks, all those 14 cases have been sanctioned, no case has been rejected/ returned by the banks and nothing is lying pending with the banks.

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

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AGENDA ITEM: 79.04

BANK CREDIT AT A GLANCE (OVERVIEW OF CREDIT SCENARIO IN J&K STATE):

Statistical data of various Banks in J&K State at the end of March 2010:

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

1. Comparative Statement of Bank-wise deposits and advances with Credit Deposit Ratio and Credit + Investment to Deposit Ratio and NPAs outstanding as on March 2009 and March 2010.
2. Statement of Bank-wise /Sector-wise advances Outstanding against Priority Sector/ Weaker Sections of the society at the end of March 2010.

[Annexure-J](#)

[Annexure-K](#)

CREDIT SHARING OF MAJOR PLAYERS IN J&K STATE:

As is manifest from the Comparative Statement of Bank-wise Deposits and Advances (Annexure-J) J&K Bank has the largest share of Rs.12,173.65 Crore comprising 71% in the aggregate outstanding credit of banking sector of Rs.17,117.66 Crore in the State at the end of March 2010. The share of SBI is Rs.1,439.17 Crore comprising 8% and that of PNB is Rs.823.78 Crore comprising 5%.

The NPAs position of the major banks as reflected in [Annexure-J](#) reveals that in the total NPAs of Rs.733.44 Crore in the State at the end of March 2010 the share of J&K Bank is to the tune of Rs.239.25 Crore, that of SBI Rs.162.56 Crore and PNB Rs.80.29 Crore.

It is also evident from the [Annexure-K](#) that J&K Bank has the largest share of Rs.5,520.98 Crore aggregate outstanding credit under Priority Sector comprising 61% at the end of March 2010 out of the total Priority Sector Bank Credit of Rs.9,007.51

Cre in the State. The shares of SBI and PNB in outstanding credit to Priority Sector are Rs.1,086.61 Crore (12%) and Rs.573.13 Crore (6%) respectively.

From the Annexure, it will be observed that while the J&K Bank alone has made total advances of Rs.12,173.65 Crore in J&K State as on 31.03.2010 as against its total deposits of Rs.23,090.69 Crore, thereby achieving a C. D. Ratio of 52.72%. The other major Public Sector Banks, viz. SBI & PNB have made advances of Rs.1,439.17 Crore and Rs.823.78 Crore respectively as against their deposits of Rs.5,773.68 Crore and Rs.2,496.50 Crore, achieving a C.D. Ratio of 24.93% and 33%, respectively, as on 31st March 2010. The remaining 18 Public Sector Banks put together have advanced Rs.1,191.97 Crore as against their total deposits of Rs.2,522.41 Crore, which works out to a C. D. Ratio of 47%.

The two Regional Rural Banks operating in the State have advanced a total amount of Rs.606.24 Crore against their total deposits of Rs.1,819.98 Crore, which works out to a C.D.Ratio of 33.31% as on 31st March 2010.

The eight Cooperative Banks i.e. JCC Bank, BCC Bank, ACC Bank, Citizen's Coop. Bank, JKSC Bank, DUCO Bank, SCARD and BMC Bank together have advanced Rs.707.82 Crore as against their total deposits of Rs.1,921.32 Crore, thereby achieving C. D. Ratio of 36.84% as on 31st March 2010.

Out of the aggregate advances of Rs.17,117.66 Crore outstanding as on 31st March 2010 an amount of Rs.9,007.51 Crore has gone to Priority Sector and Rs.2,503.65 Crore out of the priority sector has gone to weaker sections of the society.

While analyzing the Priority Sector advances it has been observed that the Small Enterprises sector dominates other sectors by absorbing major share of Rs.2,626.55 Crore followed by Agriculture, Retail Trade, Housing and Micro Credit sector with an amount of Rs.1,983.97 Crore, Rs.1,879.16 Crore, Rs.1,874.81 Crore and Rs.455.27 Crore respectively and the lowest share of Rs.187.75 Crore has gone to Education Sector.

