

**SEGMENT-1 (REVISION)**

**CONFIRMATION OF MINUTES OF  
86<sup>th</sup> MEETING OF J&K SLBC HELD ON 25<sup>th</sup> AUGUST 2012**

The minutes of 86<sup>th</sup> meeting of J&K SLBC held on 25<sup>th</sup> August 2012 at Srinagar to review the performance / achievements of the banks / financial institutions operating in the State as at the end of June 2012 were webcast on the website of J&K SLBC [www.jkslbc.com](http://www.jkslbc.com) and were also published and circulated among the members vide J&K SLBC office reference No. LBD/SLBC-86/2012-429 dated 05.09.2012. The actionable points have been indicated to the concerned quarters for taking desired action.

No amendments to the said minutes of the meeting have been advised by any of the concerned quarters.

**The house is requested to confirm the said minutes.**

**ROLLED OVER ACTIONABLE POINTS OF THE EARLIER SLBC MEETINGS  
(FOLLOW UP OF OUTSTANDING ISSUES)**

**1) Legislating SARFAESI Act:**

Agenda Item/ Date of SLBC	Summary of decisions/ Action points.	Primary responsibility	Action taken / Status
<p><b>73 (b)</b> <b>18.06.2008</b></p>	<p>Removal of legal glitches to enforce SARFAESI Act in J&amp;K State</p>	<p>Commissioner/ Secretary (Law), J&amp;K Govt.</p>	<p>In the 86<sup>th</sup> SLBC meeting Secretary Law Department, J&amp;K Govt. informed the house the decisions taken in the meeting held at New Delhi on the subject that:</p> <ul style="list-style-type: none"> <li>• Go J&amp;K will make a provision similar to Section 13(4) which gives the banks an advantage in their State Act for protecting the legitimate interests of banks and other FIs, so that they increase their credit portfolio in the State for economic growth and employment generation in the State;</li> <li>• GoI shall in due course take steps for modifying the SARFAESI Act so that appropriately the state legislation takes place in lieu of this provision of the Central legislation; and</li> <li>• GoI shall also immediately initiate action to amend the Security Interests Enforcement Rules 2002 to provide that in case of sale of immovable property in J&amp;K State the provisions of J&amp;K Transfer of Property Act shall apply and prevail in J&amp;K State.</li> </ul> <p>The Secretary Law stated that first action has to be taken by the State Govt. and the process has been initiated in consultation with the Finance Deptt. He further stated that the GoJ&amp;K contemplates to submit the issue to cabinet very shortly for this amendment.</p> <p>Clarifying the position of GoI, MoF in respect of other two points the Director MoF stated that GoI has resolved all concerns regarding this act and has already modified the rules and made the provision and that the Secretary, DFS in his communication to State Chief Secretary has sought to make similar provisions in the Act of the State. He requested the State Government to take action in the matter on a priority basis.</p>

No further progress has been reported so far.

**Government of J&K State may inform progress in this regard.**

**2) Implementation of Handloom package:**

Agenda Item/ date	Summary of decisions/ Action points.	Status
<p><b>84.19</b> dated 18.2.2012</p>	<p>(i) Revival, Reforming and Restructuring Package for Handloom Sector; (ii) Comprehensive Package for Handloom Sector &amp; (iii) Weavers' Credit Card Scheme announced by GoI, Ministry of Textiles.</p>	<p>In 86<sup>th</sup> SLBC meeting it was resolved that first of all MOU has to be signed by State Govt. with GoI and thereafter bankers operating in the State will have to take the administrative decision about the financial commitment to be made in this regard.</p> <p>The CGM, NABARD stated that:</p> <ul style="list-style-type: none"> <li>(i) The State Govt. was required to give the letter of commitment, which they have already done;</li> <li>(ii) Audit of the Cooperative Societies was to be completed by the Government; and</li> <li>(iii) Banks had to give the financial commitment;</li> </ul> <p>He further stated that since the Handloom Package is applicable pan-India, therefore, most of the Public Sector Banks at the corporate offices level must have already taken a decision in this regard. J&amp;K Bank is a local bank in the State; they will have to do it here. He requested all the banks to convey progress in the matter to J&amp;K SLBC immediately.</p> <p>The Director Handlooms, J&amp;K Govt. informed the house that audit of 66 Handloom Cooperative Societies in the state had been already completed and conveyed to NABARD. However, only 20-30 Primary Handloom Cooperative Societies eligible under the Scheme are left without audit yet, which shall be completed very soon.</p>

No progress has been informed thereafter.

