

SEGMENT-1

CONFIRMATION OF THE MINUTES OF 79TH MEETING OF J&K SLBC
HELD ON 20th MAY, 2010 AT SRINAGAR

The minutes of 79th meeting of J&K SLBC held on 20th May, 2010 at Srinagar to review the performance / achievements of the banks / financial institutions operating in the State as at the end of March, 2010 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. LBD/SLBC-79/2010-247 dated 14.06.2010. 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)

1) Equitable Mortgage:

Agenda Item/ Date of SLBC	Agenda Point	Summary of decisions/ Action points.	Primary responsibility	Action taken / Status
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	Government has extended Registration of Equitable Mortgage to whole of the State vide SRO-215 dt.20.05.2010 (copy enclosed for ready reference)
73 (a) 18.06.2008	Registration of Equitable Mortgage at nominal stamp duty -	In the 73rd SLBC meeting 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	In 79 th SLBC meeting, Special Secretary, Finance Department had stated that once the SRO regarding extending of Equitable Mortgage to whole of the State is issued there would be no need for any stamp duty. However, he was advised to understand the long outstanding issue of registration of equitable mortgage at nominal stamp duty in its proper context and thereafter, sort it out at the earliest.
76 (a) 30.07.2009	Creation of Central Registry	J&K Government assured to examine the issue for implementation. In the 79 th SLBC meeting the Special Secretary Finance stated that in case SLBC finds it necessary to have a Central Registering Authority in the State, then the State Law may have to be amended as there is no provision in the law for that.	Commissioner/ Secretary (Finance), J&K Government	The Chief Secretary advised the Secretary Finance to take a quick view in the matter by taking a meeting involving the law ministry and a representative from the Convenor Bank. The meeting was convened by Finance Department, J&K Govt. on 26.08.2010 at Civil Secretariat, Srinagar. Minutes thereof are awaited.

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.

Encl: 1

2) Legislating SARFAESI Act:

Agenda Item/ Date of SLBC	Summary of decisions/ Action points.	Primary responsibility	Action taken / Status
<p>73 (b) 18.06.2008</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 since submitted to Govt. for consideration.</p> <p>In the 75th, 76th meeting no progress was reported to the house.</p> <p>In 77th SLBC meeting the Govt. had 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.</p> <p>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> <p>In the 79th SLBC meeting the house was informed that the State Government had referred the matter to Gol in view of the addition of Section 17 in 2004 in the SARFAESI Act to allow application by borrowers to court of District Judge against possession of secured assets by banks. This amendment was done, because the DRT, which is the appellate body, is not existent in J&K as the Recovery of Debt due to Banks and Financial Institutions (RDBFI) Act 1993 under which DRT is constituted, is not applicable to J&K.</p>

Government may inform progress on the issue:

3) Setting up of Rural Self-Employment Training Institutes- RSETIs:

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 FY 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.

Allotment of land by State Government

Government of J&K 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 Gol, 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.

In the 79th SLBC meeting the Chief Secretary reiterated Government's commitment to provide land to the banks for the purpose and advised the Commissioner Secretary, Rural Development to submit a report on the issue to him so that a meeting could be convened to sort out the issue.

Latest Status regarding JKBRSETIs:

S. No.	Name of the RSETI	Staff Provided	Status of the premises	Status of allotment of land
1	JKBRSETI Anantnag	Mr. Mohammad Iqbal (05246), Scale-IV	Premises identified at Bijbehara. The RSETI is likely to be operationalized soon.	Land not allotted by GoJ&K till date.
2	JKBRSETI Baramulla	Mr. Riaz Ahmad Mir (05414), Scale-V	Premises identified at Amargarh, Sopore. The RSETI is likely to be operationalized soon.	Land not allotted by GoJ&K till date.
3	JKBRSETI Pulwama	Mr. Altaf Ahmad Sheikh (00394), Scale-V	LDM and the concerned officer have been directed to identify & hire suitable premises for setting up RSETI in Pulwama district.	DC Pulwama has identified land at Patalbagh Pampore and asked the Bank authorities to take possession of the said land for setting up RSETI in Pulwama. Accordingly on 8.12.2010 Bank authorities have taken possession of the said land measuring 10 kanals & 3 marls under S.No.2560.
4	JKBRSETI Shopian	...	LDM and the concerned officer have been advised to identify & hire suitable premises for setting up RSETI in Shopian district.	DC Shopian has identified land at Sindu Shirmal and asked the Bank authorities to take possession of the said land for setting up RSETI in Shopian district.
5	JKBRSETI Srinagar	Lead Bank Officer has informed that DDC Srinagar has proposed a plot of land measuring 10 kanals situated at Darmar Sangam, Srinagar.
6	JKBRSETI Ganderbal	Lead Bank Officer has informed that DDC Ganderbal has proposed a plot of land measuring 12 kanals situated at Nunar near Devraz Bhat temple on main Ganderbal Kangan highway.
7	JKBRSETI Rajouri	LBO concerned has informed that Revenue authorities had identified land at village Chityar, Kaller about 14 kms from Rajouri- a hilly terrain, which was not found suitable as it involved a huge expenditure to develop the said plot of land. DDC concerned has issued instructions for identifying some alternate land.
8	JKBRSETIs in remaining lead districts	...	No premises identified.	Land not allotted by the State Government.

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

Credit Linkage to Trained Youth under RSETI

National Institute of Rural Development have informed vide their letter No. NIRD/RSETI/CL-ST/SLBC/BK dated 15.07.2010 that the spirit of RSETI is that the trained youth will establish micro enterprises in their area. Ministry of Rural Development desires that the trained youth from the RSETI should get the credit facilities not only from the RSETI sponsored Bank but from any Bank operating in the district and in the event of rejection of the loan applications of the RSETI trainees, it shall be at the higher level and not at the branch level.

House is requested to deliberate upon the issue.

4) Insurance of Crop loans in J&K State:

In the 79th SLBC meeting, while deliberating on the agenda item on Insurance of Crop Loans in J&K State, the house was informed that insurance levels on crop loans are very poor in J&K State. It was also informed that Agriculture Production Department is going to hold a big Crop Loan Seminar in the State in a few days, wherein the issues like coverage of some principal crops of J&K, like various fruits and vegetable crops, under Agriculture Insurance Scheme would be discussed and the outcome of the Seminar would be placed in the next SLBC meeting.