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

Encls: 04

AGENDA ITEM: 79.05

ACHIEVEMENT UNDER SELF HELP GROUP (SHG):

Reserve Bank of India has desired to have a proper review of disbursement of credit through Self Help Groups (SHGs), as it is an effective tool for delivering credit to rural poor for their economic empowerment and social development and it is an alternative loan delivering system, which minimizes the cost of operation and transaction for the banks. Accordingly, the performance as of 31st March 2010 is submitted as per [Annexure-M](#).

As is evidenced by the Annexure only 10 banks amongst the banks operating in the State have reported disbursement of loans under the SHG scheme by the end of Q4 of the FY 2009-10, which aggregate to Rs.500.91 lakh in favour of 731 SHGs. The major contributors have been J&K Bank (Rs.159.97 fvg. 285 SHGs), State Bank of India (Rs.140.79 Lakh fvg. 119 SHGs), J&K Grameen Bank (Rs.51.00 Lakh fvg. 89 SHGs), PNB (Rs. 46.05 lakh fvg. 80 SHGs), J&K State Cooperative Bank (Rs.35.60 Lakh fvg.81 SHGs), Ellaquai Dehati Bank (Rs.24.35 Lacs fvg. 22 SHGs) and Anantnag Central Cooperative Bank (Rs.22.44 lakh fvg.12 SHGs).

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

Encl-01

AGENDA ITEM NO: 79.06

Review of position as per key indicators for monitoring flow of credit in J&K State as of 31st March 2010:

In terms of the Government of India, Ministry of Finance, Department of Financial Services directives the data containing key indicators as per the format prescribed by Gol in respect of the banks operating in J&K as on 31st **March 2010** is enclosed for information of the house, which indicate as under:

- As against the benchmark of 60%, the C. D. Ratio of all banks operating in the State stood at 44.76% as on 31st **March 2010** against 45.85% during the corresponding period of 2009. C. D. Ratio needs to be improved.
- Total advances of all banks operating in the State as on 31st **March 2010** stood at Rs.17,117.66 Crore against Rs.14,982.65 Crore during the corresponding period of previous year.
- The Priority Sector advances of all banks in J&K State stood at Rs.9, 007.51 Crore as on **31st March 2010** constituting 52.62% as against 48.67% as of **March 2009**, which is encouraging.
- Share of Agriculture advances to total advances in the State has been increased from 11% as on 31.03.2009 to 11.59% as on 31.03.2010 against the benchmark of 18%, which needs to be improved further.
- Lending to MSMEs sector has been increased from 16.23% of total advances outstanding as on 31st March 2009 to 18% as on 31.03.2010.
- Share of Advances to weaker sections of society have been increased from 12.47% as on 31.03.2009 to 14.63% as on 31st **March 2010** as against the benchmark of 10%, which is commendable.
- Total bank credit under DRI Scheme in the State as on 31.03.2010 stood at a meager figure of Rs.1.21 Crore representing the negligible proportion of 0.01%, i.e. much below the benchmark of 1%.
- Advances to women stood at Rs.927.82 Crore representing the share of 5.42% out of the total advances as on 31.03.2010 against the benchmark of 5%.

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

Encls: 01

AGENDA ITEM NO: 79.07

Coverage of un-banked / under-banked areas of J&K State

(i) Un-banked blocks:

In terms of Gol, Ministry of Finance, Department of Financial Services directives issued vide F. No. 15/3/2009-Dev dated 18.08.2009 the issue regarding coverage of un-banked and underbanked areas of the State/UTs has to be a regular agenda item in every SLBC meeting.

The details of five identified un-banked blocks in J&K State are given as under:

| Name of Block | Name of District | Population of the block | Name of bank to which allocated for opening Bank branches | Present status. |
|---------------|------------------|-------------------------|---|---|
| Pahloo | Kulgam | 15080 | J&K Bank | License issued by RBI. |
| Nangsani | Kishtwar | 14075 | J&K Bank | License issued by RBI. |
| Wadwan | Kishtwar | 7199 | J&K Bank | License issued by RBI. |
| Duggan | Kathua | 14240 | J&K Grameen Bank | License issued by RBI. |
| Gundana | Doda | 25319 | Ellaquai Dehati Bank | Branch opened by EDB Village Jathali on 9.4.2010 |

Latest progress be reported by the concerned banks.

