

**MINUTES OF 81st MEETING OF SLBC (J&K) HELD ON 16TH MAY 2011 AT
SRINAGAR TO REVIEW THE PERFORMANCE OF BANKING SECTOR
AS ON MARCH 31, 2011**

The 81st meeting of J&K State Level Bankers' Committee (SLBC) to review the performance of banks operating in J&K State for the year ended March 2011 under ACP 2010-11 was held on May 16, 2011 at SKICC, Srinagar. The meeting was presided over by the Chief Secretary, J&K State Mr. Madhav Lal. Chairman & CEO of J&K Bank, Mr. Mushtaq Ahmad, (Convenor of J&K SLBC) steered the proceedings. Top functionaries of the State Government administration and banks including Principal Secretary (Housing & Urban Development) Mr. Suresh Kumar, Commissioner/ Secretary (Industries & Commerce) Mr. Umang Narula, Commissioner/ Secretary (Finance) Mr. Sudanshu Pandey, Commissioner/ Secretary (Labour & Employment) Mr. F. A. Peer, Executive Director/ Chief Operating Officer of J&K Bank, senior officials of Reserve Bank of India, NABARD, senior level representatives of major member banks/ financial institutions operating in the State, various line departments and concerned development agencies attended the meeting. List of participants and invitees who attended the meeting is enclosed as [Annexure-A](#).

Commencing the proceedings Mr. M. S. Wani (Vice President, J&K Bank- Convenor of J&K SLBC) extended a hearty welcome to the Chief Secretary, Mr. Madhav Lal, who was attending the SLBC meeting for the first time after having assumed the office of Chief Secretary and requested him on behalf of the J&K SLBC and J&K Bank to preside over the meeting. He also extended a warm welcome to the Chairman, other dignitaries, senior representatives, members and participants. Thereafter, he requested the Chairman, Mr. Mushtaq Ahmad to address the house and express his valuable views to guide the proceedings to review the achievements and performance of the banking sector in credit delivery and other relevant areas.

The Chairman, Mr. Mushtaq Ahmad extended a warm welcome to the Chief Secretary of J&K State (Mr. Madhav Lal), other dignitaries, members, participants and invitees. He expressed immense pleasure to have the valued presence of Chief Secretary, Mr. Madhav Lal to preside over the SLBC meeting. Thereafter, he delivered the inaugural address, the glimpses of which are captured as under:

Relevant extracts and important points of Chairman's address:

Priority Sector/Sub-sectors:

The Chairman in his presentation stated that though the overall collective achievements of banks operating in J&K State in credit delivery to priority sector by the end of March 2011, reflect a satisfactory position yet there is no good reason for anyone to be complacent as there is enough scope to put in extra efforts for better results and to improve further. Stating that being still at the threshold of the CFY 2011-12 he impressed upon all the concerned to resolve to make the CFY a year of performance and unprecedented growth. He remarked that except performance in credit disbursements made under Priority Sector, the achievements of the banking sector during the PFY have not been too much encouraging.

Giving a detailed picture of the achievements of banks under the Priority Sector, the Chairman stated that during PFY 2010-11 banks have provided total credit of Rs.3,049 Crore in favour of 1,44,661 beneficiaries against a target of Rs.2820.91 Crore for 2,07,941 beneficiaries under Annual Action Plan 2010-11, thereby registering achievement of 108% in financial terms.

J&K Bank alone has disbursed Rs.2,098 Crore against the target of Rs.1103.14 Crore, thereby achieving very impressive performance of 190% of its annual ACP target, which accounts for a dominant share of 68.81% of

the aggregate priority sector credit disbursed collectively by all banks together in the State. During the said period under review SBI and PNB have recorded an achievement of 63% and 59% of their ACP targets respectively. Other Commercial banks put together have disbursed credit of Rs.182.63 Crore against the target of Rs.455.09 Crore thereby achieving merely 40% of the aggregate ACP target, which is very dismal. The Chairman advised the other major banks operating in the State to put in extra efforts to improve their performance of providing credit to priority sector during the CFY.

Highlighting the sector-wise performance of banks, the Chairman stated that:

Under Agriculture Sector against a very humble target of Rs.673.48 Crore, the performance of banks has been Rs.564 Crore thereby registering achievement of 84% of the target. The Chairman informed that in order to boost the flow of credit to agriculture sector, the J&K Bank has revised scale of finance for various products, re-launched the Apple finance scheme, which caters to the Horticulture, thus expanding the credit portfolio of the Bank. He further stated that J&K Bank is also designing some more products that would be user-friendlier and would help in ensuring better performance of the Bank in the State.

Under Small Enterprises Sector banks have disbursed credit aggregating to Rs.1,142.58 Crore in favour of 34,872 beneficiaries against the annual ACP target of Rs.1430.64 Crore favouring 48,556 beneficiaries, thus registering an achievement of 80% in financial terms.

Under Micro Credit Sector banks have disbursed credit aggregating to Rs.231.09 Crore in favour of 13,397 beneficiaries against the annual ACP target of Rs.454.27 Crore for 25849 beneficiaries thereby registering an achievement of 51% in financial terms.

Under Education Sector banks have provided a credit of Rs.63.17 Crore in favour of 3,278 beneficiaries against the annual ACP target of Rs.80.75 Crore for 3,544 beneficiaries, registering an achievement of 78% in financial terms.

Under Housing Sector banks have disbursed an amount of Rs.1,047.82 Crore in favour of 41,909 beneficiaries against the annual ACP target of Rs.181.77 Crore for 5,282 beneficiaries thereby registering a very high achievement of 576% in financial terms.

Government Sponsored Schemes:

The Chairman stated that under the five major Government Sponsored Schemes implemented in the State, viz. SGSY, PMEGP, JKSES, SJSRY and SC/ST/OBC, against the aggregate annual ACP target of Rs.364.27 Crore for 30,098 beneficiaries, the banks have disbursed an amount of Rs.190.49 Crore in favour of 12,222 beneficiaries in all the three regions of the State by the end of March 2011, thereby registering a poor performance of 52% & 41% of the target in financial and physical terms respectively.

The Chairman stated further that the performance under GSS has not been at all satisfactory. He reminded that in the last (80th) SLBC meeting a Coordination Task Force was constituted to look out for solutions to the day to day problems being experienced in implementation of the Government Sponsored Schemes in J&K State and the first meeting of that forum was convened on 22nd March 2011 at Jammu. It was observed in the said meeting among other things that releasing of the subsidy and margin money in respect of the sponsored cases is delayed and is being received at the fag end of the FY thereby adversely impacting sanctioning and disbursement. He pointed out that even if the banks sanction the cases they are unable disburse the loans to these cases unless and until subsidy and margin money is received. He clarified that due to this reason the gap between the cases sanctioned by the banks and the cases disbursed by them was very wide giving rise to huge pendency in GSS. To avoid delay, reduce the pendency and improve performance under GSS, the State Government is requested to explore the possibility of making the subsidy/ margin money available to the banks upfront by releasing it in advance in the beginning of the FY in accordance with the modalities for a suitable system in this regard being worked out and submitted by the sub-group formed for this purpose.

The Chairman highlighted that the other observation made in that meeting was that cases are being bunched and sent to banks towards the fag end of the FY, thereby leaving very little scope for the banks to dispose of those cases as by that time the banks happen to be busy with other factors of their balance sheets and management of non-performing assets. Therefore, it was decided in that meeting that 60-70% of cases should be sponsored to banks by September every year and the rest of the cases be sent by December so that any residual pending cases could be sorted out in the last quarter and thereby performance under GSS is improved to a large extent.

The Chairman informed that the bankers really feel uncomfortable with high incidence of NPAs as the NPAs under GSS tend to be comparatively even higher than under the normal lending. For this reason the entire banking community seeks cooperation and assistance of the State Government for helping them in recovery of loans to reduce over-dues and NPAs. He simultaneously stressed that the banks should not link recovery and default issues for providing credit to GSS and make it an excuse to shirk their responsibility in supporting this vital GSS segment. This sector should be rather recognized in the true spirit of social responsibility and the recoveries need also to be chased in the same way as done in case of normal lending.