**Government/ NABARD may inform progress in the matter.**

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

### **Continuance of the package of Concessions/ Relaxation to Trade & Industry in J&K State:**

Reserve Bank of India, accepting the recommendations of the Sub-Committee of J&K SLBC on Relaxation to Trade & Industry in J&K State made in its meeting held on 22<sup>nd</sup> of March 2012 at Jammu, has conveyed that the concessions / credit relaxations to borrowers / customers in the State of Jammu & Kashmir, as laid down in RBI Circular No. DBOD.B.BC.77/21.04.012/2003-2004 dated April 21, 2004, will continue to be operative upto March 31, 2014. A copy of RBI Circular RBI/2012-13/261 dated October 23, 2012 has been already circulated to all member banks/ LDMS in J&K State and a copy of the same is enclosed for information of the house.

All banks operating in the State are advised to comply with the RBI directive and convey suitable instructions to their branches in this regard.

**This is for information of the House**

**SEGMENT – 2 (FINANCIAL INCLUSION / THRUST AREAS)**

**AGENDA ITEM NO: 87.01**

**Progress under Swabhimaan -**

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

Under Swabhimaan induced Financial Inclusion Plan (FIP) of J&K State 795 unbanked villages were allocated among 5 major banks for providing banking services through various ICT-based banking outlets in terms of RBI guidelines conveyed vide Circular No. RBI/2009-10/233 dated 27.11.2009 and circular No. RBI/2010-11 dated 16.9.2010. On reviewing the progress in 86<sup>th</sup> SLBC meeting held on 25.08.2012 it was taken on record that coverage of 784 unbanked villages had been completed thereby leaving 11 residual villages uncovered by J&K Bank due to infrastructure deficiency to access these locations.

Consequently CGM, NABARD was requested to guide for removing the impeding factors and suggest some resolution for coverage of these remaining 11 villages.

Besides, it was decided that State Government shall make a critical assessment of infrastructure needed for coverage of these villages and the Com./Secretary, Agriculture Production and Commissioner/ Secretary, Rural Development were requested to look into the matter and suggest necessary solutions very soon.

However, NABARD, R.O. Jammu vide their letter No. NB (J&KRO)/1491/FID-13 (Financial Literacy/2012-13 dated 08.11.2012 have informed that the issue was discussed with their Financial Inclusion Department, Head Office, who are of the view that the server can be set up only with the help of phone/ internet connectivity, which is not available in these villages to provide ICT based solution.

**Agriculture Production Department and Rural Development Department of Government of J&K may inform progress in the matter**

**AGENDA ITEM: 87.02****Extension of Swabhimaan –****(Gol, MoF,DFS directive for coverage of unbanked villages having population above 1000 & below 2000:**

May recall that the house deliberated in 86<sup>th</sup> meeting that Gol, MoF vide communication bearing F.No.3/5/2012-FI(C 52937) dated 1.5.2012 has decided to extend the “Swabhimaan” campaign to habitations with population of more than 1000 in northeastern and hilly States including J&K. Accordingly, directions were conveyed to make concerted efforts to provide banking facilities to these habitations in a time bound manner latest by 31.03 2013.

Consequently 1393 identified unbanked villages In J&K State 1393 villages in the population segment of >1000 and <2000 were allocated amongst the same five participating banks, which were involved in Swabhimaan campaign for coverage of 795 villages (having population over 2000) and the concerned banks were directed to ensure coverage of the allocated villages for providing banking services within the prescribed timelines set by Gol, MoF. Progress in the matter is being monitored by Gol and RBI on monthly basis.

**Progress achieved**

Progress achieved by concerned participating banks in J&K State in providing banking services to the said villages is given as under:

S. No.	Name of the participating Bank	Total No. of villages allocated	Villages covered upto 30.09.2012	Villages covered upto 31.10.2012	No. of FI accounts opened till 31.10.2012
1	J&K Bank	1093	358	504	20,763
2	State Bank of India	112	24	30	12,504
3	Punjab National Bnk	82	...	...	...
4	J&K Grameen Bank	66	37	41	9,722
5	Ellaquai Dehati Bank	40	16	25	4,798
	<b>TOTAL</b>	<b>1393</b>	<b>435</b>	<b>600</b>	<b>47,787</b>

Punjab National Bank has not so far reported any progress regarding its allocated 82 villages.