A meeting of the SLCCCI for Rabi 2010-11 was held on 30.11.2010 under the Chairmanship of Principal Secretary to Govt., Agriculture Production Department at Jammu to discuss the implementation of National Agriculture Insurance Scheme during Rabi 2010-11. Minutes of the said meeting are yet awaited.

Government / Representative of Agriculture Insurance Company may inform progress to the house.

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

- 1) 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).

The Sub-group under Commissioner/Secretary, Rural Development, J&K Govt. met on 27.04.2010 at Civil Secretariat, Srinagar, wherein DGM, SBI had stated "they have received instructions that the benefit under DRI Scheme for IAY beneficiaries can only be given to SC/ST beneficiaries". In view of this restriction the group observed that the issue requires clarification from RBI as Ministry of Rural Development in its various communications has stated that the scheme is applicable to all IAY beneficiaries. The minutes of the said meeting were submitted to SLBC in its 79th meeting held on 20.05.2010 and it was decided to get the issue clarified for guidance of all member banks and other stakeholders.

Accordingly, Reserve Bank of India has been requested to provide necessary clarifications as to "whether banks can extend finance under DRI Scheme to the beneficiaries of Indira Awaas Yojana other than SC/ST also" so that the member banks and other stakeholders are guided accordingly. The clarification is awaited.

Reserve Bank of India may kindly clarify the matter for guidance of the member Banks.

- 2) Sub-group of SLBC constituted in 79th SLBC meeting to work out a strategy for coverage of the blocks identified by Agriculture Production Department under KCC Scheme.

In the thematic SLBC meeting on KCC Scheme in J&K State held on 20.05.2010 at Srinagar on the sidelines of 79th SLBC meeting, it was decided to form a Sub-group of SLBC under the Chairmanship of Principal Secretary, Agriculture Production Department, J&K Government, involving some major banks operating in the State to workout a strategy for coverage of the blocks identified by Agriculture Production Department under KCC Scheme, so as to ensure that gradually the entire State of Jammu & Kashmir is covered under KCC Scheme. Accordingly, SLBC Secretariat constituted a Sub-group of SLBC to workout strategy for coverage of the blocks identified by Agriculture Production Department under KCC Scheme on the request of Agriculture Production Department.

The first meeting of the Sub-group was held on 1.12.2010 at Jammu under the Chairmanship of Principal Secretary, Agriculture Production Department. In this meeting the blocks identified by the Agriculture Production Department for 100% coverage of the farming community for availing the benefits of the KCC Scheme, were allocated to various banks operating in the J&K State for implementation as detailed below:

S. No.	Name of the bank to which allocated	Name of the District	Name of the Block identified for 100% coverage under KCC
1	J&K Bank	Jammu	Block Marh
		Udhampur	Chenani
		Kishtwar	Allohi
		Rajouri	Sunderbani
		Anantnag	Dachnipora
		Bandipora	Bandipora
		Pulwama	Pulwama
		Shopian	Shopian
		Kargil	Sharguole
2	State Bank of India	Poonch	Poonch
		Reasi	Pouni
		Samba	Samba (in collaboration with PNB)
		Ramban	Ramsoo
		Kathua	Billawar
		Leh	Saspol
3	Punjab National Bank	Doda	Bhaderwah
		Baramulla	Rohama
		Kupwara	Kupwara
4	Ellaquai Dehati Bank	Kulgam	Kulgam
5	J&K State Cooperative Bank	Srinagar	Srinagar
		Budgam	Budgam
		Ganderbal	Ganderbal

The said allocation has been already conveyed vide SLBC Secretariat letter No. LBD/SLBC/KCC/2010-687 dated 6.12.2010 to all concerned banks for implementation of the programme.

Relaxation of norms for KCC Scheme.

During the course of deliberations on KCC Scheme in the 79th SLBC meeting, in response to the recommendations worked out by J&K Grameen Bank that "Reserve bank should be approached for relaxation of norms for KCC above ₹50,000/- and further there should be no collateral security of immovable property required upto ₹5.00 lacs", the Regional Director (for J&K), RBI had suggested that SLBC should make a reference to Reserve Bank of India so that the matter is considered and a view is accordingly taken.

The matter was accordingly referred to RBI, Jammu who have informed vide their letter No. RPCD (JMU) No. 436/03.01.17/2010-11 dated July 19, 2010 that modalities of financing through KCC are not prepared by Reserve Bank of India. However, vide RBI circular letter NO.RPCD.PLFS.BC.No.85/05.04.02/2009-10 dated June 18, 2010 have waived margin/security requirements for agricultural loans from the existing level of ₹50,000/- to ₹1,00,000/- with immediate effect. A copy of the above-referred RBI circular is enclosed for information of the members.

- 3) Sub-group of SLBC constituted in 79th SLBC meeting to discuss and revise the targets for various sectors under ACP 2010-11.

During the course of deliberations on Annual Credit Plan for the current financial year it was observed that considering the actual achievement of ₹2667.16 Crore for credit to priority sector under ACP during PFY, the ACP needs to be reviewed/ revised. Accordingly, a Sub-group comprising of J&K Bank, SBI, PNB, J&K Grameen Bank, Ellaquai Dehati Bank and two Cooperative Banks was constituted to review /revise the ACP for CFY with due regard to the reality on ground.

The Sub-group met on 24.11.2010 at J&K Bank, Corporate Headquarters, Srinagar. In the meeting representatives of banks expressed grave concern that consequent upon the prevailing disturbances in the valley most of the business establishments remained closed which adversely affected the repaying capacity of the borrowers and consequently had an adverse impact on the assets of banks thereby giving rise to

mounting NPAs. Therefore, it was unanimously decided to recommend for consideration of the J&K SLBC as under:

- 1) In view of prevailing situation in the valley it will not be possible for the banks operating in J&K State to implement any additional targets under ACP. Therefore, the Banks would try to achieve the targets already fixed for CFY.
- 2) The Reserve Bank be approached for extending some suitable relaxations in the NPA norms for the banks operating in J&K State.

The house is requested to deliberate and decide.