The Chairman stated that the other recommendations made by the said Task Force are also accepted and the concerned quarters are requested to initiate desired action for resolving the issues impeding the performance under GSS.

Credit Deposit (CD) Ratio:

The Chairman emphasized that Credit Deposit Ratio of the State was dismally low and it was responsibility of all the banks operating in the State to take some serious measures to ensure that C. D. Ratio is improved. He impressed upon banks to realize their responsibility as individuals and the role they owe to the society. He stated that this forum of senior functionaries would not help unless and until something concrete is done on the ground as mere setting up of fora cannot produce results. Stating that low C. D. Ratio being a matter of concern devolves the responsibility of the banks to enhance flow of credit in the State to the desired level for improving the position.

Delayed submission of data:

The Chairman observed that delayed submission of data and interruptions in the flow of information is a cause of serious concern and is also in disregard to regulatory guidelines. He impressed upon the member banks and the lead district Managers to ensure smooth flow of data and its submission to SLBC Secretariat on time as per the prescribed time schedule given in the recently devised Calendar of Programmes for enabling to collate the same and prepare the agenda on time as otherwise in absence of correct and accurate data SLBC is unable to proceed and compelled to repeat the previous figures resulting in distortion of statistics and information, which does not serve the desired purpose.

Concluding his inaugural address, the Chairman stressed on the banking community to put in serious and sincere efforts in right earnest to ensure that performance in flow of credit to the priority sector is substantially improved. Thereafter, he requested the Chief Secretary to share his views with the house.

Relevant extracts and important points of presidential address of the Chief Secretary:

The Chief Secretary, Mr. Madhav Lal, expressed his pleasure to attend and chair the 81st J&K SLBC meeting and stated that SLBC is a very important apex level forum in the State for coordination between various stakeholders in the process of development initiatives and activities. He expected that the national and state-level priorities would get adequately reflected in the ensuing deliberations and expressed the hope that concrete action at the ground level would follow subsequently to translate the decisions into reality. He stated that Government funding was only a part of the development effort and as now universally recognized the

financial institutions have to play a very important participative role in the development process of the States at large. He elaborated that the priorities of the government for the initiatives and challenges for development get reflected adequately through funding support and the involvement and participation of financial institutions was crucial to support the same. He emphasized the need for introspection to ponder on the lapses and shortcomings so as to explore possibilities of improving. He suggested that some innovative ways be found to address the problems faced by the financial institutions in their efforts to enhance flow of credit in the State notwithstanding the historical disabling factors like slippage to NPAs. He stressed that a sustainable process could be possible only if lending is done in the State and recoveries are also made, as the recycling of bank funds was of utmost importance. He asked the bankers to introspect as to what went wrong since they have provided the credit after having identifying the beneficiaries and doing the due-diligence both at disbursement and post-disbursement stages as it would not be fair to blame the beneficiaries alone for lack of recovery of bank dues. He stressed upon the banks to take necessary steps for achieving the national average levels and overcoming the shortfalls in the annual targets, as there seems no logical answer to their individual poor performance and why they have fallen short of the targets. The Chief Secretary stated that the promotional agencies have to play an important role in identifying good projects and schemes where there can be an adequate flow of credit.

Appreciating that the agenda papers prepared by the SLBC Secretariat for this meeting were very comprehensive, the Chief Secretary stressed that the participants should go in-depth of things and take necessary steps and effective measures to ensure that credit deposit ratio is improved substantially so as to achieve the national benchmarks.

The Chief Secretary also stressed the need for ensuring proper inflow and outflow of timely information and submission of data.

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

Confirmation of the minutes of 80th meeting of J&K SLBC held on 22.12.2010 at Jammu:

As no amendments/ comments were received from any one so the minutes of the 80th SLBC meeting held on 20.12.2010, circulated among the members vide J&K SLBC office letter No. LBD/SLBC-80/2011-758 dated 14.01.2011 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)

73. a) Registration of Equitable Mortgage on Nominal Stamp Duty:

The Commissioner/Secretary Finance stated that the Government has moved forward on the issue and a provision has been made in the Stamp Act Section 58-F (Article 6). He informed that the State Legislature passed the said amendment to the Act in the last budget session and now the government is in process of issuing the notification. He also informed that the government had studied the pattern in vogue in other States and found that 6 States of the country have already implemented this and copies of the notifications had been obtained. He further stated that the rates that have been made applicable in those States range from 0.1% to 0.5%.

(Action: GoJK, Commissioner/Secretary Finance)

80.16) Central Scheme to provide interest subsidy for period of moratorium on education loans –Notifying the authority to issue income certificates:

The Commissioner/ Secretary Finance informed that it was only last week that the Hon'ble Finance Minister in consultation with the Revenue Department, had finalized the nomination of the Sub-Divisional Magistrate (SDM) to issue Income Certificates to the candidates seeking educational loans under the subject scheme

and wherever the post of SDM is not existing, the Tehsildar of the area concerned, shall issue the income certificates. He assured that the government would issue the notification in this regard within a week's time.

(Action: GoJK, Commissioner/Secretary Finance)

76 (a) Creation of Central Registry in J&K State:

The Commissioner/Secretary Finance informed the house that Central Government has already come out with a Cell on this issue, which was operational from 31st March 2011. He stated that scope of the J&K Government in the matter is limited. Reminding the house that last year the government had convened a meeting with the Law Secretary and with J&K Bank on the subject he stated that perhaps the government would need to convene one more meeting to take a final call. Since the SARFAESI Act is not functional at the moment in J&K State, the government had to workout the modalities as to how to put this mechanism in place here. He expressed optimism that within a month's time government should be able to decide on the issue.

(Action: GoJK, Commissioner/Secretary Finance)

Legislating SARFAESI Act:

The Commissioner/Secretary, Finance stated that immediately after the Chief Secretary took over, he convened a meeting to review the status of this Act. He informed that since some people had moved to the Court contesting it and the matter was still unresolved, he has talked on the subject to the learned Advocate General requesting him to make all possible efforts to get the issue resolved in the court. He further informed that on the parallel track the Chief Secretary has taken up the issue with the Central Government suggesting them certain steps that are required to be taken on the part of both the State Government as well as Central Government. He also stated that nobody undermines the requirement of this Act being in place in the State, but whether the Central Act itself or some arrangement from within the constitutional provisions of the State, was actually the point being debated. He expressed the hope that with the intervention of the Chief Secretary the issue will be resolved very soon.

(Action: GoJK, Commissioner/ Secretary Finance)

Constitution of Working Group to workout enhanced credit flow to Agriculture Sector:

Responding to the query on the issue, the Special Secretary, Agriculture Production Department, stated that there had been some communication gap between the SLBC Secretariat and the Agriculture Production Department. The APD expected SLBC Secretariat to constitute the group so that the Principal Secretary could take the meeting, but last week it was known that the SLBC Secretariat wants APD to identify the resource persons for this group. He, however, assured the forum that within a week's time the Sub-group would be constituted so that the Principal Secretary, APD could convene a meeting to sort out the issue.

Emphasizing that higher flow of credit to the agriculture sector was the priority of the Government, the Chief Secretary clarified that APD being the stakeholders should immediately form the Sub-group and the Financial Institutions should be invited to the meeting.

(Action: GoJK, Agriculture Production Department)

Issuance of advertisements for awareness of General Public about waiver of collateral security

The Chairman stated that complaints are being received from the beneficiaries that Branch Managers of various banks at various places are even now insisting for collateral securities inspite of clear instructions to provide collateral free credit upto a certain limit. He observed that instructions were being observed in breach rather than in compliance. Such circumstances explain that the instructions have not percolated down to the field level.

The Chairman stated that J&K Bank in addition to having issued circulars issued various advertisements in prominent local dailies highlighting various Schemes, norms and other parameters, so that people become aware about the same and confront the Branch Managers in case they bypass these instructions.

DGM, SBI, Mr. K. K. Iyer informed that though SBI has not issued the advertisements, but they have instead put banners in all its branches for awareness of the customers on the subject. He stated that recently a team from RBI had went on surprise check of some of their branches in the State who expressed their satisfaction with the said banners regarding implementation of the collateral-free credit scheme by SBI.