AGENDA ITEM NO: 79.08

RBI directive regarding providing of banking services in all the un-banked villages having population of 2000 and above:

RBI, C.O., Mumbai, vide Circular No. RBI/2009-10/233 issued vide RPCD, C.O. LBS.HLC.BC.No: 43/02.19.10/2009-10 dated 27.11.2009 (copy enclosed) have advised for formation of Sub-Committees of the District Consultative Committees (DCCs) to draw up roadmap by March 2010 to provide banking services through a banking outlet in every village having a population of over 2000, by March 2011. Such banking services may not necessarily be extended through a brick and mortar branch but can be provided through any of the various forms of ICT - based models, including through BCs. The proposed Sub-Committees shall meet on monthly basis and arrange to furnish progress made in the matter in the prescribed format by 10th of the following month to the SLBC office for submitting the consolidated position in respect of each district of the State by 15th of the following month to the RBI.

Accordingly, a total of 795 villages in J&K State having population of over 2000 but are without banking facilities have been identified by the concerned Lead District Managers/ Lead Bank Officers, which have allocated to different banks for providing banking services by 2011, as detailed below:

| S. No. | Name of the Bank to which allocated for providing banking services | No. of un-banked villages allocated |
|--------|--|-------------------------------------|
| 1 | The J&K Bank | 425 |
| 2 | State Bank of India | 95 |
| 3 | Punjab National Bank | 35 |
| 4 | Punjab & Sind Bank | 03 |
| 5 | Central Bank of India | 03 |
| 6 | UCO Bank | 02 |
| 7 | Bank of India | 01 |
| 8 | State Bank of Patiala | 01 |
| 9 | Allahabad Bank | 01 |
| 10 | J&K Grameen Bank | 143 |
| 11 | Ellaquai Dehati Bank | 38 |
| 12 | J&K State Cooperative Bank | 18 |
| 13 | Anantnag Central Cooperative Bank | 11 |
| 14 | Baramulla Central Cooperative Bank | 13 |
| 15 | Jammu Central Cooperative Bank | 06 |
| | TOTAL | 795 |

The consolidated state-wise list of these un-banked villages duly indicating the banks to which allocated for providing banking services by March 2011 in terms of RBI Circular dated 27.11.2009 is enclosed for information of the members.

RBI has also advised the banks to prepare and submit FIP for coverage and implementation vide letter No.RPCD.CO.MFFI.No.7412/12.01.011/ 2009-10 dated January 7, 2010.

The FIP has so far been received from J & K Bank only (copy enclosed) that has been forwarded to Reserve Bank of India and Government of India.

All other concerned banks are requested to inform the house the FIP as applicable for coverage in the State alongwith time line and technology to be used for providing banking services in the said un-banked villages, so as to put in place the monitoring mechanism to periodically assess and evaluate the progress made in achieving the roadmap within the prescribed time frame and inform GoI/ RBI accordingly.

Encls: 11

AGENDA ITEM NO: 79.09

INTEREST SUBSIDY SCHEME FOR HOUSING THE URBAN POOR (ISHUP):

Finance Department, J&K Govt., vide their letter No. FD/BKG/03/2008 dated 7th January 2010 have advised that the progress on implementation of the Interest Subsidy Scheme for Housing the Urban Poor (ISHUP) should be included regularly in the SLBC agenda for complying with the instructions received by the State Government from the Ministry of Housing & Urban Poverty Alleviation.

Gol, Ministry of Housing & Urban Poverty Alleviation in February 2009 to address urban housing shortage in the country, launched ISHUP Scheme. The Scheme provides for interest subsidy of 5% per annum on loan amount of upto Rs.1.00 lakh for the economically weaker section (EWS) and lower income group (LIG) in the urban areas for acquisition/ construction of houses. The Scheme will leverage flow of institutional finance for the EWS and LIG segment and is expected to create additional housing stock of 3.10 lakh houses for EWS/LIG segment.

The Scheme has to be implemented by the primary lending institutions (PLIs), viz. Scheduled Commercial Banks and Housing Finance Companies. The National Housing Bank (NHB) and Housing & Urban Development Corporation Limited (HUDCO) have been designated as the Nodal Agencies for administration on release of the subsidy.