Encl: 1

SEGMENT - 2 (PERFORMANCE OF THE BANKING SECTOR IN J&K)

AGENDA ITEM: 80.01

CREDIT TO PRIORITY SECTOR:

Bank-wise/Sector-wise, Region-wise/Sector-wise achievements in lending to Priority Sector under Annual Credit Plan 2010-11 as at end of September 2010

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

The Bank-wise/ Sector-wise achievements as at the end of September 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 September 2010 have provided total credit of Rs.1,202.51 Crore in favour of 58,580 beneficiaries against a target of Rs.2820.91 Crore for 2,07,941 beneficiaries to the Priority Sector under Annual Action Plan 2010-11, thereby registering achievement of 43% in financial terms and 28% in physical terms of the annual target during H1 of the financial year 2010-11.

The comparison of the achievement of banks under Priority Sector vis-à-vis their respective annual targets at the end of Q2 of FY 2010-11 with Q2 of PY 2009-10 (YoY) is given hereunder:

(Amount in Crore of Rs.)

Name of Bank	FY 2009-10			CFY 2010-11		
	Target	Achievement (30.09.2009)	%Age of Achiev.	Target	Achievement (30.09.2010)	%age of Achiev
J&K Bank	902.39	774.81	86	1103.14	785.15	71
SBI	303.84	103.30	34	381.14	102.13	27
PNB	194.29	51.21	26	249.84	52.01	21
Other Comm. Bks.	364.71	62.61	17	455.09	93.57	21
Coop. Bks.	258.93	83.89	32	300.40	83.20	28
RRBs	271.25	72.20	27	329.25	86.45	26
Other FIs	4.20	0.44	10	2.05	0	0
TOTAL	2299.61	1148.46	50	2820.91	1202.51	43

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

I) AGRICULTURE SECTOR:

Against the annual target of Rs.673.48 Crore for 1,24,710 beneficiaries, banks have disbursed a total amount of Rs.244.79 Crore in favour of 25,467 beneficiaries under this sector by the end of September 2010 thereby registering an achievement of 36% and 20% in financial and physical terms respectively.

Out of this, an amount of Rs.65.73 Crore in favour of 10,246 agriculturists against a target of Rs.304.83 Crore fvg. 79,975 beneficiaries have been disbursed under Crop Loan. The achievement of banks under this segment is of the order of 22% & 13% of the target in financial & physical terms respectively.

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

While analyzing the quantum-wise disbursement based on absolute terms, the major contributors have been the J&K Bank (Rs.139.65 Crore), PNB (Rs.31.72 Crore), J&K Grameen Bank (Rs.26.08 Crore), SBI (12.86 Crore), Ant. CCB (Rs.11.38 Crore), JCC Bank (Rs.6.99 Crore) and Ellaquai Dehati Bank (Rs.6.33 Crore) thereby achieving 49%, 69%, 28%, 16%, 83%,18% and 22% respectively of their individual targets. Although some other banks like BOB, HDFC and Bank of India have registered achievement of 162%, 91% and 77% 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.1430.64 Crore for 48,556 beneficiaries, banks have disbursed an amount of Rs.438.28 Crore in favour of 11,988 beneficiaries by the end of September 2010, thereby registering an achievement of 31% and 25% 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.269.54 Crore), State Bank of India (Rs.45.33 Crore), P&S Bank (Rs.24.63 Crore), JCC Bank (15.37 Crore), J&K Grameen Bank (Rs.13.27 Crore), Punjab National Bank (Rs.11.40 Crore), Bla.C.C.B (11.03 Crore) and EDB (Rs.10.90 Crore).

(III) MICRO CREDIT:

As against the annual target of Rs.454.27 Crore in favour of 25,849 beneficiaries banks have disbursed total amount of Rs.139.39 Crore in favour of 5,211 beneficiaries by the end of September 2010. This works out to 31% achievement in financial and 20% in physical terms.

While analyzing Bank-wise achievements (quantum-wise), the major contributors have been J&K Bank (Rs.35.41 Crore), State Bank of India (Rs.25.64 Crore), JCC Bank (Rs.9.89 Crore) and P&S Bank (Rs.9.04 Crore).

(IV) EDUCATION:

As against the annual target of Rs.80.75 Crore in favour of 3,544 beneficiaries banks have disbursed total amount of Rs.22.01 Crore in favour of 1,105 beneficiaries by the end of September 2010. This works out to 27% and 31% achievement in financial and physical terms respectively.

(V) HOUSING:

As against the annual target of Rs.181.77 Crore in favour of 5,282 beneficiaries banks have disbursed total amount of Rs.358.03 Crore in favour of 14,809 beneficiaries by the end of September 2010. This works out to over achievement of 197% and 280% in financial and physical terms respectively.

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

The Region-wise/ District-wise/ Sector-wise achievements as at the end of September 2010 vis-à-vis commitments for lending to priority sector under Annual Credit Plan 2010-11 are given as [Annexure-C](#).

(Amount in Crores of Rupees)

Region	Targets	Achievements	Achievement %
Kashmir	1310.22	522.39	40
Jammu	1447.71	658.89	46
Ladakh	62.98	21.23	34
TOTAL	2820.91	1202.51	43

I) KASHMIR REGION:

In the Kashmir region an amount of Rs.522.39 Crore against the target of Rs.1310.22 Crores (40% achievement) has been disbursed by the end of September 2010 with a distribution of Rs.183.03 Crore for the Housing sector (248% achievement), Rs. 177.45 Crore for Small Enterprises sector (26% achievement), Rs.132.90 Crore for the

Agriculture Sector (33% achievement), Rs.20.06 Crore for the Micro Credit sector (18% achievement) and Rs.8.96 Crore for the Education Sector (25% achievement).

Out of the total disbursement of Rs.522.39 Crore in Kashmir region, Small Enterprises sector has received 34.81%, Agriculture Sector 31.55%, Housing Sector 27.43%, Micro Credit 4.47% and Education Sector 1.73%.

II) JAMMU REGION:

In the Jammu region an amount of Rs.658.89 Crore has been disbursed by the end of September 2010 against the target of Rs.1447.71 Crore (46% achievement) with a distribution of Rs.243.56 Crore in Small Enterprises (35%), Rs.172.65 Crore in Housing sector (168%), Rs.111.35 Crore for Agriculture Sector (42%), Rs.118.53 Crore in the Micro Credit (35%) and Rs.12.80 Crore in Education Sector (30%).

Out of the total disbursement of Rs.658.89 Crore in Jammu region, Small Enterprises sector has received 37%, Housing sector 26%, Agriculture Sector 17%, Micro Credit 18% and Education Sector 2%.

