

MINUTES OF 80TH MEETING OF SLBC (J&K) HELD ON 22ND DECEMBER 2010 AT JAMMU

The 80th meeting of J&K State Level Bankers' Committee (SLBC) to review the performance of banks operating in J&K State for the half year ended September 2010 under ACP 2010-11 was held on 22nd December 2010 at Jammu. The Hon'ble Finance Minister, J&K State, Jenab Abdul Rahim Rather, was the Chief Guest and presided over the meeting. Chairman & CEO of J&K Bank, Mr. Mushtaq Ahmad, (Convenor of J&K SLBC) steered the proceedings. Shri S. S. Kapur, Chief Secretary of the State and other top functionaries of the State Government administration and banks including Commissioner Secretary (Industries & Commerce), Mr. Umang Narula, Commissioner/ Secretary (Finance), Mr. Sudahshu Panday, Commissioner/ Secretary (Labour & Employment), Mr. F. A. Peer, Regional Director (J&K), Reserve Bank of India, Mr. Arnab Roy, Chief General Manager, NABARD, Mr.M.L.Sukhdeve, Executive Director/ Chief Operating Officer of J&K Bank, Executive President of J&K Bank, senior officials of Reserve Bank of India, NABARD, various line departments and concerned development agencies, senior level representatives of major member banks/ financial institutions operating in the State and other special invitees attended the meeting. List of participants and invitees who attended the meeting is enclosed as **Annexure-A**.

Mr. Mushtaq Ahmad, Chairman & CEO of J&K Bank (Convenors) alongwith the team of his senior colleagues received the Hon'ble Finance Minister and other dignitaries at the venue. At the outset Mr. M. S. Wani (Vice President, J&K Bank-SLBC/ Lead Bank) invited the Chairman, Mr. Mushtaq Ahmad to deliver the inaugural address and express his views to enlighten the house. The Chairman, Mr. Mushtaq Ahmad extended a warm welcome to the distinguished Chief Guest (Hon'ble Finance Minister, Jenab Abdul Rahim Rather), the Chief Secretary (Mr. S. S. Kapur), other dignitaries, participants and invitees. He expressed immense pleasure to have the presence of Hon'ble Finance Minister to preside over the SLBC meeting, which signifies his involvement and commitment to the development of the State and would immensely contribute for enhancing the efficacy of the forum for accelerating the pace of development. Thereafter, the Chairman delivered the inaugural address, the glimpses of which are captured as under:

Inaugural address by Chairman, SLBC Convenors:

The Chairman stated that all banks operating in J&K State by the end of September 2010 have provided total credit of `1, 202.51 Crore in favour of 58,580 beneficiaries against a target of `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.

J&K Bank alone has disbursed `785.15 Crore against the target of `1103.14 Crore, thereby achieving 71% of its annual ACP target, which accounts for a dominant share of 65% of the aggregate priority sector credit disbursed by all banks together in the State. Observing that during the H1 under review SBI and PNB had recorded a low achievement of only 27% and 21% of their ACP targets respectively, the Chairman advised these two other major banks operating in the State to put in extra efforts to improve their performance of providing credit to priority sector.

Giving sector-wise performance of banks, the Chairman stated that;

Under Agriculture sector banks have provided credit aggregating to `244.79 Crore to 25467 beneficiaries against a target of `673.48 Crore favouring 124710 beneficiaries, registering an achievement of 36%.

Under Small Enterprises Sector banks have disbursed credit aggregating to `438.28 Crore in favour 11988 beneficiaries against the annual ACP target of `1430.64 Crore favouring 48,556 beneficiaries, thus registering an achievement of 31% in financial terms.

Under Micro Credit Sector banks have disbursed credit aggregating to `139.39 Crore in favour of 5211 beneficiaries against the annual ACP target of `454.27 for 25849 beneficiaries, registering an achievement of 31% in financial terms.

Under Education Sector banks have provided a credit of `22.01 Crore in favour of 1105 beneficiaries against the annual ACP target of `80.75 Crore for 3544 beneficiaries, registering an achievement of 27% in financial terms. The achievement is quit dismal.

Under Housing Sector banks have disbursed an amount of `358.03 Crore in favour of 14809 beneficiaries against the annual ACP target of `181.77 Crore for 5282 beneficiaries, registering an achievement of 197% in financial terms.

Commenting on the performance of banks under Government Sponsored Schemes in the State during the H1 of CFY under review, the Chairman stated that under five major Government Sponsored Schemes, viz. SGSY, PMEGP, JKSES, SJSRY and SC/ST/OBC, banks have disbursed an amount of `50.03 Crore in favour of 3,795 beneficiaries in all the three regions of the State by the end of Sept. 2010, thereby registering a poor performance of 14% & 13% of the target in financial and physical terms respectively. The achievement is even lower as compared to credit delivery to GSS during the corresponding period of the previous year with disbursement of `50.52 Crore to 4,786 beneficiaries (17% in financial as well as physical terms). This indicates that all of us need to do an extra bit to achieve the targets because these are programmes of very high priority, which aim at creating employment, productivity and implementation of financial inclusion and are also very much relevant to inclusive growth. He stated for Indian economy it is most important that Financial Inclusion and inclusive growth be not simply taken as economic or social programmes, but basically the stakeholders need to dedicate themselves religiously to these programmes by taking care of those strata of the society who are striving and struggling for basic necessities. He emphasized that in a society where some people starve for food and are deprived of shelter we need to be very considerate and generously help and support such deserving persons to generate livelihood. He insisted that these programmes be taken as a sort of mission to serve the neglected and as a commitment to the society.

(Action: Member banks)

The Chairman stated that the performance of banks has remained below the desired level because of obvious reasons. However, considering the seriousness of banks as well as the State Government in generating employment opportunities, the performance is expected to improve in the remaining period of the current financial year. The extension agencies have to play a pivotal role in identification of economically viable ventures under the schemes and selection of genuine entrepreneurs to keep the level of rejection of cases by banks at the minimum.

(Action: Sponsoring/ Extension agencies of Government Sponsored Schemes)

The Chairman said that C. D. Ratio of banks in the State as on 30th September 2010 stood at 40.06% as compared to 46.70% as on 30th September 2009, indicating a decline of 6.64% in the Credit Deposit Ratio, which he attributed mainly to the impact of prevailing turmoil in the State particularly in the valley, which resulted in low credit disbursement due to prolonged closure of business establishments. He, however, expressed the hope that with the improvement in the overall law and order situation of the State the position will improve to an encouraging level in the remaining period of the current financial year. Stating that low C. D. Ratio is a matter of concern he underlined the need for banks to enhance flow of credit for improving the C. D. Ratio upto the desired level.

The Chairman stated that the banks, it will be appreciated, have been playing a significant role in the economic revival of the State. But they continue to face difficulties in recovery of loans, particularly those disbursed under Government Sponsored Schemes. He said that all of us are aware of the importance of recovery of bank dues for recycling of funds. Therefore, he stressed the need that the Government may come forward with practical measures, which would enable banks to recover their overdues expeditiously. He emphasized the need for creating a conducive culture whereby the beneficiary must understand that the loan taken has to be repaid.

The Chairman requested the State Government to take necessary steps for enactment of SARFAESI Act in the State as well as for creation of Central Registry in the State, which would pave way for enhanced flow of credit in the State and facilitate the banks/ financial Institutions to speed up efforts for recovery of outstanding debts from the defaulting borrowers.

(Action: Commissioner/Secretary Finance, J&K Govt.)

On behalf of the whole banking fraternity the Chairman assured that there will be no let up in their efforts in implementing the Government Sponsored Programmes aimed at alleviation of poverty and fighting the menace of unemployment confronted by the State.

Presidential address by the Hon'ble Finance Minister, Jenab Abdul Rahim Rather:

The Hon'ble Finance Minister, Jenab Abdul Rahim Rather, in his presidential address expressed pleasure to be in the SLBC meeting with the banking fraternity for the second time during the current year to review the working of the banks. Reminding that last time in the 78th SLBC meeting we had resolved to take further the development process in the State with proactive support and assistance from the banking sector. Some important decisions had been taken and this meeting should help to know how much the banking sector has been able to progress on those decisions.