Under the Scheme the State Government had to nominate a local level nodal agency for identifying, motivating and organizing beneficiaries to seek loans for building or buying houses and forward applications of eligible beneficiaries to banks/ financial institutions.

The Scheme has been already adopted by the J&K State Level Bankers' Committee (SLBC) in its 76th meeting held on 30th July 2009 at Srinagar for implementation in J&K State and the Member Banks have been advised to report progress on implementation of the scheme to SLBC on quarterly basis.

Recently in a review meeting taken by Joint Secretary, Gol, MoH&UPA at Jammu with Senior Government Officials and Bank Officers, it was desired that J&K Bank being lead bank should convene a meeting of the Bankers' Coordination Committee on

ISHUP to discuss the Scheme in detail for wider publicity and implementation at the State Level and fix targets for Banks operating in the State.

Accordingly, a meeting of the Bankers' Coordination Committee on ISHUP was held on 4.3.2010 at Jammu. However, in the said meeting it was observed that there could be no headway on implementation of ISHUP in J&K State unless the State Government nominates a Local Level Nodal Agency to identify and sponsor the cases of beneficiaries under the scheme to banks/ financial institutions.

Recently, vide Government Order No.141-HUD of 2010 dated 30.03.2010 (copy enclosed) the Housing & Urban Development Department has nominated "State Urban Development Authority (SUDA) as the State Agency for implementation of the ISHUP Scheme. Besides, Director, Urban Local Bodies, Kashmir/Jammu and Commissioner Municipal Corporation Srinagar / Jammu will coordinate the scheme within the areas under their jurisdiction after identification of beneficiaries by the respective District Development Commissioners.

The copy of the said Government order has been forwarded to all banks operating in the State as well as to all the LDMS/ LBOs of the State for incorporating the targets fixed under ISHUP Scheme in the Credit Plan for 2010-11 for implementation by all the banks operating in the State.

The house is requested to deliberate on the issue.

Encls: 01

AGENDA ITEM: 79.10

Preparation of Annual Credit Plans (ACP):

In adherence to the time-schedule for preparation and launch of ACP as envisaged in the relevant RBI guidelines and pursuant to the decisions taken in the 74th SLBC meeting to ensure that the District Credit Plans are prepared and readied on time before 31st of March, for enabling the banks to make it a part of their respective business plans for better targeting, effective implementation and improving the performance, the District Credit Plans for the Financial Year 2010-2011 have been received from all the 22 districts of J&K State. On the basis of these DCPs the consolidated Annual Credit Plan for J&K State for the FY 2010-11 for all banks operating in the State has been arrived at Rs.2,825.75 Crore for 2,08,149 beneficiaries, as described below:

| S. No. | Name of District | Total ACP target (2010-11) Amount (In Crores) | S. No. | Name of District | Total ACP target (2010-11) Amount (In Crores) |
|--------|------------------|---|--------|--------------------|---|
| | KASHMIR DIVN. | | | JAMMU DIVN. | |
| 1 | Srinagar | 288.10 | 13 | Jammu | 831.49 |
| 2 | Ganderbal | 56.38 | 14 | Samba | 146.12 |
| 3 | Budgam | 99.08 | 15 | Udhampur | 98.77 |
| 4 | Baramulla | 295.81 | 16 | Reasi | 59.36 |
| 5 | Bandipora | 68.92 | 17 | Kathua | 134.52 |
| 6 | Kupwara | 84.84 | 18 | Doda | 23.31 |
| 7 | Anantnag | 150.00 | 19 | Kishtwar | 12.98 |
| 8 | Kulgam | 92.51 | 20 | Ramban | 22.30 |
| 9 | Pulwama | 107.12 | 21 | Rajouri | 78.06 |
| 10 | Shopian | 71.64 | 22 | Poonch | 41.46 |
| | TOTAL | 1314.40 | | TOTAL | 1448.37 |
| 11 | Leh | 34.40 | | | |
| 12 | Kargil | 28.58 | | | |
| | TOTAL | 62.98 | | GRAND TOTAL | 2825.75 |

The District-wise/ Sector-wise, Bank-wise/ Sector-wise and Region-wise/sector-wise allocations of the said Annual Credit Plan 2010-11 are enclosed for information of the house.