DGM, PNB informed the forum that they have issued necessary circulars with clear cut instructions that all SMEs cases upto Rs.10.00 lakh should necessarily be covered under Credit Guarantee Trust Fund Scheme and assured that no Branch Manager of PNB could ask for collateral security in cases upto Rs.10.00 lakh.

The Commissioner/Secretary Finance, J&K Government stated that this decision of the last (80th) SLBC meeting was supported by Reserve Bank of India who were unhappy that although there was clarity at the highest level, but at the implementation level these instructions were not being adhered to. Therefore, in the last SLBC meeting RBI too had felt the need for educating and empowering the public through advertisements in this regard, so that there would be a counter-pressure from the borrowers and also that the matter would get reported to higher authorities.

AGM, RBI, Mr. H. M. Pandey, informed the house that he had the privilege of conducting a survey recently, wherein it was found that though the instructions had been issued but these did not percolate down to the grass root level. He stated that there was dire need that Branch Managers change their mind-set. Citing some examples, Mr. Pandey stated that in PNB it was found that cases have been sanctioned without collateral security, but in SBI and J&K Bank it was found that Branch managers continue to seek collateral security despite clear instructions. He, however, pointed out that another constraint for the collateral free scheme not picking up in the State despite honest efforts made by SIDBI, was that borrowers were not ready to pay the premium, which they are required to do for seeking coverage of their cases under CGTMSE Scheme. He assured that the report of the said Survey will be submitted shortly and expressed the hope that the findings would be implemented.

The Chief Secretary, joining deliberations on the issue, stated that mindset of the Branch Managers would not change unless and until some mechanism to enforce these instructions is put in place. He pointed out that it would not be correct to say that the CGTMSE Scheme is not picking up, because in other parts of the country the scheme has picked up to such an extent that people are worried as to whether the corpus which had been created for the scheme is adequate enough to support huge lending that is being covered under the Scheme. He stressed the need for some clear message to flow from RBI also to the bankers to the effect that no collaterals be asked for in the loan cases for MSEs upto Rs.10.00 lakh.

Vice President (LBD/SLBC) of J&K Bank clarified that the RBI directives for collateral-free lending upto Rs.10.00 lakh are mandatory and the branch managers have no other option available.

The Regional Manager, SBI, Srinagar, Mr. A. U. Tak pointed out that since all loaning done under delegated powers are supposed to be reported by Branch Managers to their respective Controlling Offices for verification, so on receiving the said reports the Controlling offices can find out the concerned Branch Managers who flout RBI directives on this account.

The President (FSD/FI/CCD) of J&K Bank, Mr. Tafazal Hussain stated that there is urgent need to convince the customers that CGTMSE coverage by substitution of collaterals was going to their benefit.

All the member banks were advised to ensure that RBI instructions regarding collateral-free lending are complied with in letter and spirit.

(Action: Member Banks)

During the deliberations on the issue, the Deputy Director, Employment Department, J&K Govt. raised the individual case of Sheep Breeding Farm under JKSES sponsored to State Bank of India, B/O Pahalgam and stated that the beneficiary, Mr. Ismail Jother from Batkot Pahalgam, had constructed a Shed for the Farm, but the Branch Manager concerned reduced Rs.75,000/- from his loan amount. In this manner the said Branch Manager has under-financed the unit. Moreover, the loan was not disbursed in favour of the beneficiary for want of collateral security although margin money was already lying with the branch. He informed the house that he had personally visited the branch and informed the Branch Manager about the RBI instructions, but still he did not disburse the loan. The DGM, SBI assured that the Regional Manager of State Bank of India would sort out the issue.

The Vice President (PS/GB), J&K Bank, Mr. Abdul Rauf Bhat, pointed out that confusion in the matter is arising out of one thing as to whether the case is covered under Credit Guarantee Fund Scheme or not as the units other than MSEs are not eligible for coverage.

(Action: State Bank of India)

Follow-up of action points pertaining to RBI

a) Equating J&K Bank at par with other Public Sector Banks for the purpose of grant of interest Subvention on Crop Loans:

The Chairman informed the house that RBI has advised that it was in the domain of Central Government to consider this and that J&K Bank had been already advised to take up the matter accordingly with GoI. The Chairman expressed hope that GoI, Ministry of Finance would consider that request favourably in view of the merit.

The Chief Secretary advised that details of the communication sent to GoI, MoF in the matter be provided to Commissioner/ Secretary (Finance), so that the State Government at its level takes up the issue with GoI for resolution of the same.

(Action: GoJK, Commissioner/ Secretary Finance / J&K Bank)

b) Special Regulatory Treatment on Asset Classification of Restructured Accounts in J&K State:

The Chairman stated that in the last (80th) J&K SLBC meeting it was decided that the matter regarding slippage of accounts to NPAs due to non-conducive environment in the valley should be taken up with the RBI and the State Government. Accordingly, the J&K Bank had submitted a proposal to RBI for consideration. But the RBI has stated that the issue should be resolved in the light of Para 52 of the RBI Master Circular RPCD No. PLFS.BC.1/05.04.02/2010-11 dated July 01, 2010, which laid down guidelines for relief measures by banks in areas affected by natural calamities, including the guidelines for extending rehabilitation assistance to the riot / disturbance affected persons, duly identified by State Administration.

The AGM, RBI, Mr. Pandey, clarified that the matter has to be discussed in DCC/DLRC meetings convened specially for the purpose. He stated that the instructions contained at Paras 52, 90 and 91 of the RBI Master Circular are sufficient to serve the purpose provided the Revenue Authorities ascertain the loss to the life and property of the people affected due to such calamity and also declare / notify such calamities in the area.. He requested that the RBI guidelines on the issue be circulated among all the banks for guidance.

Accordingly, it was decided that the RBI Circular under reference be circulated among all the member banks for guidance.

(Action: SLBC Secretariat)

Report on the matters referred to various sub-committees of J&K SLBC

1) 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:

The Special Secretary, Agriculture Production Department pointed out that the response from the banks for 100% coverage of farmers under KCCs in the identified blocks has been extremely poor. He stated that out of 10372 cases sponsored by APD in Kashmir division the banks sanctioned only 514 cases by the end of last financial year, which accounts for 5-6% achievement only.

Reacting to this, the Chairman pointed out that figures provided in the agenda papers reveal that the banks have sanctioned around 2000 cases.

Chairman, Ellaquai Dehati Bank informed the house that out of 500 cases sponsored to it by the APD, they had disbursed Rs.4.57 Crore in favour of 412 KCC holders during just 3 months period.

The Vice President (PS/GB), J&K Bank, informed that during the last year J&K Bank has issued 1115 KCCs to the farmers and disbursed Rs.20.37 Crores in their favour.

The Special Secretary, Agriculture Production Department explained that more than 9000 sponsored cases are still pending. He, however, informed that performance of EDB was comparatively better. He further stated that in order to ensure 100% coverage of the identified blocks under KCC Scheme, the government has to issue 57000 KCCs and therefore, the progress so far achieved by the banks cannot be taken as satisfactory.

Director, Horticulture Department, J&K Government, stated that the figures available with the banks probably are cumulative total of Agriculture and Horticulture, but even in respect of Horticulture the results were not encouraging. He informed the house that out of 1159 cases forwarded to banks upto 31.03.2011 only 285 cases were sanctioned.

Responding to a query of the Chief Secretary regarding the ceiling of credit available to a farmer under KCC Scheme, the AGM, NABARD, Mr. P.L.Negi, informed the house that as per the guidelines eligibility of the farmer is based on the type of crop he was growing, number of acres of land possessed and the scale of finance for the crop grown. He informed that there was no overall cap for the credit available under KCC Scheme.

Vice President, (LBD/J&K SLBC) clarified that scale of finance available under KCC Scheme is directly linked with the landholdings and the requirements of farmers are to be assessed. He pointed out that the question raised here was the disparity between the targets and achievements of banks, for which he suggested that LDMs can provide better answer.

Responding to this, Mr. M. A. Challu, LDM, J&K Bank, Zonal office (Central), Srinagar clarified that in respect of Srinagar district only 261 applications have been received out of which 254 were sanctioned so far.