The Finance Minister stated that the year 2010 was unfortunately beset with adverse law and order situation in the State particularly in Kashmir valley since June 2010, which impacted all spheres of the activities including the banking operations. He stressed that banks individually and collectively need to workout strategies to insulate themselves against such adverse situations so that the larger public interests are safeguarded. He said that technological advancements can provide solutions to these problems and we should seek and secure them as much as possible as these are critical for better services to the people.

Commenting on the figures provided under agenda papers, the Finance Minister stated that 43% of Annual ACP targets for priority sector for the FY 2010-11 has been achieved which has been largely possible because of some good contribution by the J&K Bank,

which has achieved 71% of its individual target assigned to it for 2010-11. He stated that the remaining banks put together have registered an achievement of 24.27% only of the target, which is a matter of concern.

The Finance Minister stated that priority sector lending has to be 40% of the total lending as per the benchmark set by Reserve Bank of India out of which 18% is earmarked for Agriculture Sector and 14% for Micro Credit. He pointed out that the overall achievement of banks under priority sector at 43% has largely been because of the housing sector where banks are shown to have exceeded the target recording 197% of the Annual ACP target. He pointed out that the similar position was obtaining during the corresponding period of the last financial year which was revealed in the SLBC meeting held on 11.01.2010, and then the banks were advised to revisit the entire policy allocating targets as excessive lending to housing sector was in a way amounting to prioritizing the housing sector within the priority sector itself which was happening at the cost of agriculture and micro credit sectors, which appear to have taken the backseat and have recorded just 36% and 31% achievement of the annual ACP target respectively. He stated that the position is no different under Crop Loan which indicates an overall achievement of just 22% that too largely because of the performance of Punjab National Bank and J&K Grameen Bank who have been able to record an achievement of 64% and 41% respectively. The Finance Minister emphasized that all the banks have to work hard to improve their financial and physical results in the remaining part of the current fiscal. He desired that banks' effort has to be to achieve the national benchmark in all the sectors particularly in Agriculture and micro credit sectors, which continue to be our top priorities given the fact that J&K State is predominantly agriculture-based and this sector continues to receive priority consideration by the Government. He stressed that SLBC needs to keep these aspects in view while formulating and implementing its credit programmes and said that government would extend full cooperation in that endeavour. He suggested constitution of a Working Group under the Principal Secretary Agriculture Production Department, J&K Govt. to workout enhanced credit flow to the agriculture sector.

(Action: Principal Secretary, Agriculture Production Deptt. J&K Govt.)

The Finance Minister also stated that SMEs sector was another sector where banks have lagged behind the target and have registered an overall achievement of 31% of the Annual ACP target. He stressed the need that banks have to understand the importance that SMEs sector occupies in the development process of the State. He pointed out that SMEs sector has suffered in past also during the years of militancy and stressed that now this sector should receive due accommodation and encouragement from banks to help the State to bring back the pre-1989 era when the industrial development was picking up in the State and the State's economy was showing growth. He stated that this sector has the great potential to offer to the State with appreciable capabilities of providing self-employment opportunities and the Government is looking to banks to accord the importance to this sector. He stressed that the achievements reported are not convincing and SLBC needs to workout a strategy to achieve the deficit targets in the remaining part of the financial year.

(Action: Member banks)

The Finance Minister stated that performance of banks under Government Sponsored Schemes continues to be a matter of concern as the achievement registered during the first half of the CFY is just at 14%, which is dismally short of the 17% achievement registered during the corresponding period of the last financial year, which he said, is not acceptable by any means. He stated that the Government Sponsored Schemes like SGSY, PMEGP, JKSES, SJSRY and SC/ST/OBC etc. are crucially important to the State and

stressed the need for SLBC to workout a strategy to provide enhanced credit to the beneficiaries under various Government Sponsored Schemes who tend to be mostly poor and needy. He also desired the SLBC to coordinate with the concerned Government Departments as well for making these schemes popular and successful.

The Finance Minister, while commenting on the performance of banks under KCC Scheme, stated that the achievements during the first half of the CFY are not convincing and suggested that since KCC has continued to elude the desired popularity in the State, SLBC should seriously ponder over it and take necessary steps to ensure that KCC becomes an effective tool of giving the banks an opportunity to provide enhanced credit flow to agriculture and rural sector besides facilitating an extended reachability to the rural population. He pointed out that this issue figured prominently at the Chief Minister's meeting of North Zone States taken by the Union Finance Minister in July this year.

The Finance Minister expressed concern that deposits of banking sector have recorded a growth of 24.84% since September 2009 and advances have registered a growth of just 6.98% during the same period, as a result the Credit Deposit ratio of the State has come down from 46.70% as on Sept.2009 to 40.06% as on Sept. 2010, which he said is quite low and not compatible with the national benchmark of 60%. He commented that high deposit base and low investment reveal enough of liquidity with the banks to invest in agriculture, industry, micro credit and tourism sectors, which are all of vital importance for the overall development of the State. He suggested the SLBC to give a serious thought to this aspect as well.

Regarding the position of Non-performing assets, the Finance Minister stated that while J&K Bank has maintained its NPAs at 2.95%, SBI and PNB have shown the same to be at 14.7% and 10.08% respectively and stressed the need for SLBC to look into it and take necessary corrective measures.

The Finance Minister stated that Government is trying to sort out with the Union Finance Minister the issue of making some changes in the SARFAESI Act 2002 to make it compatible with the State Land Laws, which will make it possible for the banks to recover the loans speedily and improve their NPA position. He cautioned that banks should ensure that loans for high-end products involving large cash outflow and high risks are carefully appraised because the improper appraisals are generally found to be the reason behind high defaults and increased NPAs.

Thereafter, the agenda was taken up for deliberations as under:

Confirmation of the minutes of 79th meeting of J&K SLBC held on 20.5.2010 at Srinagar:

As no amendments/ comments were received from any one so the minutes of the 79th SLBC meeting held on 20.05.2009, circulated among the members vide J&K SLBC office letter No. LBD/SLBC-79/2010-247 dated 14.06.2010 and also webcast on www.jkslbc.com were confirmed by the house.

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

1. Equitable Mortgage:

70.09) Permitting Creation of Equitable Mortgage in J&K State:

The Chairman expressed pleasure that State Government has already extended creation of Equitable mortgage to entire State of J&K and while expressing gratitude to the

Hon'ble Finance Minister and the Finance Secretary of J&K State for expediting the same, the Chairman expressed optimism that this will strengthen the process of credit dispensation and remove some of the bottlenecks that are being faced by banks.

73.a) Registration of Equitable Mortgage on Nominal Stamp Duty; and
76 (a) Creation of Central Registry in J&K State:

The Commissioner/Secretary Finance assured the house that these issues are also under consideration of the government and stated that the State Government is going to come out with a legislation, which is in tune with the model legislation all over the country and expressed optimism that after the budget session of the State legislature both these issues will also be addressed.

(Action: Commissioner/Secretary Finance, J&K Govt.)

2. Legislating SARFAESI Act:

The Chairman stated that the Hon'ble Finance Minister in his presidential address has already given the status on SARFAESI Act.

However, the Chief Secretary stated that the matter has been taken up seriously with the Government of India at a very higher level. Informing that the matter is presently with the Law Department for the needful he remarked that the issue of land in J&K State is a very sensitive issue and the concern basically is that assets do not get transferred to non-state subjects. Assuring that government understands the concerns of bankers fully the Chief Secretary stated that he will convene a meeting sometime this month or early next month to sort out the issue.

(Action: Chief Secretary/ Secretary Finance, J&K Government)

3. Setting up of Rural Self Employment Training Institutes (RSETIs) in J&K:

The Chairman sought status report regarding setting up of Rural Self Employment Training Institutes (RSETIs) in J&K State in respect of both J&K Bank and the State Bank of India. Responding to this, Mr. M. S. Wani, Vice President, J&K Bank stated that by the end of CFY J&K Bank will be operationalizing two RSETIs – one in Anantnag and one in Pulwama and subsequently three more would be operationalized shortly. Mr. M.S.Wani informed that the two RSETIs set up by SBI in Udhampur and Samba districts are being run in rented premises. He, however, invited attention of the house to the slow progress made in the allotment of land by the State Government for setting up of the RSETIs.