The house is requested to approve the ACP 2010-11 for J&K State for implementation by all Banks/ Financial institutions.

Encls: 03

AGENDA ITEM: 79.11

New Self-Employment Scheme for Rehabilitation of Manual Scavengers (SRMS):

National Bank for Agriculture and Rural Development (NABARD) vide letter No. NB (JKRO)/IDD/200/CCB.15/2010-11 dated 29 April 2010 have informed that Ministry of Social Justice and Empowerment, Government of India (GOI) has approved Self Employment Scheme for Rehabilitation of Manual Scavengers (SRMS) for rehabilitation of all the remaining scavengers and their dependents who have not been covered under the previous Scheme for Liberation and Rehabilitation of Scavengers (NSLRS). The scheme is to be financed by all Public Sector Banks and the Regional Rural Banks.

The copy of the Scheme / broad guidelines for implementation of the new scheme (SRMS) in place of earlier SLRS is enclosed for information of the House.

The House is requested to adopt the Scheme for implementation by the Public Sector Banks and Regional Rural Banks in the State so that the same can be monitored at District Level as well as at Block Level meetings convened under Lead Bank Scheme.

Encls: 08

AGENDA ITEM: 79.12

Education Loan for Nursing Courses - Fee structure for management seats in Private Self Financing Colleges, Co-operative and Colleges run by Universities:

Indian Banks 'Association vide letter No.SB/CIR/10-21/3211 dated March 31,2010 addressed to Chief Executives of all Member Banks have revised the operative part of the IBA circular No.SB/10-21/1291 dated 27th September, 2008 on the recommendations of IBA Working Group and IBA Managing Committee as under:

“Teacher Training Course/Nursing Course/B.Ed will be eligible for education loan provided the training institutions are approved either by the Central government or by State Government and such courses should lead to Degree or Diploma Course and not to Certification course. The fees to be considered for the purpose should be the fees structure as approved by the State Government or a Government approved Regulatory Body for merit seats in Government Colleges/Private Self Financing Colleges, Cooperative and Colleges run by Universities, as the case may be. In respect of admission through management quota for nursing courses, the fees to be considered for the purpose should be within the fees structure as approved by the State Government or a Government approved Regulatory Body for merit seats in Government Colleges/Private Self Financing Colleges, Co-operative and Colleges run by Universities, as the case may be.”

The copy of said circular letter is enclosed for information of the House.

The Banks operating in the State are requested to implement the said recommendations.

Encls: 03

AGENDA ITEM NO: 79.13

Insurance of Crop Loans in J&K State:

Chairman, J&K Grameen Bank vide letter No. CMO/SLBC/2010/401/402 dated 19.02.2010 has informed that in the meeting held with the Hon'ble Agriculture Minister on 18th February 2010 regarding Agriculture Insurance of Crop Loans, it was desired that J&K Bank shall be the nodal Agency in J&K State for effecting Crop Insurance through National Agriculture Insurance Company of India. It was accordingly desired that the issue be put up to SLBC meeting for deliberations.

In terms of the Notification bearing No. Agri/PC/B/Genl/297/05/II dated 26.10.2009 issued by Agriculture Production Department, J&K Government, it has been decided that the National Agricultural Insurance Scheme (NAIS) would continue to be operative in J&K State during Rabi 2009-10 also as per the guidelines and operational modalities fixed by the Government of India for the Scheme. The Agricultural Insurance Company of India will act as Implementing Agency in the State. The Scheme is applied to the State of Jammu and Kashmir with the following directives and conditions:

- 1) All the farmers growing insurable crops are covered during Rabi 2009-10 season on the following basis:
 - a) On a Compulsory basis: All farmers growing insurable notified crops in the notified defined areas and availing Seasonal Agricultural Operations (SAO) loans from financial institutions, i.e. loanee farmers) within the stipulated period;
 - b) On a Voluntary basis: All other farmers growing insurance notified crops in the notified defined areas (i.e. Non-loanee farmers) who opt for the Scheme within the stipulated period.
2. Crops covered during Rabi 2009-10 are Wheat, Mustard and Potato.