III) LADAKH REGION:

In the Ladakh region an amount of Rs.21.23 Crore has been disbursed by the end of September 2010 against the target of Rs.62.98 Crore (34%) with a distribution of Small Enterprises Rs.17.27 Crore (45%), Rs.2.35 Crore for Housing sector (47%), Rs.0.80 Crore for Micro Credit (16%), Rs.0.55 Crore in Agriculture Sector (5%) and Rs.0.26 Crore in Education Sector (10%).

Out of the total disbursement of Rs.21.23 Crore in Ladakh region, Small Enterprises sector has got 81.35%, Housing sector 11.07%, Agriculture Sector 4.15%, Micro Credit sector has got 3.77% of credit and Education Sector 1.22%.

(4) CREDIT TO NON-PRIORITY SECTOR:

Under non-priority sector the banks have disbursed an amount of Rs.666.71 Crore to 25,210 beneficiaries by the end of September 2010.

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

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AGENDA ITEM: 80.02

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 30th September 2010:

Against the Annual Action Plan 2010-11 of Rs.367.67 Crore for 29,626 beneficiaries for all banks operating in the State, the achievement of banks at the end of September 2010 under five major Government Sponsored Schemes, viz. SGSY, PMEGP, JKSES, SJSRY and SC/ST/OBC is of the order of Rs.50.03 Crore spread over 3,795 beneficiaries in all the three regions of the State thereby registering a performance of 13% & 14% of the target in financial and physical terms respectively. The achievement is less as compared to credit delivery to GSS during the corresponding period of the previous year with disbursement of Rs.50.52 Crore to 4,786 beneficiaries (17% in financial as well as 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.31.25 Crore to 2,265 beneficiaries by the end of Q2 of FY 2010-11 under these five major Government Sponsored Schemes against the target of Rs.270.49 Crore for 19,668 beneficiaries, thereby achieving 12% in financial as well as physical terms against the achievement at Rs.30.40 Crore to 2,898 beneficiaries (16% in financial and 18% physical terms) for the corresponding period of the previous year.

ii) JAMMU REGION:

Banks have disbursed an amount of Rs.16.31 Crore in favour of 1,410 beneficiaries by the end of Q2 of FY 2010-11 against the target of Rs.87.17 Crore to 8,933 beneficiaries under these schemes, which accounts for 19% and 16% achievement in financial and physical terms respectively as against achievement of banks at Rs.18.11 Crore (18% in financial and 17% physical terms) as on 30th September 2009.

iii) LADAKH REGION:

Banks have disbursed a total amount of Rs.2.48 Crore in favour of 120 beneficiaries by the end of Q2 of FY 2010-11 under these five major Government Sponsored Schemes, which works out to 25% achievement in financial and 12% in physical terms against annual target of Rs.10.02 Crore for 1,025 beneficiaries as against achievement of banks at Rs.2.01 Crore for 67 beneficiaries (23% in financial and 8% 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 30th September 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.73.14 Crore for 13,743 beneficiaries, banks have disbursed an amount of Rs.8.32 Crore to 1,699 beneficiaries by the end of Q2 of FY 2010-11, which works out to achievement of 11% and 12% in financial and physical terms respectively. Out of the total achievement of Rs.8.32 Crore the major contributors are J&K Bank (Rs.4.11 Crore for 872 units), State Bank of India (Rs.1.30 Crore for 224 units), J&K Grameen bank (Rs.1.29 Crore for 259 units), Jammu Central Cooperative Bank (Rs.0.52 Crore- 107 units) and Baramulla Central Cooperative Bank (Rs.0.43 Crore for 90 units). From the data available it is been observed that 4,137 cases were sponsored to banks against the target of 13,743 cases out of which 1,527 cases were sanctioned, 347 cases were rejected/ returned and 2263 Cases are pending for sanction with banks.

PMEGP: Under PMEGP Scheme against the target of Rs.142.31 Crore for 4,313 beneficiaries for the Q2 of FY 2010-11, banks have disbursed an amount of Rs.13.71 Crore to 549(includes 311 pending cases of previous year) beneficiaries at the end of September, 2010 for setting up of employment generating units thereby achieving 13% in physical and 10% in financial terms respectively. Out of the total achievement (physical targets) of all banks operating in J&K State at 549 units the major contributors are J&K Bank (292 units), SBI (79 units), PNB (45 units), J&K Grameen Bank (46 units) and Baramulla Central Coop. Bank (31 units). From the data available it is been observed that only 1,024 cases were sponsored to banks against the target of 4,313 cases out of which 360 cases were sanctioned, 119 cases were rejected/ returned and 545 cases are pending for sanction with banks.

JKSES: Under JKSES, banks have disbursed an amount of Rs.25.83 Crore (includes Rs.16.91 Crore of previous years pending cases) to 1,114 beneficiaries by the end of Q2 of FY 2010-11 against the annual target of Rs.130.31 Crore for 6,606 beneficiaries, thus registering an achievement of 20% in financial terms and 17% of the physical target. Out of the total achievement of all banks operating in J&K State at Rs.25.83 Crore for 1,114 beneficiaries the contribution of J&K Bank, SBI & PNB is of the order of Rs.18.32 Crore (793 cases), Rs.3.98 Crore (160 cases) and 1.46 Crore (80 cases), respectively. From the data available it has been observed that 4,014 cases were sponsored to banks against the target of 6,606 cases out of which 1,036 cases were sanctioned, 597 cases were rejected/ returned and 2381 Cases are pending for sanction with banks.

SJSRY: Under SJSRY, banks have disbursed an amount of Rs.1.27 Crore to 220 beneficiaries by the end of Q2 of FY 2010-11 against the target of Rs.9.69 Crore for 1,699 beneficiaries, thus registering an achievement of 13% in financial as well as physical terms respectively. Out of the total achievement of Rs.1.27 Crore the contribution of three major banks i.e., J&K Bank, SBI and PNB has been Rs.0.70 Crore (137 units), Rs.0.20 Crore (29 units) and Rs.0.16 Crore (20 units) respectively. From the data available it is been observed that only 389 cases were sponsored to banks against the target of 1,699 cases out of which 121 cases were sanctioned, 46 cases were rejected/ returned and 222 Cases are pending for sanction with banks.