Responding to a query regarding status of allotment of land to SBI, Mr. K. K. Iyer, DGM, State Bank of India informed that government had identified some piece of land but it was not found suitable as it had no connectivity, no electricity and no water. The other plot of land identified by the Government has some ownership dispute and we have refused to take possession of that. However, on the insistence of the DC concerned, we have visited the land and found that though the same is not operable as of now, however, if government makes necessary steps for connecting that land, the same could be accepted by SBI.

In view of the slow progress made in allotment of land by State Government for setting up RSETIs in every district of the State, the Chairman requested the Government to expedite allotment of land at all the district locations for enabling to establish the RSETIs.

The Chief Secretary, Mr. S. S. Kapur, stated that the initiative of setting up RSETIs is very dear to his person and he wished entrepreneurship development to come up in J&K, as it has a good potential of creating good entrepreneurs. He stated that the decision to set

up RSETIs in each district of J&K State was taken some time back and considering that land allotment is crucial, he had assured full support of the State Government. He, however, said that he could not take the meeting he had contemplated for the purpose, but he had been persistently pursuing the issue at his level for getting the land identified for the purpose and wherever he has gone for a meeting, he has emphasized the need and told the DCs to consider this issue as a priority, so that permanent structures for RSETIs could be set up. He, however, stressed that while waiting for allotment of land for construction of permanent buildings for the RSETIs, we should not lose time and should accordingly set up the RSETIs in rented premises as is also provided in the GoI guidelines. Mr. Kapur expressed pleasure that some initiative has been taken both by the J&K Bank and the SBI. He assured the house that before he relinquishes his office next month, he would issue a personal letter at his level after assessing the situation and ensure that land is allotted for setting up the RSETIs in all the districts of the State. He requested the J&K Bank and State Bank of India to accord high priority to the issue and assured that government would do its best whatever and wherever it is expected to do.

Chief General Manager, NABARD, joining deliberations on the issue stated that SBI has so far conducted 6 programmes in its two RSETIs that have been operationalized at Udhampur and Samba and 179 candidates have been imparted training there, for which NABARD has shared the expenses. He invited attention of the house to the fact that after securing entrepreneurship training in RSETIs these people have to be financially supported. He assured the house that NABARD would continue providing support for conducting training programmes in the RSETIs.

The Chief Secretary, citing example of the J&KEDI having entered into MOU with J&K Bank for providing financial assistance to the entrepreneurs trained by J&KEDI, expressed agreement with the contention of CGM, NABARD and stated that we do not only need to provide these entrepreneurs financial support but also follow them upto the last mile to enable them to set up their employment generating units successfully. He also desired to set up an institutional mechanism for looking into the functioning of RSETIs and expressed preparedness of the Government to participate in that. He stated that Employment Department, the Deputy Commissioner concerned and the Lead Bank Officer concerned could come together and adopt the institutions and not just give them support but also follow them through so as to avoid things becoming complicated otherwise.

The Finance Minister, joining the deliberation stated that the RSETIs initiative is very important for the State and stressed the need to pursue it energetically at all levels to ensure that these institutions come up in all the districts of the State.

The Commissioner/Secretary Finance, Mr. Sudhanshu Panday pointed out that we are already behind schedule and requested the concerned banks to move forward with setting up of these RSETIs as per commitments given in the earlier SLBC meetings and bring in synergy and coordination.

Reacting to this, the Chairman, Convenor Bank assured the house that without waiting for the land allotment from the State Government, they will ensure setting up of RSETIs on priority basis and he would monitor the progress personally at his level. He commented that RSETIs programme is equally important for the banking system, as it will ensure better utilization of resources by skilled entrepreneurs and reduce chances of misuse of funds. He expressed hope that he has endorsement from SBI and other stakeholders also for the same.

(Action: J&K Bank, SBI other Stake Holders)

The Commissioner/Secretary, Labour and Employment, J&K Govt. assured to issue instructions to all concerned for prioritizing the RSETIs entrepreneurs in various government sponsored programmes.

(Action: Commissioner/Secretary, Labour & Employment, J&K Govt.)

4. Insurance of Crop Loans in J&K:

The Director Agriculture Production Department informed the house that government has already notified crops for Rabi 2010-11 season vide Notification No. NO.AGRI/PC/ dated 9.12.2010.

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:

The Regional Director, Reserve Bank of India clarified for information of all the members that under DRI Scheme only the people belonging to SC/ST category can be accommodated upto `20,000/- over and above the entitlement under I.A.Y. for housing purposes.

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:

Commencing deliberations on the issue, the Director, Agriculture informed that Punjab National Bank has requested that they should be absolved of the responsibility to cover Rohama Block for 100% coverage of farmers under KCC Scheme and should be given to J&K Grameen Bank, as they are located in Baramulla and not in Rohama.

However, the Chairman observed that Rohama and Baramulla are not too distant and advised that it is a manageable distance for Punjab National Bank.

Reacting to this, the representative of Punjab National Bank stated that the issue should have been resolved in the DCC/ DLRC meeting. He, however, assured that PNB is prepared to take up Rohama Block for 100% coverage under KCC.

(Action: Punjab National Bank)

Relaxation of Norms for KCC Scheme

The Regional Director, RBI stated that he had mentioned in the last SLBC meeting that any specific circulars on KCC are issued by NABARD, but as regards margin/ security requirement on agricultural Loans, the banks may waive it from the existing level of `50,000/- to `1,00,000/- in terms of RBI circular letter dated June 18,2010. He stated that NABARD representative can through more light on the issue as to whether this relaxation can be given for KCC also.

Reacting to this, the CGM, NABARD clarified that KCC is a part of the Crop Loan and stated that Crop Loans should be converted into KCC. As regards the security, CGM NABARD stated that banks should not ask for any land record etc. in respect of KCCs upto `1.00 lakh. He stated that in J&K State the situation is like that because of small

land-holdings the requirement of `1.00 lakh is more than adequate, so without any security sought from the beneficiaries the financing is be possible.

CGM, NABARD further stated that he has gone through discussions with various bank branches also and has observed that instructions from the banking side regarding the relaxation of the norms have not reached to the branches, who continue to ask for land records etc from the beneficiaries. He therefore, desired that all the banks should convey necessary instructions to their branch level.

The Chief Secretary, J&K State pointed out that just deliberating and discussing figures does not take us anywhere and stressed that in order to be a little result-oriented all the banks should issue necessary instructions in the matter latest by middle of January, 2011 and those banks who have already issued these instructions should reiterate the same immediately and desired to know from the Convenor Bank that action in the matter has been taken.

The Commissioner/ Secretary, Finance joining deliberations on the issue stressed that whether the instructions have gone down or not should be monitored in DCC/ DLRC meetings and it should be ensured that KCCs are issued.

The Chairman, Convenor Bank pointed out that by substituting revenue records with affidavits certain things would become casualty. He cautioned against taking that risk.

However, the Chief Secretary, J&K State pointed out that bigger farmers have better access to government system and they manage even the land records, but the problem is with the small farmer who has the hassles about getting these things done at the grass root level. Therefore, he stressed the need for taking advantage of the dispensation available, whereby you are seeking disbursement of loan to the farmers through KCC route without insisting on land records for a loan upto `1.00 lakh and desired that banks need to communicate with their branches more effectively and monitor personally and through the district level fora that these instructions are being obeyed.

(Action: All banks/ financial institutions)

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

The Chairman informed the house that in the 79th SLBC meeting a Sub-group was constituted to review and revisit the targets fixed under ACP for CFY (2010-11), but given that the time left at our disposal is very short and coupled with the turmoil that engulfed the State particularly the Kashmir Valley, it would not be appropriate and relevant at this point of time to revise the targets. He, however, stressed the need for banks to work sincerely to ensure that the targets already committed are achieved by the close of the CFY.

The Commissioner/ Secretary, Labour & Employment joining deliberations on the issue stated that targets for various Government Sponsored Programmes are fixed by LDMs at district level when compared to the allocation of funds made to us turn out to be too high for us to meet and consequent upon this out achievements appear to be very poor. Citing an example, he pointed out that target for the current financial year is 6600 cases but taking into account the margin money component, which constitutes 15% of the total loan, it turns out that somewhere at 4500 cases can be covered this year if the entire loan is disbursed. He stated that it creates a strange situation that when they measure

their achievement in terms of physical targets it appears to be very poor, but in actual terms they happen to give out their entire margin money and achievement level happens to be at least around 60%. He pointed out that if the question is of increasing the allocation, the same has to be done by the Planning Department. He stated that there is a tendency with the LBOs to somehow fix the targets at a higher level.