**Concerned banks need to step up their efforts to ensure that the target is fully accomplished by 31.03.2012 as prescribed by Gol.**

**House is requested to deliberate the issue**

**AGENDA ITEM: 87.03**

- i) Gol directive - Opening of one bank account for each family in FI villages;**
- ii) Gol directive - Urban Financial Inclusion – launch of campaign to ensure at least one bank account for each family;**
- iii) RBI directive for provision of banking services in villages with population below 2000;**
- iv) Preparation of Service Area Plans (SAPs) for all villages on the basis of Gram Panchayat for service delivery.**

**Gol directive - Opening of one bank account for each family in FI villages**

May recall that in 85<sup>th</sup> SLBC meeting held on 28.5.2012 the house deliberated that Gol, MoF, DFS vide Circular bearing F. No. 8/11/2011-FI dated 15<sup>th</sup> May, 2012 have advised banks to launch a campaign to ensure at least one bank account for each family in the service area of a branch having rural villages attached to it. Accordingly, all member banks were advised to observe strict compliance of the said Gol directive to ensure that each family living in the service area of a branch having rural FI villages attached to it has an account with the branch.

**Gol directive - Urban Financial Inclusion – launch of campaign to ensure at least one bank account for each family;**

Subsequently in the 86<sup>th</sup> SLBC meeting held on 25.08.2012 the house deliberated that Gol, MoF, DFS have further directed vide Circular F.No.6/23/2012-FI dated 24<sup>th</sup> July, 2012 that since the beneficiaries of various schemes and subsidies are not only inhabitants of rural FI villages but also comprise of urban poor and slum dwellers residing in the Urban/ Metro centers and even those other banked and unbanked rural villages, therefore, the campaign is to be launched by the bank branches to open account for every family in all villages in their allocated service area and not just in FI villages.

In this regard Gol, MoF, DFS have vide another circular vide F.No.6/23/2012-FI dated 3<sup>rd</sup> August 2012, further directed that the following modalities to accomplish the objective and to have proper monitoring of the progress be complied:

**Opening of Account:**

- i. Service area bank in rural areas and banks assigned the responsibility in specific wards in urban area would be responsible for ensuring that every house hold has one bank account. This would be achieved in collaboration with other banks in the area
- ii. Latest voter list of the area concerned may be taken as a reference for verifying that every household has a bank account.

- iii. To facilitate Electronic benefit Transfer, the names of other family members can be added to any existing account. Banks need not insist on opening a new account unless the person concerned desires a new account.
- iv. Information about opening of bank accounts must be prominently displayed in the villages by the service area bank/designated bank along with the person/bank to be contacted.

### **RBI directive for provision of banking services in villages with population below 2000 – Preparation of Roadmap**

Reserve Bank of India, vide its Circular RBI/2011-12/606 issued under RPCD.CO.LBS.BC.No.86/02.01/001/2011-12 dated June 19, 2012 (copy enclosed for ready reference) have conveyed that GoI has been emphasizing the need for transferring all state benefits including MGNREGA wages and various cash subsidies to beneficiaries by direct credit to their bank accounts. However, pre-requisite for successful implementation of EBT is availability of doorstep banking services. The objective is to provide a bank account to every household/ person throughout the country. Hence, banks should endeavour to have a BC touch point in each of the village in the country, to start with, through provision of EBT services, initially at least once a fortnight.

In view of the above, SLBCs have been mandated to prepare a roadmap covering all unbanked villages of population less than 2000 and notionally allot these villages to banks for providing banking services in a time-bound manner by 31.03.2013.