SC/ST/OBC: Under SC/ST/OBC banks have disbursed an amount of Rs.0.89 Crore to 213 beneficiaries by the end of Q2 of FY 2010-11 against the target of Rs.12.23 Crore for 3,265 beneficiaries thereby registering an achievement of 7% in financial as well as in physical terms. Against the physical target of 3,265 units, only 541 cases have been sponsored, out of which 204 cases were sanctioned by Banks, 62 cases were rejected and 275 cases are pending for sanction with the banks.

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

Encls-08

AGENDA ITEM: 80.03

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

The Bank-wise achievement as on 30.09.2010 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.17.77 Crore for 3,431 beneficiaries had been set for banks under this sector for the FY 2010-11. Banks have disbursed a total amount of Rs.0.91 Crore to 179 beneficiaries by the end of Q2 of FY 2010-11, which includes 105 sanctioned cases of previous year. Against the physical target of 3,431 cases 709 cases have been sponsored to various Banks, out of which 164 cases were sanctioned, 46 cases were rejected and 499 cases are lying pending with the banks for sanction.

B) Handlooms:

Under this sector a target of Rs.9.71 Crore for 1,383 beneficiaries had been set for the banks for the FY 2010-11. Banks have disbursed a total amount of Rs.0.23 Crore to 48 beneficiaries by the end of Q2 of FY 2010-11, which include 14 sanctioned cases of previous year. Against the physical target of 1,383 cases 298 cases have been sponsored to various Banks, out of which the banks have sanctioned only 64 cases with 209 cases pending for sanction and 25 cases rejected/ returned due to various reasons.

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

Under this Sector against the target of Rs.62.80 Lacs to 138 beneficiaries, no case has been sponsored to the banks by the end of Q2 of financial year 2010-11, thus making the achievement 0% under this scheme.

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

Encls-04

AGENDA ITEM: 80.04

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 September 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 behavioral 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 September 2009 and September 2010.

[Annexure-J](#)

2. Statement of Bank-wise /Sector-wise advances Outstanding against Priority Sector/ Weaker Sections of the society at the end of September 2010.

[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.12024.12 Crore comprising 70.71% in the aggregate outstanding credit of banking sector of Rs.17,003.68 Crore in the State at the end of September 2010. The share of SBI is Rs.1,393.31 Crore comprising 8.19% and that of PNB is Rs.790.27 Crore comprising 4.65%.

The NPAs position of the major banks as reflected in [Annexure-J](#) reveals that in the total NPAs of Rs.767.04 Crore in the State at the end of September 2010 the share of J&K Bank is to the tune of Rs.263.68 Crore, that of SBI Rs.205.47 Crore and PNB Rs.79.72 Crore.

It is also evident from the [Annexure-K](#) that J&K Bank has the largest share of Rs.5,803.79 Crore aggregate outstanding credit under Priority Sector comprising 63.24% at the end of September 2010 out of the total Priority Sector Bank Credit of Rs.9,177.67 Crore in the State. The shares of SBI and PNB in outstanding credit to Priority Sector are Rs.1,023.88 Crore (11.16%) and Rs.569.03 Crore (6.20%) respectively.

From the Annexure, it will be observed that J&K Bank alone has made total advances of Rs.12,024.12 Crore in J&K State as on 30.09.2010 as against its total deposits of Rs.26,281.27 Crore, thereby achieving a C. D. Ratio of 45.75%. The other major Public Sector Banks, viz. SBI & PNB have made advances of Rs.1,393.31 Crore and Rs.790.27 Crore respectively as against their deposits of Rs.6,400.42 Crore and Rs.2,631.03 Crore, achieving a C.D. Ratio of 21.77% and 30.04%, respectively, as on 30th September 2010. The remaining 18 Public Sector Banks put together have advanced Rs.1,240.15 Crore as against their total deposits of Rs.2,611.56 Crore, which works out to a C. D. Ratio of 47.49%.

The two Regional Rural Banks operating in the State have advanced a total amount of Rs.658.70 Crore against their total deposits of Rs.1,866.32 Crore, which works out to a C.D.Ratio of 35.29% as on 30th September 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.746.93 Crore as against their total deposits of Rs.1,992.48 Crore, thereby achieving C. D. Ratio of 37.49% as on 30th September 2010.

Out of the aggregate advances of Rs.17,003.68 Crore outstanding as on 30th September 2010 an amount of Rs.9,177.67 Crore has gone to Priority Sector and Rs.2,373.34 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.4,432.71 Crore followed by Agriculture, Housing and Micro Credit sector with an amount of Rs.1,957.66 Crore, Rs.2,051.46 Crore, 534.81 Crore respectively and the lowest share of Rs.201.04 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: 80.05

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 of banks as of 30th September 2010 is submitted as per [Annexure-M](#).

As is evidenced by the Annexure only 8 banks amongst the banks operating in the State have reported disbursement of loans under the SHG scheme by the end of Q2 of the FY 2010-11, which aggregate to Rs.187.71 lakh in favour of 269 SHGs. The major contributors have been J&K Bank (Rs.69.63 lacs fvg. 101 SHGs), SBI (` 28.93 lakh fvg. 38 SHGs), J&K Grameen Bank (Rs.25.00 Lakh fvg. 33 SHGs), PNB (Rs. 11.00 lakh fvg. 45 SHGs), J&K State Cooperative Bank (Rs.14.25 Lakh fvg.29 SHGs), Ellaquai Dehati Bank (Rs.20.48 Lacs fvg. 22 SHGs) and Anantnag Central Cooperative Bank (Rs.3.25 lakh fvg.2 SHGs).

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

Encl-01

AGENDA ITEM NO: 80.06

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

In compliance with the GOI/RBI directives SLBC has to monitor and review flow of credit to MSMEs sector. The progress achieved by Banks on implementation of IBA package on MSMEs and other productive sectors as at the end of September 2010 is as under:

- Banks have sanctioned working capital loans (new) to the extent of `931.62 Crore in favour of 17,202 beneficiaries and incremental working capital loans of `425.30 Crore in favour of 4,380 existing units.
- Banks in the State have so far restructured 6,585 MSMEs accounts involving an amount of `377.33 Crores.
- Banks have sanctioned Soft Loans for purchase of D. G. Sets to the tune of `3.67 Crore in favour of 131 entrepreneurs.
- Housing loans have been sanctioned by the Banks operating in the State to the extent of `688.15 Crore in favour of 24,663 beneficiaries.
- Auto loans have been sanctioned to the extent of `500.85 Crore in favour of 15,042 beneficiaries.