Responding to the query of the Chairman regarding the achievements of J&K Bank viz-a-viz target fixed by the APD, the LDM, J&K Bank, Zonal Office (North) Baramulla, informed that J&K Bank B/U Bandipore has done some cases but not to the extent of the target fixed by the Agriculture Production Department.

Special Secretary, APD stated that 103 cases were sponsored out of which 9 cases have been sanctioned.

The Chief Secretary desired to know whether there was any procedural difficulty that was coming in the way of implementation of the KCC Scheme in the identified blocks. He also desired to know the experiences of bankers with regard to recovery of bank dues under KCC Scheme.

Chairman, J&K Grameen Bank responded by expressing satisfaction with the position of recovery of bank dues under KCC Scheme and informed that NPAs of JKGB under KCC Scheme hovered around 7-8%. He replied that J&K Grameen Bank has been sanctioning the cases directly and so far 2517 KCCs amounting to Rs.1.33 Crore had been issued without facing any procedural hassles.

President (A&AP), J&K Bank pointed out that Public Sector Banks by virtue of Interest Subvention facility offered the KCC product to borrowers in the range of 7-8% rate of interest, whereas J&K Bank, who have been deprived of the incentives of Interest Subvention, are offering the KCC product at 11-12% rate of interest, which was not an attractive proposition for farmers.

The Regional Manager, SBI pointed out that SBI was allotted Srinagar Block and the bank had recently invited Agriculture Department to village Malura, having intensive growing of vegetables. But the people from Agriculture Department failed to reach there. So SBI has of its own identified the farmers there and 100% coverage under KCC has already been made. He also informed that NPA percentage under KCC Scheme is far less as compared to normal lending.

The AGM NABARD pointed out that NABARD had been receiving cumulative figures from RRBs and Cooperative banks, but as for as Commercial Banks are concerned, no such figures are available with NABARD.

DGM, PNB pointed out that they have 3 cases of impersonation available with them under KCC Scheme and impressed upon the Agriculture Department to be more careful in sponsoring the cases to banks, as it could shake the confidence of banks.

Director Agriculture, Jammu, pointed out that Branch Managers seemed to have a reluctance to give loans under KCC Scheme as they were apprehensive that loans given under KCC Scheme should not hit their performance in the event of their impairment.

The Chief Secretary observed that the feedback available with the department was not adequate. So he stressed the need for having complete data available on the subject, so that in the next SLBC meeting the issue could be discussed in greater detail. He also advised that NABARD should look at the entire things as to how the Scheme was going and what are the lessons learnt. He advised that in case it was found that the Scheme is doing well, it needed to be promoted and given due publicity. Expressing his desire that Banks should themselves explore the possibilities of taking the initiative of doing the entire coverage under KCC, the Chief Secretary advised similar more innovative ways should be explored to address the needs of farmers in J&K State.

The Chairman stated that by all standards the performance of banks in ensuring 100% coverage of the identified blocks under KCC Scheme was very poor. He stressed the need to first have the figures of bankers' performance viz-a-viz figures of the APD reconciled. Thereafter, he suggested that NABARD should arrange a joint meeting of bankers and officers from the Agriculture Production Department to sort out the difficulties faced in the matter.

(Action: GoJK, Agriculture Production Deptt./ NABARD/ Member Banks)

Reiteration of instructions with regard to Acceptance of Affidavits in lieu of Revenue Records:

The Chairman stated that last time it was decided that banks should issue instructions with regard to acceptance of affidavits in place of revenue records in KCCs cases upto Rs.1.00 lakh, which the J&K Bank has already complied with. He expressed the hope that other banks might have also taken necessary action in the matter.

(Action: Member Banks)

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

The Chairman informed the house that recommendations of the Sub-Committee of J&K SLBC for continuance of the relaxations/ concessions to Trade & Industry in J&K State for a period of further two years have been already forwarded to Reserve Bank of India and the same is under consideration of RBI. The directive is awaited.

(Action: Reserve Bank of India)

3) Coordination Task Force of SLBC constituted in 80th SLBC meeting to look out for solutions to the day-to-day problems experience in implementation of various Government Sponsored Schemes:

The Chairman informed the house that first meeting of the said Coordination Task Force was convened on 22nd March 2011 at Jammu, wherein various issues coming in the way of implementation of GSS in J&K State were discussed. One of the main issues discussed in the said meeting was the pendency of cases under GSS and a number of decisions were taken to sort out the bottlenecks. He stated that the forum would need to meet again.

The Commissioner/Secretary, Labour & Employment, stated that so far as the issue of margin money/ subsidy being paid upfront is concerned, the government had its own system of release of funds, whereby the money is released to banks in phases, i.e. first 25%, then 50% in the months of September and October and so on. He, therefore, expressed that the government may not be in a position to pay the money to banks upfront as desired in the first meeting of the Task Force.

Reacting to this, the Commissioner/ Secretary Finance observed that it would not be a major issue for the government, as the total amount of subsidy/ margin money involved in all these schemes was not very huge. He suggested that the issue could be discussed on receiving the recommendations of the sub-group formed by the Task Force for the purpose and a mechanism worked out for release of at least 50% of the funds to banks in one go in the beginning of the FY itself and the rest could be released thereafter. He assured that the issue will be sorted out soon.

(Action: GoJK, Commissioner/Secretary Finance)

Delayed submission of data to SLBC and non-observance of the prescribed Calendar:

The Chairman observed that delayed submission of data to SLBC was a matter of grave concern. He advised the member banks and the Lead District Managers to strictly adhere to the prescribed time schedule for submission of data and other relevant information as per the Calendar of programmes issued by the SLBC Secretariat in terms of RBI guidelines so as to facilitate smooth compilation of the data and processing of agenda for convening of SLBC meetings strictly on time as per the Calendar.

(Action: Member Banks LDMs/ LBOs)

Agenda Items No: 81.01**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 March 2011**

The Chairman informed that J&K Bank had recorded 190% of its annual ACP target under priority sector lending thereby contributing 68% of total credit disbursed in the J&K State during FY 2010-11, while as SBI and PNB had achieved 63% and 59% of their respective annual ACP targets during the year. Other Commercial banks put together had recorded performance of just 40% of their aggregate ACP target during the year. The Chairman observed that by any standard the achievement of the public sector banks could not be considered satisfactory and desired to have comments of the State Bank of India and Punjab National Bank in the matter.

Responding to this, the DGM, SBI stated that although the performance of SBI was slightly higher than what has been recorded in the agenda papers, still then the performance of the bank is very low as compared to J&K Bank. He assured to take steps to improve the performance of the bank in future.

DGM, Punjab National Bank, giving his viewpoint accepted that the performance of the bank was very low accept in Agriculture Sector where the bank has recorded performance of 153% of its target. However, he assured that PNB would definitely take necessary steps to improve the performance in future.

The Chief Secretary desired to know whether the national benchmark of 40% for priority sector is being maintained in J&K State and stressed the need for fixing the targets for the priority sector in such a way so as to ensure that the national benchmark of 40% is maintained.

Responding to this, Vice President (SLBC) Mr. M. S. Wani clarified that total outstanding credit of all banks in J&K State stood at about Rs.16252 Crore and 40% of that is required to be under priority sector, which works out to Rs.6400 Crore, compared to which the priority sector credit in J&K State as on 31.3.2011 stood at Rs.10,107 Crore being 62% of the total outstanding credit in the State, thereby overachieving the said target considerably. He further clarified that the national benchmarking in Priority Sector and other sub-sectors were parameterized on the overall outstanding credit, which is reflected in the agenda item No.81.04 (Bank Credit at a glance), and not on the incremental credit disbursements made during the year.

AGM, RBI confirmed that the over all priority sector target for FY 2010-11 has been over-achieved in J&K State, but he pointed out that as far as credit to Agriculture Sector is concerned, against the national benchmark of 18%, the banks in J&K State have achieved just 11%, which was definitely a cause of concern.