A copy of the said notification issued by Agriculture Production Department, J&K Government alongwith the Circular dated 12th November, 2009 containing other guidelines issued by Agriculture Insurance Company of India Limited, are enclosed for ready reference.

The house is requested to deliberate on the issue.

Encls: 08

AGENDA ITEM NO: 79.14

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

Holding of monthly Special Meetings of J&K SLBC

In compliance with the GoI / RBI directives the Special Monthly SLBC meetings to monitor and review flow of credit to MSMEs sector and to oversee the resolution of credit issues are being held regularly as per the prescribed schedule. The 7th such meeting for the month of November & December 2009 was held on 11th January 2010 at Jammu to review the progress achieved by banks on implementation of IBA package on MSMEs and other productive sectors. The house deliberated on a number of issues regarding credit delivery to MSMEs as well as various other issues raised by the representative organizations of MSMEs, trade and industry in the State. Minutes of the said meeting stand uploaded on the website www.jkslbc.com and were also circulated to all members vide SLBC office Ref. No. LBD/Spl.SLBC.MSMEs/2010-512 dated 01.02.2010, for desired action.

Progress/ status of implementation of IBA package on MSMEs Sector as on 31.03.2010

- Banks have sanctioned working capital loans (new) to the extent of Rs.832.53 Crores in favour of 14,420 beneficiaries and incremental working capital loans of Rs.349.04 Crores in favour of 3,737 existing units.
- Banks in the State have so far restructured 4,450 MSMEs accounts involving an amount of Rs.277.54 Crores.
- Banks have sanctioned Soft Loans for purchase of D. G. Sets to the tune of Rs.3.29 Crore in favour of 102 entrepreneurs.
- Housing Loans have been sanctioned by the banks operating in the State to the extent of Rs.587.43 Crores in favour of 20,279 beneficiaries.
- Auto loans have been sanctioned to the extent of Rs.367.25 Crores in favour of 11,679 beneficiaries.

Since the IBA package on MSMEs has stabilized now and no further restructuring of MSMEs accounts under the package is being made by the banks. Besides, the issue is being regularly deliberated and reviewed in the quarterly SLBC meetings as well as by State Level Empowered Committee of RBI on MSMEs in the periodical meetings. Therefore, the house may recommend to GoI, MoF, for henceforth discontinuing the practice of holding monthly meetings of SLBC for reviewing the implementation of IBA package on MSMEs in future.

The house is requested to deliberate

Encls: 01

AGENDA ITEM: 79.15

Ineffectiveness of Government Sponsored Schemes in J&K State:

Like in other States of the Country, various Government Sponsored Schemes have been in operation here in J&K for the last so many years, but it has generally been observed that these Schemes are not delivering as intended. It is also manifest that the ventures promoted under these schemes have been experiencing a high mortality rate for varied reasons, as there is no visible impact in the economy. Consequently, the objective of providing employment opportunities to the people by generating productive ventures through these Government Sponsored Programmes has remained a distant dream so far. The State has not been able to promote and create any employment-oriented and labour intensive private sector enterprises having any significant impact to tackle the problem of unemployment, with the result the growing unemployment problem of the State could not be addressed and is accentuating at an alarming rate with each passing day.

Earlier the issue was thoroughly deliberated upon in the Special SLBC meeting on the theme of Government Sponsored Schemes held on 20.10.2009 at Srinagar, which was presided over by the Hon'ble Chief Minister, J&K State, Jenab Omar Abdullah and Hon'ble Finance Minister, J&K State, Jenab Abdul Rahim Rather was the Chief Guest.