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

Encl-01

AGENDA ITEM: 80.07

Achievement Under Kissan Credit Card (KCC) Scheme:

The performance of Banks under KCC scheme vis-à-vis Annual Credit Plan 2010-11 as at the end of Q2 is given in [Annexure-L](#). It is observed that as against the annual target of Rs.273.54 Crore for 49,840 beneficiaries, banks in the State have provided credit of Rs.14.09 Crore to 4,086 beneficiaries at the end of Q2 of FY 2010-11 thereby registering an achievement of 5.15% and 8.20% in financial and physical terms respectively.

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

Encl-01

AGENDA ITEM NO: 80.08

Review of position as per key indicators for monitoring flow of credit in J&K State as of 30th September 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 30th September **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 40.06% as on 30th **September 2010** against 46.70% during the corresponding period of 2009. C. D. Ratio has come down and the Banks have to make concerted efforts to improve the same.
- Total advances of all banks operating in the State as on 30th **September 2010** stood at Rs.17,003.68 Crore against Rs.15,893.32 Crore during the corresponding period of previous year.
- The Priority Sector advances of all banks in J&K State stood at Rs.9, 177.67 Crore as on **30th September 2010** constituting 53.97% as against 49.81% as of **September 2009**, which is encouraging.
- Share of Agriculture advances to total advances in the State has decreased from 11.52% as on 30.09.2009 to 11.51% as on 30.09.2010 against the benchmark of 18%, which needs to be improved.
- Lending to MSMEs sector has increased from 16.93% of total advances outstanding as on 30th September 2009 to 29.21% as on 30.09.2010.
- Share of Advances to weaker sections of society have increased from 13.92% as on 30.09.2009 to 13.96% as on 30th **September 2010** and is above the benchmark of 10%.
- Total bank credit under DRI Scheme in the State as on 30.09.2010 stood at a meager figure of Rs.1.56 Crore representing the negligible proportion of 0.01%, i.e. much below the benchmark of 1%.
- Advances to women stood at Rs.859.78 Crore representing the share of 5.06% out of the total advances as on 30.09.2010 against the benchmark of 5%.

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

Encls: 01

SEGMENT - 3 (THRUST AREAS/ ACTIVITIES)

AGENDA ITEM NO: 80.09

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

Un-banked blocks:

In terms of GoI, 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 under banked 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:

S. No.	Name of identified un-banked block	Name of the bank to which allocated	Latest Status / Progress achieved
1	Block Duggan (District Kathua)	J&K Grameen Bank (JKGB)	JKGB has informed having opened its new Bank Branch at Village Duggan, which has been, operationalized w.e.f. 20.09.2010
2	Block Gundana (District Doda)	Ellaquai Dehati Bank (EDB)	EDB has informed having opened its new Bank Branch at Village Jatheli (Block Gundana), which stands operationalized w.e.f. 9 th April, 2010
3	Block Pahloo (District Kulgam)	J&K Bank	<ul style="list-style-type: none"> • EDB has informed having opened its new branch at Pehloo on 11.11. 2010. • J&K Bank has obtained license from RBI for a new bank branch, for which premises has been finalized. The branch is likely to be opened shortly.
4	Block Nangseni (District Kishtwar)	J&K Bank	J&K Bank has already obtained licenses from RBI for both the new bank branches and the premises have been finalized. The new bank branches are likely to be opened after 20 th of December 2010.
5	Block Wadwan (District Kishtwar)	J&K Bank	J&K Bank has opened its branch at Ishan Wadwan on 1 st December 2010. The block stands covered.

Latest progress be reported by the concerned banks.

AGENDA ITEM NO: 80.10

A) 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 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 (now March 2012 as per RBI circular No. RBI/2010-11 dated 16.9.2010). 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 been 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

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.

In the 79th SLBC meeting all the banks to whom the un-banked villages have been allocated for providing banking services, were advised to submit the village-wise plan regarding time lines and technology to be used for providing banking services in their respective allocated villages to the SLBC Secretariat immediately so that aggregate State Plan could be worked out.

The requisite information has so far been received from J & K Bank, SBI, PNB, J&K Grameen Bank, EDB, Punjab & Sind Bank, Central Bank of India, UCO Bank and Anantnag Central Cooperative Bank only that has been consolidated in prescribed [Annexure-A](#) and forwarded to the concerned quarters. A copy of the same is enclosed for ready reference. As per the reports received from the concerned Banks there is no progress upto ending September 2010.

Rest of the Banks, (viz. Baramulla Central Coop. Bank, J&K State Coop. Bank, Jammu Central Coop. Bank, Allahabad Bank, Bank of India and State Bank of Patiala), are requested to inform the house the village-wise plan indicating time line and technology to be used or constraints faced, if any, so that the consolidated FIP for J&K State is drawn up & the progress made in achieving the roadmap within the prescribed timeframe is assessed & evaluated for submission to concerned quarters accordingly.

B) Nodal Officer for monitoring the implementation of FIPs & EBTs

Further, GOI, Ministry of Finance vide DO No.20/60/2010-F1 dated 12 November, 2010 addressed to Chief Secretary of the State, have informed that the financial Inclusion Plan envisages enrolling and opening of bank accounts of persons residing in villages which were hitherto not provided banking facilities. Some banks are also issuing Smart Cards, after the 'no-frills' zero balance accounts are opened for these customers that has a financial cost. This financial cost is being incurred twice in cases where the same village is allocated to different banks for different schemes. In order to bring it in consonance with the allocation made by SLBC to banks for the purpose of implementation of FIPs, GOI have desired that Finance Secretary of the State may be made the Nodal Officer for monitoring implementation of Financial Inclusion Plans and the Electronic Benefit Transfers through banking channels. Also, the State Government is to sensitize the District Collectors/District Magistrates about these Financial Inclusion Plans and to direct them to regularly review the progress made by Banks in achieving the targets through DCCs.

House is requested to deliberate

Encls: 2

AGENDA ITEM NO: 80.11

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. In the 79th SLBC a roadmap for 100% financial inclusion was adopted by the house and the LDMs were advised to implement the same in their respective Districts.