Agenda Item No.81.02

Credit under Government Sponsored Schemes:

The Chairman informed that against the annual ACP target of Rs.364.27 Crore for 30,098 beneficiaries for all banks operating in the State, the achievement of banks at the end of 31st March 2011 under five major GSS, viz. SGSY, SJSRY, PMEGP, JKSES and SC/ST/OBC, stood at Rs.190.49 Crore spread over 12,222 beneficiaries in all the three regions of the State, thereby registering a performance of 52% in financial and 41% in physical terms.

The Chairman further pointed out that the performance of banks under these poverty alleviation and employment generation Government Sponsored Schemes was dismally poor and there was urgent need to take some concrete steps for improving the performance under these schemes, which happen to be the main contributors for the economy of the State.

Joining deliberations on the issue, the Commissioner/ Secretary, Labour & Employment pointed out that there is discrepancy in the targets fixed by SLBC and the allocation of funds made by the Government to meet the margin money/ subsidy requirements for the said targeted cases. Regarding the performance of JKSES, the Commissioner/ Secretary, Labour & Employment stated that although last year the entire amount of subsidy/ margin was released, still the loan component has gone down to just Rs.82 Crore.

Responding to a query of the Chairman as to whether the subsidy/ margin money was released by the government in the month of March or April, the C/S Labour & Empl. Informed that the entire Subsidy/ margin money was released by the government by the end of December 2010 owing to constraints of funds for the purpose. He informed the house that the Hon'ble Chief Minister was pleased to sanction additional funds during some district Board meetings.

The Commissioner/Secretary Finance desired to know whether the targets were being fixed as per the national norms and guidelines or not.

Responding to this, Vice President (SLBC) Mr. M. S. Wani clarified that the exercise of fixing the targets for the next financial year is made by DCC/DLRC level in the month of October when the PLP exercise is undertaken by NABARD, so the basic targets for SLBC are worked out and calculated much in advance of the budgetary allocations are advised by Govt. These DCP targets once received by SLBC are just consolidated after being provided by DLRCs to prepare the ACP for the State. He informed the house that targets for PMEGP Scheme for the FY 2011-12 have been received early this year for the first time ever as the same have been delivered by KVIC today in the morning. Based on this the SLBC Secretariat will be rationalizing the targets and advising modifications in the ACP for PMEGP.

The Chairman stressed the need for creating a link between the margin money and subsidy available with the State Government with the cases that would be sanctioned in the banking system.

The Commissioner/Secretary, Labour & Employment, joining deliberations on the issue, stated that banks sanction the cases first and thereafter government releases the margin money/ subsidy against the sanctioned number of cases.

Responding to this, the Chief Secretary emphasized the need for releasing of margin money/subsidy to match with the corresponding targets fixed under ACP in advance for a particular year; otherwise these targets could never be achieved. He made it clear that the real issue was whether you have enough commitment of margin money/ subsidy available to support your Annual Credit Plan targets. He advised that after the targets are received from the field level the matter should be taken up with the Finance Department for providing the required amount of money to meet the financial requirements of margin money and subsidy corresponding to the number of cases fixed under ACP. Similarly, in the case of PMEGP, the Chief Secretary advised that the matter should be taken up by the concerned department in Government of India with the request that for accomplishment of the targets further funds be sanctioned and released to meet the needed shortfall for margin money/ subsidy. Otherwise, an exercise should be undertaken to ascertain how much we are falling short, so that in such circumstances the targets could be revised and lowered to the extent the margin money/ subsidy amounts are available. He desired that similar exercises should be undertaken for all the Government Sponsored Schemes.

(Action: Concerned Government Departments and Sponsoring Agencies)

Summing up the discussion on the issue the Chairman emphasized that the commercial banks and other Financial Institutions are supposed to ensure that the pace of sanctioning and disbursement of the Government Sponsored Cases is substantially accelerated.

(Action: Member Banks)

Agenda Item No: 81.03

Performance under Handicrafts / Handloom / Credit-cum-Subsidy Scheme for Rural Housing Schemes as at the end of March 2011:

The Chairman informed that under Handicrafts Scheme against the annual ACP target of Rs.17.82 Crore for 3,435 beneficiaries for all banks operating in the State, the banks have disbursed a total amount of Rs.4.79 Crore to 720 beneficiaries during the FY 2010-11, thereby registering a performance of 26.88%

Similarly, under the Handloom Scheme, against a target of Rs.9.82 Crore for 1,401 beneficiaries, the banks operating in the State have disbursed total credit of Rs.1.39 Crore in favour of 218 beneficiaries by the end of March 2011, thereby registering a performance of 14.15% during the FY 2010-11.

The position was considered as very dismal and member banks were advised to take necessary steps urgently, so as to ensure substantial improvement in their performance under these schemes in future.

(Action: All member banks/ financial institutions)

Agenda Item No: 81.04**BANK CREDIT AT A GLANCE (OVERVIEW OF CREDIT SCENARIO IN J&K STATE)****Statistical data of various Banks in J&K State at the end of March 2011:**

The Chairman observed that the overall Credit Deposit Ratio in the J&K State has come down from 44.76% as on March 2010 to just 35.57% as on March 2011, which was a matter of concern for all the concerned quarters. Commenting on the bank-wise details, he stated that among major commercial banks J&K Bank has managed a C. D. Ratio of 38%, SBI 24%, UCO Bank 41%, PNB at 28.60% and observed that almost in respect of all the banks the C. D. Ratio has come down from the position that prevailed as at the end of March 2010. The Chairman pointed out that the overall credit since March 2010 upto March 2011 by all the nationalized banks put together has decreased by Rs.865 Crores, whereas in case of J&K Bank it has decreased by Rs.1209 Crore.

The Chief Secretary remarked that against the national benchmark of 60% the C. D. Ratio in J&K State is hovering around 35% and is getting worse every year. He stated 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 further stated that people were depositing money but banks did not lend enough, not only to the priority sector but in overall terms too.

Reacting to this, the Chief Secretary observed that the lending target for the State needed to be higher than what was being fixed under the Plan, only then the Credit Deposit Ratio of the State could be improved, otherwise with the given targets we were enabling the CDR to come down. He desired to know as to what type of policy initiatives were required to improve the C. D. Ratio.

The AGM, RBI pointed out that the Private Sector banks, which have opened branches in J&K State were not making any lending to Government Sponsored Schemes and other related segments. He also stated that owing to the Reserve Bank of India becoming banker to the State Government C. D. Ratio in the State took a hit.

Commissioner/ Secretary, Industries & Commerce, stated that SBI, PNB and other Public Sector Banks were not doing much lending in J&K State.

Commissioner/ Secretary Finance stated that Rangarajan Committee has also examined this aspect and found that lot of supplies and material gets supplied to the State from outside and observed that had those enterprises been present locally, it would have given a push to the enterprise in the State and also the money would have been retained within the State. He informed that in the 12th Five Year Plan the government was going to commit a lot of resources to infrastructure so that investment could come up in those areas. He suggested that C. D. Ratio in the State could be improved if banks lend into the power sector and in other big projects in the State.

DGM, SBI, Mr. K. K. Iyer pointed out that with the given deposit figure of Rs.45000 Crore in order to have a C. D. Ratio of 60% (national benchmark), there was need to enhance the outstanding credit of the State to Rs.30000 Crore, which would mean that further growth of more than 13000 Crore in outstanding credit is required, which was not possible with the available resources. He also pointed out that NABARD PLP does not envisage relevant growth as of now to achieve overall credit targets in line with C. D. Ratio.

AGM, NABARD observed that the targets fixed under the PLPs prepared by NABARD are being achieved. He, however, stated that of course NABARD did not take care of deposits in the PLPs because of the fact that liquidity is not a problem in J&K State and that in the event of any resource crunch NABARD is there to lend.

The President (A&AP), J&K Bank, Mr. Parvez Ahmad reacting on the issue highlighted that out of aggregate outstanding credit of all banks operating in J&K State at Rs.16,252 Crore, the J&K Bank alone contributed a dominant share of 68% with a portfolio of Rs.10962 Crore. However, in the deposit portfolio of Rs.45,694 Crore in the State the J&K Bank is having a lower market share of 62%. It indicated that other banks operating here are more focused in mobilization of deposits rather than making advances. He suggested that the Public Sector Banks having adequate infrastructure & resources should devote their attention to enlarge their credit portfolios in the State to improve C. D. Ratio.