The Chairman desired that such issues need to be raised in the district level fora where all the concerned officers happen to be present. He desired that target fixing should be dovetailed with the plans of Employment Department. He desired to have comments of the Lead Bank Officers in the matter.

Responding to this, the Zonal Lead Bank Officer, J&K Bank, Mr. M. A. Chuloo clarified that targets are fixed in presence of the concerned government department representative and after views of all the participants are taken into consideration. He stated that at the time of devising the DCP they are eager that targets are enhanced by 20% and as far as Employment Department is concerned, they also happen to be very enthusiastic about their plan being elevated by 20% or so without making any reference to the quantum of subsidy or margin money available with them.

Besides, LDM Samba, Mr. Rohit Mehta stated that at the start of financial year no target are given from the Sponsoring Agency and at that moment of time we are not certain how much margin money shall be made available and how many cases we shall end up at the year end and since the financing activity could not be stopped for want of targets from the sponsoring agency, the Lead Bank Offices are constrained to take previous year's target as a base and move ahead.

The Commissioner/ Secretary Labour & Employment stated that there is a definite mechanism of arriving at the targets while preparing the Annual Credit Plan and desired that allocation of budget for margin money should be factored into preparation of the District Credit Plan.

The Chief Secretary, Mr. Kapur, emphasized that restricting the targets and achievements on account of non-availability of margin money makes a bad sense and that is why at the time of his being the Planning Commissioner he had made an open offer to the Employment Department that all the requirements on account of margin money should be referred to him. He stressed the need that those associated with the planning process of the State need to follow the same policy. He pointed out that if we wait for the exercise to be done first by others that happens towards the end of the financial year and by then the time for action is already gone, which makes it complicated at that moment. He stated that targets should be based on our ability to perform and no other things should come into the way.

Summing up the deliberations on the issue, the Chief Secretary stated that employment in the self-employment sector is the highest priority of this government and stressed that the margin money should not be a constraint in targets and said that Planning Department should understand these instructions. He assured that he would formalize it soon and make a note to the Planning Department with copy to Hon'ble Chief Minister. He also stressed that it should be our endeavour that we all together aim at achieving maximum of our genuinely interested entrepreneurs under the Self Employment Programmes and desired that we all should put our hearts and minds together.

(Action: Chief Secretary, J&K Government)

Agenda Items No: 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**

The Chairman stated that out of the total priority sector target of ` 2821 Crore for the CFY (2010-11), banks operating in the State have been able to disburse ` 1202 Crore by the end of September, 2010, thereby registering an overall achievement of 43%, which indicates that we are almost nearby the target. He invited attention of the members to the fact that despite that situation in the State, particularly Kashmir valley was not well, Kashmir region has registered an achievement of 40%, Jammu 46% and Ladakh 34% of priority sector targets set for these regions under ACP 2010-11. The Chairman remarked that figures indicate that Kashmir region has lagged behind the other two regions of the State in almost all sectors.

Commenting on bank-wise/ sector-wise performance, the Chairman pointed out that among the major commercial banks operating in the State while J&K Bank has recorded an achievement of 49% of its annual ACP target under Agriculture Sector and Punjab National Bank having recorded an appreciable performance of 69%, the SBI has just been able to manage an achievement of 16% only. He desired to have comments of the SBI representative for their low achievement under Agriculture as well as Small Enterprises Sectors though their performance under Micro Credit Sector has been quite appreciable. He also desired the PNB representative to explain the reasons for their poor performance under Small Enterprises Sector and also wanted to have comments of representatives of Cooperative Banks for their low performance under Education sector particularly. The Chairman stressed that our prime concern should be our commitment to the society.

Reacting to this, the DGM, SBI, Mr. K. K. Iyer, attributed this low performance across various sectors to a number of factors particularly the inadequate staffing at SBI branches in the State coupled with pressure due to heavy influx of army personnel at the SBI branches. He added that SBI does not lack commitment, which could be substantiated with their endeavour in setting up of RSETIs in the State. Comparing the achievement of 71% registered by J&K Bank with just 8% of SBI, the DGM, SBI pointed out that SBI is a very small player in J&K State. He, however, informed the house that SBI has recently added 300 people to its cadre strength in the State, which would add at an average 2 persons per branch and expressed his optimism that with the increase in staff strength across all branches in the State the performance of SBI would be better in future.

The Commissioner/ Secretary, Finance, Mr. Sudhanshu Panday, commenting on the difficulties faced by SBI as pointed out by DGM, SBI, suggested that SBI should identify some of the branches where permanent commitments of branch are sufficiently high and they do not have much resources with them to discharge other functions and responsibilities, which could be upgraded to meet all the challenges.

The representative of Punjab National Bank commenting on their performance in J&K State stated that their performance in most of the sectors has been good and had the situation been better in the valley, PNB could have performed better under KCCs also and expressed the hope that by the end of the CFY they would be able to achieve the set target of 500 KCC. However, giving reasons for poor performance of PNB under Small Enterprises Sector, the representative of PNB stated that during the first quarter they

were busy with the audit process and during the second quarter most of the branches in valley had to remain closed which adversely impacted their performance under Small Enterprises Sector. He, however, appraised the house that during the current quarter PNB has been able to disburse `756 Crores, thereby registering around 67% of their annual ACP Target.

The Chief General Manager, NABARD, Mr. M. L. Sukhdeve, commenting on the performance of District Central Cooperative Banks operating in the State, stated that these banks are not financially very strong and their NPA position is also not very good, that is why we could not expect them to finance Education loans, barring the Jammu Central Cooperative Bank with whatever resources they have. He felt the need that Cooperative Sector in the State needs some kind of revamping at the ground level.

The President, J&K Bank, Mr. Parvez Ahmad pointed out for information of the house that J&K Bank does not have the level playing field viz-a-viz other players in the J&K State. He stated that the facility of interest subvention of 3% that is available to Public Sector Commercial Banks in the country is not applicable to J&K Bank. Therefore, keeping in view the dominance and network of J&K Bank in J&K State, he requested the house to recommend extension of the interest subvention benefit to J&K Bank in J&K State and assured that it would help the bank to substantially improve the performance under Agriculture Sector.

The Commissioner/Secretary, Finance informed that Hon'ble Finance Minister has already taken up this issue with the Hon'ble Union Finance Minister. He stated that he also has spoken on the issue to the Banking Secretary, GoI, but pointed out that some RBI technical regulation has been coming in the way, i.e. under RBI regulations the 3% interest subvention is given to Public Sector Banks only whereas the J&K Bank is classified as a Private Sector Bank although 53% shares of this bank are held by the State. Mr. Panday requested the Regional Director, RBI to look into the issue keeping in view that by all logic the benefit given to Public Sector Banks should be extended to J&K Bank also because their presence in the State is quite high and also if the Agriculture Sector lending has to improve, extending this benefit to J&K Bank could be one support in that direction.

Reacting to this, the Regional Director, RBI, Mr. Arnab Roy suggested that a case will have to be made out by J&K SLBC for equating J&K Bank at par with Public Sector Banks for the purpose of Interest Subvention and assured that RBI, Regional Office will definitely follow-up the same with RBI, RPCD, Central Office.

(Action: Convenor, J&K SLBC/ J&K Government/ Reserve Bank of India)

Agenda Item No.80.02

Credit under Government Sponsored Schemes:

SGSY Scheme

Commenting on the dismal performance of banks under various Government Sponsored Schemes, the Chairman stated that sufficient quantity of cases has not been sponsored to the Banks so far and desired that the process of sponsoring has to be activated.

The Commissioner /Secretary, Labour & Employment, pointed out that one of the major reasons for pendency of cases at branch level is that Branch Managers are seeking collateral security for sanctioning cases under Government Sponsored Schemes and in some cases guarantees of Government Employees are being sought, which he pleaded, needs to be redressed.

The Regional Director, RBI, joining deliberations on the issue stated that despite having been taken up time and again and despite RBI having raised the level of collateral free lending ceiling from `5.00 lakh to `10.00 lakh the situation on the ground has not changed. He stressed the need that strict instructions are exhorted by all the banks to their branch level and it is continuously monitored that these instructions are being implemented at the grass root level in letter and spirit.