In the said meeting the Chairman, J&K Bank and Convenor, J&K SLBC, had highlighted the huge problems under Government Sponsored Schemes and observed that the levels of target achievement has been extremely poor and attributed the ineffectiveness of the Government Sponsored Schemes in J&K to a number of reasons and focused on the following issues needing remedial measures:

- All sponsored Schemes have a very poor track record;
- NPA level under Government Sponsored Schemes has been substantially high viz. 21% in SGSY, 32% in PMRY, 20% in JKSES, 41% in SJSRY & SC/ST/OBC, one of the reasons why banks feel scared to lend under Government Sponsored Schemes as they create a lot of bad assets in the process of lending.
- There is a top-down approach - no understanding of the gross root level;
- The Schemes are very inflexible. They run for the whole country and do not look for regional or geographic variations;

- There are too many schemes doing the same thing;
- These schemes are unwieldy and have out-dated nomenclature;
- The beneficiary identification has been very casual and turns out to be the single largest thing that needs to be addressed;
- There are no horizontal linkages among sponsoring agencies and often there is double and multiple sponsoring to the same beneficiary, which needs to be addressed at all levels;
- Banks' finance appraisal and recovery processes are very cumbersome;
- There are delayed sanctioning, Under-financing of units/projects;
- Repayment procedures are not based on cash flows;
- Seeking of collaterals by banks;
- The beneficiaries have no access to or control over markets. No institutional support is available to them and they are often subjected to exploitation by middlemen at various places;
- There is no emphasis on expenditure monitoring/ post disbursement follow-up. Banks feel it is government's job and government feels it is banker's job.
- There is no physical accountability and no analysis is being done of what has happened in the past and how can we judge it.

The decisions/ action points of the said Special SLBC meeting on GSS (copy enclosed for ready reference) have been already indicated to all the concerned Government Departments/ Banks / financial institutions for desired action/ implementation. One of the major decisions taken in the said Special SLBC meeting was as under:

“Banks will be given greater role in the process of selection of candidates for taking up Self Employment Ventures and accordingly the major banks operating in the districts shall be included as members of the Selection Committees, which should be of a fairly senior level to improve quality of beneficiaries and ensure sponsoring of bankable and viable cases”.

In this regard the Commissioner/Secretary, Labour & Employment Department took a meeting on 12.05.2010. The decisions taken in the said meeting are enclosed for information of the house.

The house is requested to deliberate on the issue

Encls-02

AGENDA ITEM NO: 79.16

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

In terms of RBI RPCD (JMU) letter No.1494/03.01.27/2008-09 dated April 30, 2009 addressed to the Convenor, State Level Bankers' Committee, the progress achieved in implementation of 100% Financial Inclusion is required to be reviewed in all the SLBC meetings as a regular agenda item.

Initially district Pulwama (later on bifurcated into 2 districts of Pulwama and Shopian) was adopted on pilot basis for 100% financial inclusion in 2005. However, 100% financial inclusion has not been reported in the said 2 districts despite the long time taken and systematic monitoring of progress by SLBC.

Subsequently 100% financial inclusion of remaining 20 districts in the State was assigned to the banks in 2008. The progress is being reviewed by the house regularly thereafter.

Despite repeated follow-up the district-wise performance reports regarding 100% financial inclusion programme in J&K State has been received from only a few lead district offices, so far.

It has been observed that the programme of 100% financial inclusion is not being implemented with seriousness. Therefore, in order to ensure that the programme of 100% financial inclusion is implemented in the State in letter and spirit, it is proposed that the house approves the roadmap as under:

- 1) Lead District Managers/ Lead Bank Officers will obtain, collect and consolidate data about the house-holds in each district (village-wise) alongwith particulars of any existing bank accounts in the names of any member by sourcing it through various field agencies like Block Development Officers (using VLWs), Consumer Affairs and Public Distribution (CAPD) Department (using their ration depot outlets), Assistant Development Commissioners (using Revenue field officials) etc.
- 2) LDMs/ LBOs will prepare village-wise short-lists of financially excluded households according to the service-area of the banks on analyzing the data collected by them and prepare a roadmap for banks for 100% financial inclusion based on their service area.

- 3) The responsibility for implementing the roadmap based on coverage and financial inclusion as per (1) and (2) above and adopted in the DCC/DLRC as well as BLBC meetings be assigned to the respective banks operating in the district/s based on their service area.
- 4) The position emerging for financial inclusion may be reviewed and monitored in the DCC/DLRC as well as BLBC meetings and thereafter progress report be sent to the SLBC Secretariat.
- 5) This programmed way of 100% financial inclusion and coverage should be subject to following time-lines.
 - (I) Roadmap to be readied by 30th September 2010 be submitted to SLBC;
 - (II) Coverage to be completed by 31st March 2011 and progress to be reported to SLBC for review;
 - (III) After bringing the excluded households into the banking fold the banks should liberally credit-link the households for need-based requirements.