The Chief Secretary observed that it was not feasible to enhance the outstanding credit by Rs.13000 Crores in one year, and suggested that such enhancement could be done with incremental increases over the years.

(Action: All Banks/ Financial Institutes)

NIRD Study Report

AGM, RBI invited attention of the members to the Study Report of NIRD and desired that SLBC should henceforth look into the qualitative aspect of the various Government Sponsored Schemes rather than looking at the achievements of financial targets only.

Reacting to this, the Chief Secretary desired that for looking into the qualitative aspects of the Government Sponsored Schemes there would be need to constitute specific joint groups comprising of members from the concerned departments and the financial institutions, if not already existing.

The Vice President (SLBC) informed the forum that a Coordination Task Force had already been constituted in the 80th J&K SLBC meeting for the purpose. Commenting on the NIRD study report, he pointed out that the Report gives a very dismal picture about the performance of GSS elsewhere in the country, whereas, the position prevailing in J&K State is comparatively better.

The Chief Secretary advised that Task Force already constituted by the J&K SLBC could take up the assignment of looking into the qualitative aspect in addition to physical and financial aspects.

(Action: SLBC Secretariat)

Agenda Item No: 81.05

ACHIEVEMENT UNDER SELF HELP GROUP (SHG):

The position was taken on record.

Agenda Item No: 81.06

Credit Delivery to MSMEs:

The Chairman apprised the house about the progress achieved by banks on implementation of IBA package on MSMEs and other productive sectors as at the end of March 2011. It was observed that the instructions on this account were being complied with in letter and spirit.

Agenda Item No: 81.07

Achievement under Kissan Credit Card Scheme:

The progress achieved by the banks as at the end of March 2011, was taken on record. Banks / financial institutions operating in the State was advised to take all necessary steps for promoting the Kissan Credit Card Scheme in the State.

(Action: All Banks/ Financial Institutes)

Agenda Item No: 81.08**Review of position as per key indicators for monitoring flow of credit in J&K State as of 31st March 2011:**

The position regarding key indicators of performance of banking sector in J&K State as at the end of March 2011 was taken on record. It was observed that the Credit Deposit Ratio of the State has come down from 44.76% as on 31.3.2010 to just 35.57% as on March 2011. Besides, the share of Agriculture Advances to total advances in the State was far less than the national benchmark of 18%. All the member banks were advised to make concerted efforts to improve the Credit Deposit Ratio and also enhance credit delivery to Agriculture Sector.

(Action: All Banks/ Financial Institutes)

Agenda Item No: 81.09**Interest Subsidy Scheme for Housing the Urban Poor (ISHUP):**

It was noted that there has been no progress in implementation of the ISHUP Scheme in J&K State so far. The Chief Secretary stressed the need for ascertaining the factors that come in the way of people to take loans under this scheme for housing needs in the urban areas of the State.

The DGM, SBI pointed out that under ISHUP Scheme the scale of finance was very low at just Rs.1.00 lakh that is why the scheme was not so attractive for the people.

The Principal Secretary, Housing & Urban Development pointed out that there was not enough appetite for housing for the urban poor.

The Vice President (SLBC), J&K Bank highlighted that the main reason for nil performance under the scheme was that the State Urban Development Agency (SUDA) nominated by the State Government as the sponsoring agency for the Scheme, has not so far organized to sponsor a single case to the banks.

After a brief discussion, the Chief Secretary advised that Housing & Urban Development, under which SUDA comes, will look into this issue and ascertain as to why cases under the Scheme are not being sponsored to banks.

(Action: GoJK, Commissioner/ Secretary, Housing & Urban Dev.)

Agenda Item No: 81.10**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 31st March 2011 was taken on record.

Agenda Item No: 81.11**Preparation of Annual Credit Plans (ACP):**

The Chairman observed that as already discussed under Agenda Item No. 81.04, the Annual Credit Plan for the FY 2011-12 at Rs.3,472 Crore was not adequate and realistic in the light of the fact that the achievement during the last FY (2010-11) already stood at Rs.3,049 Crore and therefore no desirable increase has been envisaged in the Plan. He desired that SLBC needed to be more realistic and practical and should formulate the Annual Credit Plan keeping in view the actual achievements made by the banks during the previous financial year.

The Commissioner/ Secretary Finance, J&K Government, expressing agreement with the views of the Chairman, stated that the ACP for the CFY should be at least 10% more than the achievements made during the previous financial year.

Vice President (SLBC) stated that our total lending as on 31.3.2011 stood at Rs.16252 Crore against the total deposits of Rs.45694 Crore, thereby we are short of the requisite 60% Credit Deposit Ratio, which is the primary benchmark at the national level, which he stated required a pushing and ambitious credit budget. He informed the house that based on the Credit Budget prepared by NABARD for the State; SLBC has come up with the Annual Action Plan for FY 2011-12, i.e. the Credit Budget for the State, which was incorporated in the Agenda at Item No. 81.11 for being adopted by the house. He informed that as per the said ACP the total flow of credit expected in the CFY would be Rs.3,274 Crore. But out of that credit flow the retention ultimately at the end of the FY would never exceed 20%, so with the total credit budget of Rs.3,274 Crore for full FY, there would be merely a possible increase of Rs.650 Crore in the total outstanding credit of the State, meaning that with the total Credit Budget of Rs.3,274 Crore we were basically budgeting enhancement of outstanding credit of the State from the existing Rs.16252 Crore to just around Rs.17000 Crore during the CFY. Therefore, he stated that the defect lied right away in the PLP preparation and budgeting, which needed to be opened up and rationalized.

AGM, NABARD pointed out that in case NABARD was asked to prepare the PLP linked to the C. D. Ratio, NABARD would do so, but in that case SLBC will have to see whether there is adequate potential available in the districts and whether such a Credit Plan would be achievable.

The Chairman stated that though just inflating the Credit Plan to a level that was non-achievable would not serve any purpose. Yet he reiterated that accepting the ACP of Rs.3,274 Crore would mean accepting a static credit plan. He, therefore, suggested increasing the existing Credit Plan by at least 10-15%.

The Chief Secretary remarked that the achievements made during a particular year should become the basis for fixing targets for the next Financial Year. He stated that the Annual Credit Plan of Rs.3,274 Crore for the FY 2011-12, needed to be enhanced by at least 10%, which he stated would be achievable and realistic.

After a threadbare discussions, it was decided to prepare a revised Annual Action Plan for FY 2011-12 after apply 10% increase across the board.

(Action: SLBC Secretariat/ Lead District Managers)

Agenda Item No: 81.12

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

The Chairman informed that the identified five un-banked blocks in J&K, four blocks, viz. Block Duggan (District Kathua), Block Gundana (District Doda), Block Pahloo (District Kulgam), Blocks Wadwan and Nangseni (District Kishtwar), have been already covered by opening of new bank branches by J&K Bank, J&K Grameen Bank and Ellaquai Dehati Bank, to whom these unbanked blocks were allocated by the J&K SLBC. He further informed the house that henceforth J&K SLBC would focus and prioritize planning to address the under-banked blocks of the State.

The President (FSD/CCD), J&K Bank, Mr. Tafazal Hussain informed the house that Reserve Bank of India has declared 4 districts of Anantnag, Kupwara, Doda and Poonch as under-banked. Accordingly, J&K Bank has planned this year to add almost 149 branches mostly in these under-banked districts, as the requirement is that 33% of new branch expansion of the Bank should go to the under-banked districts.

The position was taken on record.

Agenda Item No: 81.13**I) RBI directive regarding providing of banking services in all the un-banked villages having population of 2000 and above:**

The Chairman informed the house that progress on implementation of the Roadmap/ State FIP is being regularly monitored by the SLBC and upto the end of 31st March 2011 out of the 795 identified un-banked villages having population over 2000 in J&K State, 417 villages have already been covered.

The position was taken on record and the concerned banks were advised to ensure implementation of the State FIP in letter and spirit.