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

All other Lead District Managers/ Lead Bank Officers are requested to inform the House about the progress made in the achievement of 100% financial inclusion in their Districts.

AGENDA ITEM NO: 80.12

Flow of Credit in Minority Concentrated Districts:

In terms of Reserve Bank of India guidelines issued vide Master circular No.RPCD.SP.BC.12/09.10.01/2007-08 dated July 5,2007 followed by circular No.RPCD.SP.BC.No.13/09.10.01/2007-08 dated July 16,2007, the credit flow to minorities in 121 districts of the country notified as Minority Concentrated Districts by GOI is to be monitored, thereby ensuring that the minority communities receive a fair and equitable portion of the credit within the overall target of the priority sector. For J&K State only District Leh has been included in the list of minority concentrated districts. The credit flow to Leh District under priority sector as on 30th September **2010** is enclosed for information of the house.

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

Encls: 01

SEGMENT - 4 (RECENT DEVELOPMENTS)

AGENDA ITEM NO: 80.13

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.

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.

As per the guidelines of the Scheme, J&K Government Housing & Urban Development Department has nominated State Urban Development Agency (SUDA) as the State Agency for implementing the ISHUP Scheme in J&K State. The nodal agency will identify, motivate and organize beneficiaries to seek loans for building or buying houses and forward applications of eligible beneficiaries to banks/ financial institutions.

Progress In J&K State

As regard progress on implementation of the ISHUP Scheme in J&K State, the reports received so far indicate that only 10 cases have been sponsored to State Bank of India in district Budgam out of which the concerned bank has sanctioned 3 cases involving Rs. 2.00 Lacs only and the remaining seven cases are pending with the bank.

Action points emerged out of the meeting on ISHUP convened by NHB

On 8.06.2010 National Housing Bank has convened a meeting of all SLBC Convenor Banks on ISHUP wherein the following action points have emerged:

- Local level publicity, advertisement in the branches of the Banks about the Scheme along with their existing products.
- Beneficiaries have to be motivated to come forwards to make their claim.
- Land Pattas distributed have to be enforceable under mortgage to create further assets.
- 5% Subsidy for 15-20 years is a big relief for the borrowers if properly explained.
- Potential borrowers have to be identified.
- There are difficulties in implementation of the Scheme in Gujrat, Punjab, Haryana, Jammu & Kashmir and Himachal Pradesh. The concerned issues to be addressed by the Convenor Banks with the respective State Governments.
- There can be sensitization workshops in different states and the expenditure may be borne jointly by SLBC Convenor Bank, NHB and MOHUPA.
- There can be sensitization workshops also at the district level where some basic groundwork has been done and potential borrowers have been identified and there is requirement of a sustained campaign where it will show immediate results. Branch managers at the local branches can be explained the benefits of the Scheme, means of communication and how to tackle problems. District level Lead banks can be sensitized along with district level ULBs in consultation with SLBC Convenor Banks.

The house is requested to deliberate on the issue.

AGENDA ITEM: 80.14

Report of the High Level Committee to review Lead Bank Scheme-
Implementation of the recommendation:

A High Level Committee was constituted by the Reserve bank of India to review the Lead bank Scheme in order to make it more effective in the changed economic scenario with sharper focus on financial inclusion and recent developments in the banking sector. The Committee had submitted its report on August 20, 2009, which recommended that the Lead Bank Scheme is useful and needs to continue.

As we are aware that the overreaching objective of Lead Bank Scheme is to enable banks and State Governments to work together for inclusive growth, the support of the State Government is crucial to enhancing the success of these efforts hence a greater role envisaged for the State Governments to support the initiatives of banks towards greater financial inclusion and ensuring flow of credit to the priority sectors. The major recommendations of the Committee that require action from the State Governments were forwarded by RBI to Chief Secretaries of State Governments vide D.O. RPCD.CO. LBS. No. /02.19.10/2010-11 and are as under:

- State Governments may support the financial literacy, credit counseling initiatives and credit plus initiatives of banks for banking development and inclusive growth.
- State Governments may take initiatives to ensure that bulk payments viz. salaries, pensions, etc. are put through mechanisms like ECS, which will prove both cost effective and operationally efficient. In addition, the use of ICT solutions for disbursement of National Rural Employment Guarantee Act (NREGA) and social security payments such as National old Age Pension Scheme (NOAPS) through bank accounts may be taken up. State Governments may leverage the benefits of undertaking government business accruing to banks to incentivize their involvement in Government sponsored schemes.
- State Governments may extend support for opening bank branches, currency chests, branches handling foreign exchange business and Government business at centres, which are considered essential as per public policy but not considered commercially viable by banks.

- State Governments may support recovery drives conducted by banks and ensure adequate due diligence in selection of beneficiaries under Government sponsored schemes.
- State Governments may assist banks to evolve a suitable tracking mechanism to monitor educational loans granted by banks so as to ensure proper recovery of such loans.
- State Governments may leverage benefits of undertaking Government business by banks to incentivize in Government sponsored schemes and programmes which may not have similar benefits.
- State Governments may lend their support for sensitization of the bank officials posted as Lead District Managers, to familiarize themselves with the Government's role and functioning with regard to developmental programmes.
- There is a need for sensitizing the District Collectors and CEOs of Zilla Parishads on banks and banking in general as also on the specific scope and role of the Lead Bank Scheme. Such sensitization should form part of the probationary training of such officers. Further, as soon as they are posted in a district, the SLBC may arrange for exposure visits for the District Collectors to the SLBC Convenor's office for sensitization and understanding of the Lead Bank Scheme.
- Staff at the operational level of banks and government agencies associated with implementation of the Lead Bank Scheme need to be aware of the latest developments and emerging opportunities. There is need for staff sensitization/training/seminars, etc. at periodic intervals on an ongoing basis.

Action taken on the above recommendations by the State Government may be informed to the House.