Expressing his disagreement with the contention of C/S, Labour & Employment, the Chairman, J&K Bank stated that there are certain constraints on account of these things. He made it amply clear that there is no reason for any person whatsoever high he may be, of deviating from the instructions, guidelines and the terms and conditions of financing under Government Sponsored Schemes. Keeping in view that the level of cases returned is not so high, the factors mentioned by the C/S L&E could not be generalized and instead concerned government agencies should bring out some specific cases in respect of J&K Bank where collaterals are reported to have been sought by the Branch Managers, so that the concerned erring officials are dealt with by him personally.

Reacting to this, the C/S Labour & Employment informed that last year also he was asked to bring out some specific cases and he had accordingly made out a list of about 500 cases where collaterals were reported to have been sought by the concerned Branch Managers and he had shared that list with the then Chairman, J&K Bank. Expressing his agreement with the fact that Branch Managers tend to be reluctant to lend under Government Sponsored Cases owing to lots of NPAs generally happening under Government Sponsored Cases, he stressed that this was the most crucial problem and needed to be faced upfront that cases are being rejected for want of collaterals.

The Chief Secretary, J&K State, stated that in the last SLBC meeting a similar discussion took place where he had made this point that specific cases should be brought to this forum so that exemplary action is taken in the matter against those responsible. He, however, directed to take two actions in the matter immediately, i.e. (1) All banks should reiterate the instructions to their branch levels afresh adding a line that "failure to comply with these instructions by anybody will result in punitive action", and (2) The concerned Government Agencies should bring out specific cases area-wise/ bank-wise and share these with the concerned bank management at the State level and also with Chairman, J&K Bank. He made it clear that by the end of March, 2011 we should have seen to have acted on this and that in the next SLBC meeting this should be specifically reviewed.

(Action: All Banks/ Financial Institutions, Government Agencies)

The Vice President (SLBC), J&K Bank, Mr. M. S. Wani joining deliberations on the issue stated that RBI directions are mandatory for all and we have percolated down these instructions to the branch level and every body is aware that there is no escape route for any Branch Manager to ask for collateral Security. He pointed out that in the previous SLBC meeting it was decided that such specific cases should also be escalated even to SLBC, so that action could be taken against the concerned, but till date not a single complaint had been received.

The Commissioner/ Secretary Finance, referring to the deliberations in the meeting of Finance Secretaries with the Governor, RBI, stated that RBI at highest level is absolutely clear and they are of the view that if such cases are brought to their notice RBI will be taking strong punitive action against the people involved. He suggested that SLBC and RBI should come up with suitable advertisements for information of general public about the fact that collaterals are not need in such cases.

The Chairman expressed agreement with the suggestion and stated that such advertisement would be put in the newspapers for information of the general public, which would be sponsored by banks only. He advised that action in the matter should be taken by only next week.

(Action: Reserve Bank of India/ All banks, financial institutions)

PMEGP Scheme:

The Commissioner/Secretary, Industries & Commerce stated that target fixed under PMEGP not compatible to the margin money made available to the Government and seems to be is ten times more. He informed that the matter has been taken up with the Central Government for enhancing the margin money allocation but so far no positive response had been there. He pointed out that nearly 550 cases are pending with the banks and in case these cases too had been sanctioned, the achievement would have been double of what it is today.

The Chief Secretary, taking part in the deliberations stated that the amount of margin money available is not enough to cater to the targets fixed under the scheme. He pointed out that the issue was earlier taken up with the Central Government and following the visit of the then Secretary, MSMEs, Mr. Dinesh Roy, a special dispensation for J&K State was provided. Appreciating the performance of the scheme in past and its potential to tackle the unemployment problem persisting in J&K State, the Chief Secretary suggested that the matter needed to be again taken up at the government level in the general context and advised that necessary papers be prepared in this regard. He stated that instead of giving different packages, there is need that focused allocation under PMEGP Scheme is provided to the J&K State, which would help in removing the problems confronting the State to a large extent. Regarding the pendency of PMEGP cases at bank levels for want of margin money, the Chief Secretary advised that these cases should be cleared on a fast track bases.

The Vice President, J&K Bank, Mr. M. S. Wani, suggested that since PMEGP is the most popular scheme in J&K State, there is need to split this into two parts, one is the allocation of Central Government where we will be basically requesting for enhancing the margin money allocation and the second part is that for the residual cases the Planning Department could be requested to provide for, so that a parallel State Government Scheme runs in the State.

The Chairman suggested that since the Government Sponsored programmes and particularly the major five ones, are most important for J&K State, it would be quite relevant that in order to look out for solutions to these issues, a small Coordination Task Force be created comprising major banks like JKB, SBI, PNB and other peers in the field and the people who just oversee and supervise from the State Government. This Task Force could hold meetings on monthly basis for sorting out any such issues in future rather than waiting for the SLBC meetings, which generally are held after many months.

The Chief Secretary stated that in order to ensure that the proposed Coordination Task Force becomes result oriented; the membership from Government level should be at the highest level.

Accordingly, it was decided to constitute a Coordination Task Force under the Chairmanship of Chairman, J&K Bank (Convenor, J&K SLBC) and Comprising of major banks viz. J&K Bank, SBI, PNB and all concerned top functionaries of State Government viz. Secretary, Industries & Commerce, Secretary, Labour & Employment, Secretary Rural

Development and Secretary Finance etc. The Task Force would meet frequently to review the position and sort out all the related issues.

(Action: Convenor Bank / All concerned members)

Agenda Item No: 80.03

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

The Commissioner/ Secretary, Industries & Commerce, commenting on the poor performance under Handicrafts and Handloom Schemes in J&K State, pointed out that these schemes have become so old having been launched long time ago and observed that people are not coming forward under these schemes. He stated that there are many other schemes, which offer better incentives for the beneficiaries. He informed that the matter had been previously taken up with the then Chairman, J&K Bank asking for suggestions and in a meeting the Chairman had advised if government could dovetail its schemes with some of other relative schemes, which cater primarily to artisans. He informed that he has written a letter to Chairman, J&K Bank and sought response thereof so that government could think of reformulating the scheme.

The Chairman, J&K Bank stated that he would respond once he goes through that letter, which he has not yet seen.

The Vice President (SLBC), J&K Bank giving his viewpoint on the issue stated that the scheme has a major deficiency that it is not properly incentivized, as it has only interest subsidy element of 5%, for which it does not seem to be tempting for the beneficiaries and is not sought after. He pleaded that government has to re-look at this scheme and dovetail it with some margins and subsidy element for capital part of it.

Reacting to this, Director Handicrafts Department informed the house that government has already received a number of recommendations on this account, which are under consideration of the government. He assured that they would report progress on the issue to SLBC in the next meeting.

(Action: Handicrafts Department, J&K Government)

The Chief Secretary, J&K Government, desired to know the status of the Credit-Cum-Subsidy Scheme for Rural Housing and the problems being noticed in it.

Responding to this, the Vice President (SLBC), Mr. M. S. Wani clarified that it is a Rural Development driven Scheme at a subsidized rate of interest under which small housing loans for rural settlements are provided just for those candidates who are not eligible under IAY Scheme. He pointed out that cases are not being sponsored under this scheme at all and pleaded that this scheme needs to be promoted.

Agenda Item No: 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:**

Initiating deliberations on the issue, the Chairman observed that the overall Credit Deposit Ratio has come down from 46.70% as on September 2009 to just 40% as on September 2010. Commenting on the bank-wise details, he stated that among major

commercial banks J&K Bank has managed a C. D. Ratio of 45.75%, SBI 22%, UCO Bank 38%, PNB at 30% and observed that almost in case of all the banks the C. D. Ratio has come down from the position that prevailed as at the end of September, 2009. Commenting on the overall increase in the credit flow since September 2009 upto September 2010, the Chairman pointed out that credit flow by all the nationalized banks put together has increased by just `63 Crores, whereas in case of J&K Bank it has increased by `1000 Crore.

The Finance Minister observed that this is the real problem that banks mobilize funds from here and invest it somewhere else and questioned the existence of these bank branches in the State. He reminded the members that last year also the house had expressed concern on this tendency but unfortunately this year we seem to be more behind.

The Special Secretary Finance, Mr. Mushtaq Siddiqi, joining deliberations on the issue stated that despite moping up quite a bit liquidity in the State investments are not matching here and observed that this was a very serious matter which was even agitated last year but nothing has happened.