(Action: J&K Bank, SBI, PNB, JKGB and EDB)

II) IBA initiative –**Financial Inclusion – Awareness Campaign at the Ground Level – meeting with banks:**

Since the representative of Indian Banks Association (IBA) could not attend the meeting because of their pre-occupations, the issue could not be deliberated in the meeting. However, it was desired that the initiative of IBA should be taken forward in the desired way.

Agenda Item No: 81.14**Implementation of 100% Financial Inclusion in J&K State:**

The position of No-frills accounts as at the end of March 2011 was taken on record. The Lead District Managers/ Lead Bank officers were impressed upon to ensure that the Roadmap adopted in 79th SLBC meeting for achievement of 100% financial inclusion in their respective districts is implemented in letter and spirit and the progress in the matter is reported to SLBC Secretariat regularly on quarterly basis.

(Action: All LDMs/ LBOs in J&K State)

Agenda Item No: 81.15**Setting up of Rural Self Employment Training Institutes (RSETIs):**

Emphasizing that the RSETIs programme needed to be accorded a very high priority, the Chief Secretary desired to know the progress made by the concerned two banks, viz. J&K State in its 12 lead districts and SBI in its 10 lead districts, as per the allocations already made by the J&K SLBC.

Responding to this, the President (A&AP), J&K Bank, informed that the J&K Bank has so far appointed Directors for 5 RSETIs and already operationalized one RSETI in district Baramulla w.e.f. 14/02/2011, where one training programme has been already conducted. He further informed that premises for housing two more RSETIs in districts Anantnag and Pulwama have been already taken on hire by the Bank.

DGM, SBI, Mr. K.K.Iyer, reporting progress of SBI, informed that the Bank has so far operationalized RSETIs in their 5 lead districts, viz. Districts Samba, Udhampur, Reasi, Kathua and Jammu.

The Chief Secretary appreciated that the process of setting up the RSETIs in J&K State in terms of the Gol guidelines had already started but cautioned that the process needed to be completed very soon and not dragged on to March 2012. He stated that though there are institutions like J&K Entrepreneurship Development Institute (J&K EDI) already running at the State-level, but they do not have any reach in the districts and we have felt the need for some kind of networking of the EDI with other such institutions. He advised that since the RSETI concept has been tried and tested, therefore we need to fast-track issue in J&K State and fix target for this high-priority issue.

SBI – Roadmap for setting up of RSETIs at divisional level:

The representative of State Bank of India, Mr. V. P. Sharma requested the house to permit them to set up two more RSETIs for the remaining 5 districts, i.e. One RSETI for two districts of Doda and Kishtwar and One RSETI for Kargil and Leh, whereas District Ramban would be linked to the existing RSETI in district Udhampur in view of the fact that number of trainees sponsored by DRDAs are not sufficient. He assured that after the things stabilize, SBI will open the RSETIs in these three districts also.

Declining the proposal of SBI, the Chief Secretary advised that the decision once taken should not be changed. He reiterated that the decision to have an RSETI in every district of the State is very correct.

- **Both the banks were advised to go ahead with setting up of RSETIs in their respective lead districts and ensure that by the end of July, 2011 all the 22 RSETIs are functional from a capacity building and training angle.**
- **Besides, the Director, EDI, Mr. M. I. Parray was advised to start networking with those of the RSETIs, which have already been set up in the State.**

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

Allotment of land by the State Government:

The Vice President (SLBC) requested the government to consider allotment of land for setting up the RSETIs on priority basis. He pointed out that for seeking assistance of Rs.10.00 lakh from Gol to meet the rentals for hired premises of RSETIs, the Gol has made it mandatory to produce land allotment document from the State Government, without which the RSETIs would not be able to seek the grant assistance from Gol to meet the rent for premises.

DGM, SBI, joining deliberations on the issue stated that he had written a D. O. letter to Mr. Kapur, the then Chief Secretary of J&K State, requesting therein for allotment of land for the RSETIs to be set up by SBI, but despite continuous persuasion over the last more than a year, the government has not allotted the land.

Summing up the deliberation on the issue, the Chief Secretary assured to personally look into the matter.

(Action: Chief Secretary, J&K Government)

Agenda Item No: 81.16**Report of the High Level Committee to review Lead Bank Scheme-Implementation of the recommendation:**

The Government was reminded to initiate action on the actionable points pertaining to them to facilitate the process of implementation of the recommendations.

(Action: Government of J&K)

Agenda Item No.81.17**Guidelines relating to MG-NREGA payment to wage earners – impeding factors:**

President (FSD/S&BD), J&K Bank, Mr. Tafazal Hussain stated that if the system is put by the government in the electronic mode, banks would be enabled to expand operation in the State.

Reacting to this, the Commissioner/ Secretary (Finance), J&K Government stated that it was already the decision of the government to put the system in electronic mode, for which Reserve Bank of India had previously proposed an incentive scheme to quicken the pace of adoption of the EBT mechanism by banks whereunder RBI would partially reimburse the banks the cost of opening accounts with bio-metric access at

Rs.50/- per account through which payment of social security benefits, NREGA payments and payments under other government benefit programmes would be routed. He, however, pointed out that the J&K Bank had not moved forward on that issue. He further stated that from the Government side there was no problem and desired that all the banks operating in the State should participate in this.

(Action: Member Banks/ Financial Institutions)

Agenda Item No.81.18

Drawing up of Yearly Calendar of SLBC meetings to be held during the year:

The Yearly Calendar of SLBC meetings drawn in terms of RBI guidelines dated December 29, 2010, was adopted by the house. All the members were advised to reserve the dates indicated in the Calendar for being available for the SLBC meetings.

(Action: All members of J&K SLBC)

All the member banks/ Lead District Managers were advised to ensure submission of data to SLBC strictly as per the cut-off dates mentioned in the Calendar.

(Action: Member Banks / LDMs/ LBOs)

Agenda Item No.81.19

Nomination/ Designation of a Nodal Officer for SLBC by the State Government:

The Chief Secretary nominated the Administrative Secretary of the Finance Department, J&K Government to be the Nodal Officer for J&K SLBC.

(Action: Finance Department, J&K Government)

Agenda Item No.81.20

Indira Gandhi Matritva Sahyog Yojana (IGMSY):

The Scheme was adopted by the house for implementation in the specified two districts of the J&K State, viz. District Kathua and District Anantnag.

Other issues deliberated in the meeting:

1) Review of Performance of banking sector for the quarter ended December-2010:

The Chairman stated that the performance of banking sector for the quarter ended March 2011 have been reviewed by the house, which automatically has taken care of the previous quarter also. Therefore, the position as of quarter ended December 2010 was taken as having been reviewed.

Concluding remarks of the Chief Secretary:

In his concluding remarks, the Chief Secretary highlighted the following issues that needed special focus:

- 1. Credit Deposit Ratio of the State is very adverse and there is need to strategize on that. He stated that all the constraints at the field level as well as the policy making level need to be recognized and steps taken to improve it. For this purpose he expressed his intention to make a request to the Economic Adviser, J&K Govt. that in overall macro terms if there are any policy or strategic issues involved to overall improve the C. D. Ratio, the Government should do the same.**

2. Keeping in view the achievements made during the previous FY, the existing Annual Action Plan for J&K State for FY 2011-12 at Rs.3,274 Crore, needs to be enhanced by 10% across the board.
3. As regards annual targets for various Government Sponsored Schemes, the concerned administrative departments should immediately workout as to what is the corresponding resource flow for margin money/ subsidy that should match these targets and accordingly take up the matter with the Planning Department and the Gol, so that these targets become realistic and workable. Problems, if any faced in this initiative need to be reported to SLBC.
4. At every level there is need for introspection as to which are the areas where there is scope for improvement.
5. Kissan Credit Card Scheme needs focused attention and maximum coverage should be ensured for the farmers under the Scheme, so that at the end of the year we are able to claim that we have taken care of the needs of farming community.
6. The institutional mechanism that has been previously worked upon in detail and a decision previously taken that all the districts must have RSETIs must be put in place, so that proper information flows about various schemes of the Government, about the schemes of financial institutions. This Gol programme needs to be accorded priority and vigorously pursued.
7. Flow of credit particularly to the priority sector should be accorded high priority.
8. The Chief Secretary stated that the agenda and the subsequent minutes, which will follow, should provide complete details and also clearly indicate to the banks both at the State levels as well as at the levels below, as to what they have to do.
9. He expressed the hope that in the next meeting we will be able to get a very positive picture of what has actually transpired at the field level.