SEGMENT - 5 (LATEST INSTRUCTIONS CONCERNING ECONOMY/
BANKING)

AGENDA ITEM: 80.15

Opening of 'No frills' accounts in favour of students from minority communities who wish to avail of scholarships being awarded by Ministry of Minority Affairs:

Government of India, Ministry of Finance, Department of Financial Services vide letter No.F.No.7 (61)/2008-CP dated 11.08.2010 have informed that feedbacks have been received by the Ministry regarding non-opening of 'No frills' accounts by banks in favour of students from minority communities who wish to avail of the scholarships being awarded by the Ministry of Minority Affairs, through State/UT Governments, thereby causing much hardship and inconvenience to the applicants for scholarship schemes of the Ministry of Minority Affairs. It has been desired that the Banks be advised to allow students from minority communities to open "No frills" bank accounts with nil balance when they approach the Banks to open an account in order to avail of the scholarships under the various schemes of Ministry of Minority Affairs. Besides, the issue of opening of 'No frills' accounts of the students from minority community should be reviewed in the SLBC meetings on a regular basis.

The house is requested to deliberate on the issue.

AGENDA ITEM: 80.16

Finance Minister's meeting with Chief Ministers of North Zone States/ Union Territories and Chief Executives of Public Sector Banks on 6th July 2010 at Chandigarh:

The Hon'ble Finance Minister had convened a meeting with Chief Ministers of North Zone/Union Territory and Chief Executives of Public Sector Banks at Chandigarh on 6th July, 2010 to discuss on various developmental schemes and issues connected with bank credit to various sectors, financial inclusion etc. The minutes of the meeting have been forwarded by Indian Banks' Association vide circular letter No.SB/CIR/SLBC/FM/893 dated 31 July 2010, copy enclosed.

Some of the issues raised by the Chief Ministers, Ministers and senior officers representing the States that need the attention of the SLBC are given as under:

- Need for enhancement of credit limit from Rs.50,000 to Rs.1,00,000 under Kisan Credit Card.
- A time bound campaign should be launched to cover all the eligible farmers under KCC Scheme.
- Improvement in CD ratio in rural areas.
- CD ratio in rural and hilly areas needs special attention to ensure faster development.
- The deposits mobilized by Banks should be utilized within the same State for the overall economic development of that State.
- Credit performance under government sponsored schemes like SJSRY and SGSY and PMEGB needs improvement.
- Banks should consider revival of sick MSE units instead of one time settlement.
- Instructions should be issued to banks to provide financial assistance in minority concentrated districts.
- SHG-bank linkage plan program should be implemented more effectively as this has large developmental benefits.
- Interest rate for SHGs should be reduced to 7%.
- Expenditure incurred by Banks under the EBT system should be compensated.
- Bank fee for EBT SHOULD BE REDUCED TO ONE PER CENT.
- Banks should relax norms under DRI to enhance credit under the Scheme.

- Credit flow to agriculture should be improved further.
- Sharecroppers should be made eligible for agricultural loans.
- NPA Settlement Policy for agriculture loans.
- Interest subvention on agricultural loans should be extended to private banks also.
- A separate interest subvention scheme for horticulture industries in the State of J&K should be introduced.
- RBI and Government instructions regarding collateral free lending are not being adhered to by banks especially in the case of weaker sections, Agriculture, MSEs and Education loans.
- State Governments to effectively utilize the Rural Self Employment Training Institutes (RSETIs) for skill up-gradation of the rural artisans, the unemployed youth, farmers and self help groups as such trainings have the potential on leading to establishment of micro enterprises at the village level under areas like agro food processing, handicrafts, etc.

The House is requested to deliberate on the issue.

AGENDA ITEM: 80.17

Central Scheme to provide interest Subsidy for the period of moratorium on educational loans- notifying the Authority to issue Income Certificate:

A new central Scheme to provide full interest subsidy during the moratorium on educational loans for students belonging to economically weaker sections (with parental family income from all sources of less than 4.5 lakh annually) from scheduled banks under the Educational Loan Scheme of the Indian Banks, Association (IBA) has been approved for pursuing courses of studies in technical education and professional streams from recognized Institutions in India.

Under the Scheme, proof of income is required to be certified by authorities to be designated by the State Government. Accordingly, Government of India, Ministry of Human Resource Development, Department of Higher Education had written to all State Governments vide D.O.No.11-4/2010-U.5 dated 21.04.2010 addressed to the Chief Secretaries to designate appropriate authority/ authorities (at District/ Sub-District/ Block levels etc.) who are competent to issue income certificates in favour of the beneficiaries based on income criteria only and not the social background, so that banking authorities at the branch level where students would be approaching for availing the benefit of the scheme, would be aware of the same.

As enquires from several member banks regarding designation of competent authority to issue income certificates are pouring in with the SLBC Secretariat, the matter has been already taken up with Office of the Chief Secretary, J&K Govt. vide letter dated October 20,2010 with copy to the Special Secretary, Finance, J&K Govt., followed by reminders for intimating the Competent Authority competent to issue income certificate for the purpose as notified by the State Government.

The representative of the Finance Department is requested to inform the House the Competent Authority notified by the State Government for issuing the income certificate to the eligible candidates under the subject scheme so that all the Bank branches in the State could be informed for enabling the Central Government to reimburse banks the amount of interest accruing to eligible beneficiaries.

AGENDA ITEM NO: 80.18

Recommendations of the Prime Minister's High Level Task Force on MSMEs:

Reserve Bank of India, C.O. Mumbai, vide their Circular letter No. RBI/2009-10/510 bearing RPCD.SME & NFS.No.BC.90/06.02.31/2009-10 dated June 19, 2010 addressed to Chairman/ Managing Directors/ Chief Executive Officers of all Scheduled Commercial Banks have issued certain instructions as per extant instructions contained in Para 1.3 and Para 2.1.3 of the Master Circular on lending to Micro, Small and Medium Enterprises (MSMEs) sector.

A copy of the circular letter is enclosed for information of the members.

Encl: 1

SEGMENT- 6 (SLBC MEETING FOR THE QTR.ENDED JUNE 2010
SKIPPED)

SLBC meeting to review performance of banking sector for
quarter ended June 2010:

The SLBC meeting to review the performance of banking sector for the quarter ended June 2010 (in compliance with the RBI guidelines providing for quarterly SLBC meetings for performance review) could not be convened during the month of September 2010 owing to non-availability of the concerned functionaries of the Government, who were preoccupied with the law and order situation in the State particularly Kashmir valley. Hence, the SLBC meeting for the quarter ended June 2010 has been skipped.

The data pertaining to the said quarter has been included and integrated with the data for subsequent quarter ended 30th September 2010 for reviewing the performance of banking sector in J&K State in 80th 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 June 2010 as reviewed.