The Chief Secretary, J&K State, Mr. S. S. Kapur, remarked that generally the low C. D. Ratio in the J&K State is a matter of concern and observed that the nationalized banks in particular are not doing enough in this regard. He stated that observations of the J&K SLBC on this account need to be taken up with GoI, MoF, Department of Financial Services, so that they may like to convene a meeting of the Chairmen of the concerned commercial banks and emphasize on them to improve the position.

Summing up deliberations on the issue Chairman, Convenor Bank, remarked that in order to increase credit dispensation in the State and generate appetite in the economy we need to have a positive attitude and a positive mindset. He stressed the need for banks to go beyond the traditional credit dispensation and focus on some potential areas like horticulture and agriculture. He, however, observed that scale of finance under these sectors needs to be revisited, as the same had been devised 5-6 years earlier when the impact of inflationary pressure had not been taken into account. Appreciating the RSETIs initiative, the Chairman further stated that these institutes are aimed at producing the trained entrepreneurs, which can help push up credit portfolio to a large extent.

(Action: All Banks/ Financial Institutes)

Agenda Item No: 80.05

ACHIEVEMENT UNDER SELF HELP GROUP (SHG):

It was observed that performance under SHG Scheme in J&K State has not been upto the desired level. All the banks were advised to improve performance under this scheme.

(Action: All Banks/ Financial Institutes)

Agenda Item No: 80.06

Credit Delivery to MSMEs:

The Chairman informed the house the progress achieved by banks on implementation of IBA package on MSMEs and other productive sectors as at the end of September 2010. It was observed that the instructions on this account were being complied with in letter and spirit.

Agenda Item No: 80.07**Achievement under Kissan Credit Card Scheme:**

Responding to a query regarding performance of J&K Bank under KCC Scheme in J&K State, the President, J&K Bank, Mr. Parvez Ahmad pointed out that he has already mentioned the need for extending the benefit of Interest Subvention to J&K Bank, which he said, would also help in banks efforts under KCC Scheme.

Apart from that, regarding the Block adoption approached for coverage of 100% farmers under KCC Scheme, Mr. Parvez stated that in the meeting recently taken by the Principal Secretary, Agriculture Production Department on the issue, it was stated that relaxation in case of revenue records is to be limited in respect of cases upto `1.00 lakh where bank relaxes the security norms. Appreciating the difficulties being faced by small farmers in obtaining their revenue records it was desired that an affidavit attested in presence of the First Class Magistrate would suffice the requirement rather than insisting for revenue records. He stated that under this Block adoption approach certain blocks have been identified and assigned to J&K Bank for 100% coverage of farmers under KCC scheme and assured that the bank is working on it and by the end of the year performance of J&K Bank would substantially improve.

The Chief Secretary pointed out that requirement of an affidavit attested by the First Class Magistrate in place of revenue documents in case of KCCs upto `1.00 lakh stands already discussed, but reiterated that instructions in this regard need to be conveyed by all banks to their branches and those instructions have to be followed.

(Action: All Banks/ Financial Institutes)

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:**

The position regarding key indicators of performance of banking sector in J&K State as at the end of half-year ended September 2010 was taken on record.

Agenda Item No: 80.09**Coverage of un-banked / under-banked areas of J&K State:**

The house was informed that out of the identified five un-banked blocks in J&K, four blocks, viz. Block Duggan (District Kathua), Block Gundana (District Doda), Block Pahloo (District Kulgam) and Block Wadwan (District Kishtwar), have been already covered by opening of new bank branches by J&K Bank, J&K Grameen Bank and Ellaquai Dehati Bank. As regards the remaining one un-banked block '**Nangseni (district Kishtwar)**, the same stands allocated to J&K Bank, who have already obtained license from RBI for opening a new bank branch, which likely to be opened very shortly.

The position was taken on record.

Agenda Item No: 80.10**RBI directive regarding providing of banking services in all the un-banked villages having population of 2000 and above:**

The house was informed that Cooperative Banks and some other commercial banks with low net work in the State are yet to submit the roadmaps for coverage of the un-banked villages having population over 2000 in J&K State as allocated to them for the purpose and have been found unable in operationalizing the banking outlets as accepted and allocated to them earlier and have subsequently expressed their inability to take that responsibility.

The Executive Director, J&K Bank, Mr. A. K. Mehta pointed out that during the 79th SLBC meeting held on 20.5.2010 all these banks have already accepted these allocations and had not then shown their inability to undertake that responsibility.

The Regional Director, RBI pointed out that in the Roadmap prepared by SLBC for providing banking services to un-banked villages having population over 2000 in J&K State 48 villages have been allocated to Cooperative Banks, which was not possible given the resources available to these Cooperative Banks with no ICT based solutions available to them. He stated that branch licenses are issued by RBI on the basis of certain performance parameters and given the performance parameters of these Cooperative Banks it would be difficult for these Cooperative Banks to open new branches. He advised that all the banks, whom these villages have been allocated, have to ensure submission of the complete roadmap to the Convenor Bank as there will be a review of this in the month of March at Government of India level.

The Chief Secretary, J&K State stated that there is no point in making a promise when the banks do not have enough resources to do that.

The DGM (RPCD), Reserve Bank of India, Mr. N. K. Sahoo joining deliberations on the issue expressed doubts that 48 villages allocated to Cooperative Banks and apart from that some other small players have been allocated 1,2,3 villages, could be covered by them and pleaded that the same be re-allocated to the major banks to ensure its compliance. He informed that RBI has already permitted J&K SLBC Convenor Bank to revisit the allocation of villages once, which has been communicated to J&K Bank and enough time has been given. He requested the Convenor Bank to revisit this Roadmap fast as we have got only 15 months to achieve the same.

Accordingly Convenor Bank was authorised to review and revise the Roadmap duly taking into account the ground realities and make necessary re-allocation of villages in a realistic & practical manner amongst the banks to relieve Cooperative Banks, other Small players and even J&K Grameen Bank to some extent who cannot establish branches & banking outlets or engage BCs and provide any other ICT solutions in the villages previously assigned to them. The Convenor Bank was mandated to approve the so prepared revised roadmap immediately and intimate the reallocations to all the concerned quarters.

The said assignment has been completed by SLBC pending finalization and issuance of these recorded minutes and the so revised allocations are enclosed herewith as [Annexure-B](#).

As manifest in the said revised Roadmap the 795 already identified un-banked villages have now been re-allocated among 5 banks only as under:

1) J&K Bank	...	535 villages
2) State Bank of India	...	95 villages
3) Punjab National Bank	...	35 villages
4) J&K Grameen Bank	...	95 villages
5) Ellaquai Dehati Bank	...	<u>35 villages</u>
TOTAL	...	<u>795 villages</u>

Providing of banking outlets in the identified unbanked villages being a time bound programme, the concerned banks are once again advised to ensure implementation of the revised Roadmap within prescribed timeframe in conformity with the standing directives of Gol/RBI. They may immediately submit revised FIP to SLBC envisaging banking outlets, ICT/BC & other solutions to be rolled out with targets split over the execution period for implementation within the stipulated timeframe. They are also advised to submit monthly progress to SLBC by 10th of the following month for enabling to report the progress to the concerned quarters as per Gol/RBI directives in the prescribed format (copy enclosed for ready reference as [Annexure-C](#)).

(Action: Concerned Banks)

Agenda Item No: 80.11

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

The Regional Director, RBI stated that Financial Inclusion has to be dovetailed with the Financial Inclusion Plans of banks.

The DGM, RBI, Mr. N. K. Sahu, pointed out that only opening of 'No-frills accounts' was not sufficient, but banks are required to provide these people micro credit also, which could be provided by all the banks under GCC Scheme. He observed that if the effort is combined, it would definitely boost the Credit Deposit Ratio of Banks in the State. He informed the house that in the villages adopted by Reserve Bank of India in the State, this factor has been duly taken care. All the banks were advised to take necessary action in the matter.

(Action: All Banks/ Financial Institutes)

Agenda Item No: 80.12

Flow of Credit in Minority Concentrated Districts:

The house was informed that in 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 was taken on record.