Vote of Thanks:

Giving vote of thanks, the Vice President, J&K SLBC, expressed his sincere thanks to the Chief Secretary for his encouraging remarks and valuable guidance. He also thanked all the members for making the deliberations in the meeting meaningful and purposeful. He expressed the hope that compliance levels will further improve so as to give a new direction to the credit growth in the State for enterprise building and for the benefit of development of the State.

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

Annexure-A
List of Participants of 81st Meeting of SLBC (J&K State)

S No.	Name	...	Designation / Department
<u>Chairman (Convenor J&K SLBC)</u>			
1.	Mushtaq Ahmad	...	Chairman & CEO, J&K Bank
<u>J&K Government</u>			
2.	Madhav Lal	...	Chief Secretary, J&K State
3.	Suresh Kumar	...	Principal Secretary, Housing & Urban Development
4.	Sudhanshu Panday	...	Commissioner/Secretary, Finance
5.	Umang Narula	...	Commissioner/Secretary, Ind. & Comm.
6.	F. A. Peer	...	Commissioner/ Secretary, Labour & Employment
7.	Irshad Ahmad	...	Special Secretary, Law,
8.	Mushtaq Siddiqi	...	Special Secretary, Finance
9.	Zubair Ahmad	...	Special Secretary, Agriculture Production Department
10.	Ajay Khajuria,	...	Director, Agriculture Jammu
11.	Farooq A. Lone	...	Director, Agriculture Kashmir
12.	Dr. G. H. Shah	...	Director, Horticulture (Kashmir)
13.	Ms. Chandra Gupta	...	Director, Handlooms Department
14.	Dr. M. I. Parray	...	Director, J&K EDI
15.	Virinder Sharma	...	Director, MSMEs
16.	A. R. Makroo	...	MD, J&K State Financial Corporation
17.	A. A. Bhat	...	MD, J&K Development Finance Corporation
18.	M. Muazzam	...	MD, J&K SIDCO
19.	Rakesh Jamwal	...	Jt. Director, RDD
20.	Gh. Hassan Eachkot	...	Dy. Director, Rural Dev., Srinagar
21.	M. I. Zargar	...	Dy. Director (Plg.), Rural Dev. Department
22.	Ved Raj	...	Dy. Director (Handicrafts)
23.	Abid Hussain	...	Dy. Director, Employment, Anantnag
24.	Riyaz Ahmad Beigh	...	DWSW, Budgam
25.	Arshad Majid Bhat	...	Divisional Manager Kashmir, SC/ST/OBC Dev. Corporation
26.	Purnima Mittal	...	Chief Executive Officer, Urban Dev. Agency (K)
27.	M. Sadique	...	Assistant Director; KVIC, Srinagar.
28.	Ravinder Singh	...	Secretary, KVIB
29.	Anal Gupta	...	Special Secretary, Tourism
<u>Reserve Bank of India</u>			
30.	Ramesh Chand	...	DGM, RBI,
31.	D. P. Sharma	...	DGM, RBI, OIC, Srinagar
32.	H. M. Panday	...	Assistant General Manager, RBI, Jammu
<u>Convenor Bank (J&K Bank)</u>			
33.	A. K. Mehta	...	Executive Director/COO, J&K Bank
34.	G. M. Sahibzada	...	President (LBD/SLBC/FI), J&K Bank
35.	Tafazal Hussain	...	President (FSD/CCD), J&K Bank
36.	Parvez Ahmad	...	President (A&AP), J&K Bank
37.	M. S. Wani	...	Vice President (LBD/SLBC/IT) J&K Bank
38.	N. A. Parimoo	...	Vice President, J&K Bank, Z.O. Kashmir (North)
39.	Abdul Rauf Bhat	...	Vice President, J&K Bank (PS/GB)
40.	B. A. Lone	...	Vice President (Law), J&K Bank,
41.	F. M. Gani	...	Vice President (FI), J&K Bank,
42.	G. R. Bhat	...	Sr. Executive Manager (LBD/J&K SLBC)
43.	M. A. Ansari	...	Sr. Executive Manager (A&AP), J&K Bank

NABARD

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| 44. V. V. V. Satyanarayana | ... | GM, NABARD, |
| 45. P. L. Negi | ... | AGM, NABARD, |

SIDBI

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| 46. Neeraj Srivastava | ... | AGM, SIDBI, Jammu |
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Other Public Sector Banks

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| 47. K. K. Iyer | ... | DGM, State Bank of India, Zonal Office, Jammu |
| 48. Ashok Gupta | ... | DGM, Circle Head, Punjab National Bank, Jammu |
| 49. A. U. Tak | ... | Regional Manager, SBI, Srinagar |
| 50. V. P. Sharma | ... | AGM, Lead Bank, SBI, LHO, Chandigarh |
| 51. M. L. Mir | ... | Area Manager (AGM), Punjab National Bank, Srinagar |
| 52. B. Akbaraly | ... | DGM, Central Bank of India, Z.O. Chandigarh |
| 53. S. A. Nehvi | ... | Manager, HDFC Bank, |
| 54. M. M. Kashyap | ... | Regional Manager, Central Bank of India, Amritsar |
| 55. Bachan Singh | ... | Sr. Manager, Srinagar |
| 56. Harish Gupta | ... | Branch Manager, IDBI, Jammu |
| 57. P. J. Singh | ... | Chief Manager, UCO Bank |
| 58. A. S. Cheema | ... | DGM, Oriental Bank of Commerce, R.O. Amritsar |
| 59. P. K. Bhandari | ... | Zonal Manager, Bank of India, Z.O. Ludhiana |
| 60. Manjunatha B.M. | ... | Manager, Canara Bank, Residency Road, Srinagar |
| 61. Girdhari Lal, | ... | BM, Dena Bank, Exchange Road, Srinagar |
| 62. Suresh Kumar | ... | BM, Syndicate Bank, Exchange Road, Srinagar |
| 63. Jan Kanjwal | ... | Manager (Credit), HDFC Bank |

Regional Rural Banks

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| 64. Raja Abdul Lateef | ... | Chairman, J&K Grameen Bank |
| 65. A. K. Razdan | ... | Chairman, Ellaquai Dehati Bank |

Cooperative Banks

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| 66. R. K. Koul | ... | DGM, J&K State Cooperative Bank |
| 67. B. A. Lone | ... | MD, Baramulla Central Coop. Bank |
| 68. R. S. Salathia | ... | DGM, JCC Bank, Jammu |
| 69. M. L. Sharma | ... | DGM, JCC Bank, Jammu |

LDMs/ LBOs

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| 70. M. A. Chuloo | ... | LBO, J&K Bank, Z.O.K (Central) |
| 71. Tassaduq Mohammad | ... | LBO, J&K Bank, Z.O.K (Central) |
| 72. Attaullah Makhdoomi | ... | LBO, J&K Bank, Z.O.K. (North), Baramulla |
| 73. G. R. Kumar | ... | LBO, J&K Bank, Pulwama/ Shopian |
| 74. S. L. Dhar | ... | LBO, J&K Bank, Anantnag |
| 75. M. S. Ayaz | ... | LBO, J&K Bank, Kulgam |
| 76. F. A. Gojwari | ... | LBO, J&K Bank, Bandipora |
| 77. Muzaffar Hussain | ... | LBO, J&K Bank, Kupwara |
| 78. K. C. Dogra | ... | LBO, J&K Bank, Rajouri/Poonch |
| 79. R. L. Lochan | ... | LDM, SBI, Reasi |
| 80. K. Sadhotra | ... | LDM, SBI, Udhampur |
| 81. R. L. Waza | ... | LDM, SBI, Doda and Ramban |
| 82. Basant Ram | ... | LDM, SBI, Kargil |
| 83. A. N. Bhardwaj | ... | LDM, SBI, Leh |