The house is requested to deliberate and approve the proposed roadmap for achieving 100% financial inclusion in the State

AGENDA ITEM NO: 79.17

Budget Announcement 2010-11 – Extension of last date under One Time Settlement Scheme under Agricultural Debt Waiver and Debt Relief Scheme (ADWDRS), 2008 upto 30.06.2010:

Gol, Ministry of Finance, Department of Financial Services (AC Section) vide their circular letter bearing F.No. 3/9/2008-AC dated 26th March, 2010 followed by Circular No. F.No.3/9/2008-AC dated April 5, 2010 (copies enclosed for ready reference), have conveyed that in the light of the announcement made by the Hon'ble Union Finance Minister in the Budget Speech 2010-11, the Government has now decided to extend the period of payment of 75% of overdue portion by the 'other farmer' under the 'One time Settlement' Scheme under ADWDRS, 2008 for another six months, i.e. from 01.01.2010 to 30.06.2010.

Accordingly Gol has clarified that:

- Banks/ lending institutions are allowed to receive even less than 75% of the eligible amount under OTS provided the banks/ lending institutions bear the difference themselves and do not claim the same either from the Government or from the farmer. The government will pay only 25% of the actual eligible amount under debt relief as has already been intimated vide Gol, MoF, DFS letter of even number dated 12.06.2009.
- The eligible 'other farmers' may be allowed to deposit this amount in one or more instalments prior to 30th June 2010.
- No interest shall be paid by the Government of India to the lending institutions for this six-month extension under the Scheme while reimbursing the 25% amount to the lending institutions as per the delayed reimbursement schedule.
- Lending Institutions would not charge any interest on the eligible amount for the period from February 29,2008 to June 30, 2009. However, the banks may charge normal rate of interest on the eligible amount from July 01, 2009 upto the date of settlement.

In view of this six-month extension for the debt relief portion of the ADWDRS, 2008, the last date of receipt of grievances by Grievance Redressal Officers of the lending institutions may also be accordingly extended upto 31.07.2010.

Gol has advised to give wide publicity to these decisions/ clarifications so that farmers can avail maximum benefits of ADWDR Scheme, 2008.

This is for information of the house

Encls: (2)

AGENDA ITEM NO: 79.18

Report of the High Level Committee to Review Lead Bank Scheme –
implementation of the recommendations:

Reserve Bank of India vide Circular No. RBI/2009-10/329 issued vide RPCD.CO.LBS.HLC.BC.No. 56/02.19.10/2009-10 dated February 26, 2010 addressed to all SLBC Convenor Banks, have forwarded the action points emanating from the recommendations made by the High Level Committee to Review Lead Bank Scheme requiring action to be taken by the SLBC Convenor Banks at the state level and lead banks/ commercial banks at the district level.

The RBI Circular alongwith the relative action points (forming Annex.I and II to the RBI Circular) are enclosed for information of the members for desired action.

This is for information of the house

All the banks/ financial institutions and Lead District Managers/Lead Bank officers are advised to report progress on implementation of the action points to SLBC Secretariat regularly on quarterly basis.

Encls: 08

SLBC meeting to review performance of banking sector for quarter ended December 2009:

The SLBC meeting to review the performance of banking sector for the quarter ended December 2009 (in compliance with the RBI guidelines providing for quarterly SLBC meetings for performance review) could not be convened during the month of March 2010 owing to non-availability of the concerned functionaries of the Government, who were preoccupied with the Budget Session of the State Legislature. Hence, the SLBC meeting for the quarter ended December 2009 has been skipped.

The data pertaining to the said quarter has been included and integrated with the data for subsequent quarter ended 31st March 2010 for reviewing the performance of banking sector in J&K State in 79th meeting of SLBC (J&K).

The house is requested to take on record the performance of banking sector in the State for the quarter ended December 2009 as reviewed.