Agenda Item No: 80.13

Interest Subsidy Scheme for Housing the Urban Poor (ISHUP):

The Joint Director, Housing & Urban Development Department, J&K Government, described the features of Scheme for information of the house and stated that State Government had to nominate the agency to identify and sponsor cases to banks for financing under the ISHUP, which has already been done. He, however, observed that there are less takers of this scheme in J&K State given the scale of finance eligible under the scheme and pointed out that in J&K State it was impossible for a person to buy or construct a house with just ` 1.00 lakh of financial assistance available under the Scheme though Gol provides 5% interest subsidy on that loan amount for 20 years. He informed

that only in Budgam District there has been some response with 10 cases having been sponsored to banks out of which a few cases have been sanctioned but no disbursement so far. He stated that the issue was discussed in the meeting of National Housing Bank, wherein banks were asked to undertake publicity of the Scheme in the State by holding awareness camps in their respective areas for benefit of the public.

Responding to the query of the Chairman, Convenor Bank regarding relevance of the ISHUP Scheme in the context of J&K, the Joint Director, HUDD stated that there was very little relevance and the government was not able to kick-start the scheme in the State so far. He requested the Chairman, J&K Bank to hold some awareness camps at some locations, so that people come to know about this scheme and some response is generated.

Assuring to extend cooperation with the Government on the issue, the Chairman advised that the Scheme would continue to be on the agenda of the J&K SLBC and the position would be monitored.

Agenda Item No: 80.14

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

The Regional Director, RBI stated that there are a lot of action points for the State Government under this agenda item and desired that the government should take necessary action on these.

The Commissioner/ Secretary, Finance, J&K Government, stated that he has already gone through these action points some time back and advised that these should be listed as agenda items in the meetings with Deputy Commissioners as and when convened by the Government. Regarding extending of support by the State Government for financial literacy and credit counseling initiatives of banks for banking development and inclusive growth, the Commissioner Secretary Finance informed the house that State Government has done some innovative thing by having launched the Sheri-Kashmir Employment Scheme and under that at the district level government has started employment-cum counseling centres and have co-opted J&K Bank for starting their FLCC in the same premises as the objective is same.

The Regional Director, RBI pointed out that banks have to get some new premises for FLCC Centres and since the government has mentioned of accommodating the FLCC centres in the existing premises, but they will have to keep an arms length from it and keep up a separate space for these.

After a brief deliberation the Vice President (SLBC), J&K Bank was advised to provide a draft to the Commissioner/Secretary Finance, J&K Government, giving details of this scheme with some highlights, so that the Deputy Commissioners of all the districts in J&K State are advised to take necessary measures in this regard.

(Action: SLBC Secretariat, Convenor Bank)

Agenda Item No.80.15

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

All the banks/ financial institutions operating in the State were advised to strictly adhere to the directives of Government of India, Ministry of Finance, Department of Financial

Services conveyed vide communication bearing F. No. 7(61)/2008-CP dated 11.08.2010 and allow the students from minority communities to open 'No Frills' accounts with nil balance when they approach the banks to open an account in order to avail of the scholarships under various schemes of Ministry of Minority Affairs.

Since the issue of opening of 'No Frills' accounts of the students from minority communities has to be reviewed in the SLBC meetings on a regular basis, the bankers were also advised to submit to Convenor Bank all the details of such accounts opened by them on quarterly basis regularly.

(Action: All banks/ financial institutions)

Agenda Item No.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.

It was observed that most of the issues raised by the Chief Ministers, Ministers and senior officers representing the States that have been placed in the agenda papers for consideration of SLBC, have been already dealt with by the Hon'ble Finance Minister in his address to the house as also during deliberations in the house.

However, the Special Secretary Finance, Mr. Mushtaq Siddiqi, invited attention of the house to item No.3, 4 and 5 relating to improvement in Credit Deposit Ratio in rural areas, and the issue that deposits mobilized by banks should be utilized within the same State for the overall economic development of the State.

Responding to this, Chairman, Convenor Bank, pointed out that in order to see that C. D. Ratio is improved there was need to fix targets for the same, for which there are two ways available, one is slashing down the deposits, which would push the C.D. Ratio up but that does not help the economy, and the other way is that banks put in extra efforts to enhance their credit portfolio. However, regarding utilization of deposits mobilized by any bank within the same State, the Chairman observed that in case these banks have not been able to invest these resources within the same state for various reasons like slackness, lack of appetite for credit, etc. and find it difficult to deploy the resources in the State they will have no option but to divert the funds to other places for investment as otherwise they will have to face the static situation, which is not desirable.

Agenda Item No.80.17

Central Scheme to provide interest subsidy for the period of moratorium on educational loans – notifying the Authority to issue income certificates:

The Commissioner/Secretary Finance informed the house that government is in the process of notifying the authority to issue the income certificates in the matter and necessary recommendations have already gone to the Revenue Department. He stated that government has proposed the Deputy Commissioners as the authority to issue these income certificates to the concerned beneficiaries. Keeping in view that government has kept the last date for claiming subsidy as 31st December 2010, the Commissioner/ Secretary Finance assured that the Revenue Secretary would be requested to expedite issuance of notification in the matter.

(Action: J&K Government)

Agenda Item No: 80.18**Recommendations of the Prime Minister's High Level Task Force on MSMEs.**

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 as circulated by Reserve Bank of India vide Circular No. RBI/2009-10/510 dated June 29, 2010 for implementation by all Scheduled Commercial Banks, were conveyed to the house. The member banks were advised to take note of these instructions for strict compliance.

(Action: All banks/ financial institutions)

Other issues deliberated in the meeting:**1) Review of Performance of banking sector for the quarter ended June-2010:**

The Chairman stated that once the performance of banking sector for the quarter ended September 2010 have been reviewed by the house, which automatically has taken care of the first quarter also. Therefore, the position as of 30th June 2010 was taken as having been reviewed.

2) The Vice President, J&K Bank, Mr. Abdul Rouf Bhat, raised the issue of RBI permission for the second restructuring in view of the turmoil that engulfed the State for six months during the year and requested that SLBC should take up the issue with RBI.

Reacting to this, the Chairman informed the house that the State particularly the Kashmir Valley has witnessed and experienced the turbulent situation and in this context representatives of different traders associations have met the bank representatives expressing their difficulties as a consequence of this turmoil, which have been captured in the form of a paper. He desired the SLBC forum to send this paper to the State Government & Reserve Bank of India requesting them to recommend the same to the Central Government for grant of certain concessions and reliefs to the trading community. Since these relate to the entire banking community, the Chairman sought comments from the fellow bankers on the issue.

The representative of Punjab National Bank pointed out that owing to turmoil in the Valley many accounts in their bank are showing the signs of impairment and the tendency of slipping into NPAs, as a general policy from RBI and Ministry of Finance banks should be provided an opportunity for these people to restructure/ reschedule these accounts.

The Chairman, Convenor Bank assured that concern of the Punjab National Bank would also be included in the proposed document and a comprehensive paper would be submitted to the concerned quarters.

Vice President, LBD/SLBC, Mr. M. S. Wani invited the attention of the house to approaching superannuation of Mr. S. S. Kapur, Chief Secretary, by ending January 2011 and recounting his continued long association in various capacities with SLBC paid rich tributes for his involvement, keen interest and commitment for effectively driving the development process of the State in a comprehensive way despite obvious hurdles and unfavourable conditions. Expressing deep debt of gratitude for his value additions to enhance the role efficacy of SLBC he stated that Mr. Kapur has left indelible impressions as a source of encouragement and support to SLBC for varied developmental initiatives. He stated that SLBC is optimistic that Mr. Kapur will continue to provide valuable

guidance even after being relieved as Chief Secretary of the State for enabling us to derive benefit of his rich experience to improve on our performance.

Responding to these compliments, Mr. S. S. Kapur, Chief Secretary, affirmed that this would probably be his last SLBC meeting and expressed pleasure to inform that he has throughout maintained the discipline of being present in almost every SLBC meeting in whatever capacity he has worked in the State administration. Commenting on the conduct of 80th SLBC meeting, Mr. Kapur expressed pleasure to find that the interactive mode of decision-making in the forum had got restored. He stressed that in order to be more effective, the forum needed to be more interactive in finding solutions to the problems confronting the State and after having found the solutions, there was need to honestly implement those solutions and decisions with commitment and enthusiasm. He advised that the stakeholder-ship has to be maintained at all levels for improving performance and enforcing responsibility. Observing that everyone present in the meeting enjoyed equal status and same role, Mr. Kapur recommended that from next SLBC meeting onwards the dais should be brought down to the level of audience. He impressed upon all the participants to put in their best in contributing to improve the conditions of the State & financial empowerment of the people.

Mr. Kapur assured the forum of his continued support for all the positive initiatives and endeavours and emphasized that all the members needed to be very enthusiastic in their approach and do things with a sense of ownership and with a missionary zeal.

Concluding the proceedings of the meeting, the Chairman expressed his sincere thanks to the Hon'ble Finance Minister for devoting his valuable time and ensuing his gracious presence to oversee the proceedings of the house throughout the whole session and keenly listening to the members and guiding on various issues. He also expressed gratitude to Mr. S. S. Kapur, Chief Secretary for his encouraging remarks and valuable guidance.

The Vice President, Mr. M. S. Wani, requested all the members to join for lunch hosted by the Convenor Bank.

(M. S. Wani)
Vice President (LBD/J&K SLBC)

Annexure-A

List of Participants of 80th Meeting of SLBC (J&K State)

<u>S No.</u>	<u>Name</u>	...	<u>Designation / Department</u>
<u>Chief Guest</u>			
1)	Jenab Abdul Rahim Rather...		Hon'ble Finance Minister, J&K State
<u>Convenors of SLBC</u>			
2)	Mushtaq Ahmad	...	Chairman / CEO J&K Bank
<u>J&K Government Departments/ agencies</u>			
3)	S. S. Kapur	...	Chief Secretary, J&K Govt.
4)	Sudhanshu Pandey	...	Commissioner/ Secretary, Finance
5)	Umang Narula	...	Commissioner/ Secretary, Industries & Commerce
6)	Farooq Ahmad Peer	...	Commissioner/ Secretary, Labour & Employment
7)	Mushtaq Siddiqi	...	Special Secretary, Finance Department,
8)	Altaf Hussain	...	Special Secretary, Tourism Department,
9)	Ghulam Rasool Wani	...	Special Secretary, Rural Dev. Department
10)	Raj Kumar Koul	...	Addl. Secretary, Law Department
11)	A. K. Gandotra	...	Director (Plg.), Agriculture Production Department
12)	Rashim Kashyap	...	Director, Resources-Finance Deptt.
13)	Manohar Khajuria	...	Director (L&MP), Planning & Dev. Deptt.
14)	Chander Gupta	...	Director, Handlooms
15)	Mehraj-uddin Kenu	...	Director, Handicrafts
16)	Dr. M. I. Parray	...	Director, J&K EDI
17)	Shafqat Noor	...	Director, Employment Deptt. J&K
18)	J. L. Sharma	...	Director, Horticulture
19)	Mian Majid	...	Director, Agriculture Department (Kashmir)
20)	Virinder Sharma	...	Director, MSMEs Dev. Institute, Jammu
21)	Sukhbeer Kaur	...	Deputy Director (Plg.), Social Welfare Deptt., Jmu.
22)	M. Iqbal Zargar	...	Deputy Director (P), Rural Dev. Deptt. (Jammu)
23)	S. Shabir Shafi	...	Joint Director, Housing & Urban Dev. Deptt.
24)	Bilal Ahmad	...	Joint Director, Industries & Com. Department,
25)	T. Dorjey	...	Joint Director, Agriculture Dept. Jammu
26)	A. R. Makroo	...	MD, J&K State Financial Corporation
27)	Ved Raj	...	D.D.Plg. Handicrafts
28)	S. Ichpal Singh	...	Asstt. Handicrafts Trg. Officer, Handicrafts Deptt.
29)	Desh Pal	...	Asstt. Director, KVIC
30)	G. M. Wani	...	Dy. Chief Executive Officer, KVIB
<u>Reserve Bank of India</u>			
31)	Arnab Roy	...	Regional Director (For J&K)
32)	N. K. Sahu	...	DGM, RBI
33)	C. Sahoo	...	AGM, RBI
34)	Vijay Prakash	...	Manager, RBI
<u>J&K Bank (Convenors of SLBC)</u>			
35)	A. K. Mehta	...	Executive Director/ COO
36)	Ajit Singh	...	Executive President
37)	Pervaz Ahmad	...	President
38)	M. S. Wani	...	Vice President, J&K SLBC & S/C

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|-----|-----------------------|-----|---|
| 39) | Abdul Rauf | ... | Vice President (PS) |
| 40) | R. K. Shah | ... | Vice President, |
| 41) | Vagesh Chander Sharma | ... | Vice President, Zonal Head, Jammu (North) |
| 42) | J. M. Rafiqui | ... | Vice President, Zonal Head, Jammu (West) |
| 43) | Madan Gupta | ... | Vice President, Zonal Head, Jammu (Central) |
| 44) | G.R. Bhat | ... | Sr. Executive Manager (LBD/J&KSLBC) |

NABARD

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|-----|----------------|-----|-----------------------|
| 45) | M. L. Sukhdeve | ... | Chief General Manager |
|-----|----------------|-----|-----------------------|

Banks/ Financial Institutions

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|-----|-----------------|-----|---|
| 46) | K. K. Iyer | ... | DGM, State Bank of India |
| 47) | Ashok Gupta | ... | Circle Head, Punjab National Bank |
| 48) | Dr. M. D. Bali | ... | Chief Manager, Punjab National Bank |
| 49) | A. K. Mota | ... | Chief Manager, Punjab National Bank |
| 50) | P. K. Abrol | ... | Regional Manager, LBO-3, SBI |
| 51) | A.G.Gururaja | ... | General Manager, Canara Bank |
| 52) | M. M. Kashyap | ... | Regional Manager, Central Bank of India |
| 53) | A. A. Allaqband | ... | AGM, UCO Bank |
| 54) | A. K. Sinha | ... | CM, Bank of India, Jammu |
| 55) | Jagpal Singh | ... | Sr. Manager, Punjab & Sind Bank |
| 56) | Sameer Raina | ... | HDFC Bank |

SIDBI

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|-----|-------------|-----|----------------|
| 57) | Sanjay Gode | ... | Manager, SIDBI |
|-----|-------------|-----|----------------|

Regional Rural Banks

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|-----|-------------------|-----|--------------------------------|
| 58) | Raja Abdul Latief | ... | Chairman, Grameen Bank |
| 59) | Ashok Razdan | ... | Chairman, Ellaquai Dehati Bank |

Cooperative Banks

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|-----|-----------------|-----|--------------------------------------|
| 60) | A. K. Goswamy | ... | MD, Citizens Cooperative Bank, Jammu |
| 61) | Mohammad Ashraf | ... | M.D, J&K SCB |
| 62) | B. A. Lone | ... | GM, BCCB |

Lead District Managers/ Lead Bank Officers:

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|-----|-------------------------------|-----|---|
| 63) | M. A. Chuloo | ... | Lead Bank Officer, J&K Bank, Z.O.K. Central, Sgr. |
| 64) | G. R. Kumar | ... | Lead Bank Officer (Pulwama/Shopian), J&K Bank |
| 65) | K. C. Dogra | ... | Lead Bank Officer (Rajouri/ Poonch), J&K Bank |
| 66) | Shadi Lal Dhar | ... | Lead Bank Officer (Anantnag), J&K Bank |
| 67) | Mohammad Shafi Bhat (Ayaz)... | ... | Lead Bank Officer (Kulgam), J&K Bank |
| 68) | Farooq Ahmad Gojwara | ... | Lead Bank Office (Bandipora), J&K Bank |
| 69) | Muzaffar Hussain | ... | Lead Bank office (Kupwara), J&K Bank |
| 70) | Parvez Nissar Beigh | ... | Lead Bank officer (Baramulla), J&K Bank |
| 71) | I. B. Sharma | ... | LDM (Jammu), SBI |
| 72) | Rohit K. Mehta | ... | LDM (Samba), SBI |
| 73) | R. L. Lochan | ... | LDM (Reasi) SBI |
| 74) | R. C. Sharma | ... | LDM (Kathua), SBI |
| 75) | R. L. Waza | ... | LDM (Doda), SBI |
| 76) | K. Sadhotra | ... | LDM (Udhampur), SBI |
| 77) | A. H. Bhardwaj | ... | LDM (Leh), SBI |
| 78) | Basant Ram | ... | LDM (Kargil) SBI |