### **GoI directive for preparation of District-wise Service Area Plans (SAPs) – its uploading on District Websites;**

May recall that in 83rd SLBC meeting the house deliberated that GoI, MoF, DFS vide communication dated 7<sup>th</sup> September 2011 had directed that Service Area Plans in respect of all the districts be prepared on the basis of Gram Panchayats which would include the FI villages under “Swabhimaan” having population over 2000. GoI directed that these SAPs be uploaded on the district website. Accordingly, the said SAPs in respect of all the districts of J&K State were prepared as per the prescribed format, which were also uploaded on the district websites of all the districts where the district websites were available. The consolidated SAP comprising all the districts of J&K State was also webcast on the J&K SLBC website: [www.jkslbc.com](http://www.jkslbc.com)

Subsequently, in view of “Extension of Swabhimaan” campaign to cover villages with population of 1000-2000 in northeastern and hilly States, GoI, MoF, DFS directed vide Master Circular dated 4<sup>th</sup> April, 2012 that additional information may also be incorporated in the existing district Gram Panchayat-based SAPs to include all the villages having population over 2000 and villages having population of 1000-2000. GoI, MoF, DFS vide another Circular F.No.11/4/2011-FI dated 25.6.2012 directed that names of all other villages irrespective of population comprising the Gram Panchayat should be included in the Sub-Service Area of the

BC. Therefore, in the SAPs all the villages in a Gram Panchayat are to be bracketed and linked with the concerned BCs and the sub-service area of the BC has to be clearly demarcated, so that the BCs/ banks to whom the service areas under Gram Panchayats are allocated would be responsible for all the financial inclusion activities in such allocated areas. Accordingly, the prescribed format of SAP was modified to include the desired information for monitoring of progress.

**Progress achieved in J&K State:**

The aforesaid chain of successive directions on implementation of FI initiatives were immediately conveyed to the concerned quarters and the Lead District Managers for desired action and compliance besides, having been discussed in several SLBC meetings. LDMs were advised to prepare and submit district-wise Service Area Plans/ Financial Inclusion Roadmaps and upload the same on the respective district websites under intimation to SLBC for enabling to submit compliance.

However, this high priority initiative did not involve desired response and needful was not ensured. This matter was also reviewed by the Deputy Governor, Reserve Bank of India in recently held Video Conference on 2<sup>nd</sup> November, 2012 and unsatisfactory progress is a cause of concern.

Now, SLBC Secretariat has undertaken to support the process of preparing Service Area Plans and closely monitoring the progress on daily basis. With a lot of painstaking now the progress emerges as under:

So far the Service Area Plans in respect of 16 districts of J&K State, viz. Districts Srinagar, Ganderbal, Budgam, Bandipora, Kupwara, Anantnag, Kulgam, Pulwama, Shopian, Rajouri, Poonch, Reasi, Kargil, Doda, Ramban and Kishtwar and have been already completed. SAPs in respect of districts Baramulla is under process and would be completed soon.

**Concerned LDMs are advised to submit the requisite data to SLBC Secretariat forthwith for enabling to prepare and complete the District-wise Service Area Plan of the entire J&K State without any further delay to facilitate opening of bank accounts for every household and provision of other banking services to all the villages of the State to logically implement FI initiatives.**

**House is requested to deliberate the issue**

Encls: RBI Circular dt.19.6.2012

## **AGENDA ITEM: 87.04**

### **Implementation of Electronic Benefit Transfer (EBT) Scheme:**

Members may recall that Strategy and guidelines on Financial Inclusion issued by GoI, MoF, DFS vide Circular dated 21.10.2011 were deliberated in 82<sup>nd</sup> SLBC meeting held on 5<sup>th</sup> Sept.2011 and progress is being continuously reviewed as an agenda item thereafter.

The directive requires that benefits and subsidies under various Government Schemes must be transferred electronically into the accounts of the beneficiaries and such basic banking accounts be opened by banks under Financial Inclusion to facilitate direct transfer of such benefits and subsidies.

The State Government has been persistently requested in last several SLBC meetings to enable the direct transfer of benefits into beneficiaries' accounts by ensuring as under:

- **The concerned Government departments have to be ready with automation for electronic transfer of benefits under various schemes.**
- **State Govt. to select a Leader bank for EBT implementation in respect of a particular district and designate a Nodal Deptt. for coordination at district level;**
- **State Govt. to sign MOU with the Leader bank in respect of a particular district;**
- **Nodal Department to give list of all beneficiaries to the Leader bank;**
- **Nodal Department to open a savings bank account with the Leader Bank;**
- **Nodal Department to provide files electronically containing details of beneficiaries each month and arrange for crediting the required amount into the Saving bank A/c with leader bank;**

Recently GoI, MoF, DFS vide Circular dated 26<sup>th</sup> June 2012, (copy enclosed) have conveyed strategy and approach for implementation of EBT and it has been directed as under:

- 1) **Among other things Service Area of banks may be revised, wherever required, to align it with Gram Panchayats for facilitating opening of bank accounts and mapping of beneficiaries.**
- 2) **The Operational responsibilities include:**
  - **SLBC should finalize the action plan for the extension of Electronic Benefit Transfer to the entire State in a reasonable time.**
  - **While it is imperative to cover all beneficiaries in all schemes, EBT could commence for every scheme even at the level of each disbursing office without waiting for the exercise to be completed for all schemes or entire State or District.**

- **The matter of an action plan to extend electronic benefit transfer to all schemes in the entire country in a phased manner may be taken up at the next meeting of SLBC.**

SLBC is already in the process of preparing the District-wise Service Area Plan (SAPs) as already mentioned in the Agenda Item 87.03, for opening of accounts of each family in rural as well as urban areas, which is expected facilitate an integrated strategy for EBT as intended under the Gol directive.

However, J&K Government has yet to enable the EBT process as per the guidelines.

In terms of the decision taken in the Special SLBC meeting held on 21.3.2012 during the visit of Governor, RBI to J&K State, Govt. of J&K vide Order No. 137 of 2012 dated 23.04.2012 a sub-group under Secretary to Govt. Information Technology was constituted to activate the process of preparations by GoJ&K in this regard. The first meeting of sub-group was held on 23.5.2012. But Minutes of the said meeting and actionables were not circulated.

In the 86<sup>th</sup> SLBC meeting the representative of IT Department, J&K Govt. assured that an update on the operation of the said Sub-Committee would be intimated within a week's time. However, no further progress has been made thereafter so as to ensure compliance of this high priority Gol directive.

**Government may inform further progress in this regard & take necessary enabling measures for implementation of EBT as per directives of Gol /RBI**

**Encl: Gol Circular dated 26<sup>th</sup> June 2012**

**AGENDA ITEM NO: 87.05**

**Branch Expansion Plans of Banks in J&K State**

Pursuant to the Gol, MoF directive bearing F.No.21/13/2009-FI (Pt.) dated 8<sup>th</sup> November 2011 all banks operating in J&K State have submitted their Branch Expansion Plans envisaging a total of 209 new branches to be opened in the State, which include J&K Bank (114 branches), SBI (02 branches), PNB (05 branches) JKGB (37 branches) EDB (17 branches), HDFC Bank (33 branches) and Central Bank of India (01 branch). The said plan has been submitted to Gol, MoF, DFS, and also webcast on J&K SLBC website: [www.jkslbc.com](http://www.jkslbc.com).

The Plan also envisages 58 new bank branches to be opened in the 7 identified under-banked districts of the State, viz. Anantnag, Kulgam, Doda, Ramban, Kishtwar, Kupwara and Poonch.

**Progress achieved on Branch Expansion Plan:**

As per reports received, upto the end of 30<sup>th</sup> September 2012 the concerned banks have opened only 101 new bank branches, which include 24 branches opened in the identified under-banked districts of the State. Copy of the progress report is enclosed.

**Progress is slow. Concerned banks need to take suitable measures to improve the progress in opening new branches as per Branch Exp. Plan.**

**Encl. 2**

## AGENDA ITEM NO: 87.06

### Financial Inclusion –

- (i) Opening of Ultra Small Branches (USBs),
- (ii) (ii) Geographical Information System (GIS) and

#### (i) Opening of Ultra Small Branches

Gol, MoF vide F. No.21/13/2009-FI (Vol II-Pt.) dated 4<sup>th</sup> April, 2012 have issued a Master Circular on Strategy and Guidelines on Financial Inclusion incorporating the existing guidelines / instructions issued by the Gol from time to time in a consolidated form. The guidelines provide that “to minimize the cost of financial inclusion initiative, to see that the cost has a relationship to growth in business, and hence, the profitability of the bank, considering the need of close supervision and mentoring of BCAs by the respective bank branch and to ensure that a range of banking services are available to the residents of such villages, it has been decided that Ultra Small Branches would be set up at all places where opening of a brick and mortar branch is presently not viable; and in all villages covered/ to be covered through BCAs.

Subsequently, Gol, MoF vide communication bearing F.No.21/13/2009-FI (Pt.) dated 1<sup>st</sup> August, 2012 have issued revised guidelines regarding USBs, which among other things provide that “**the USB shall be managed full time by at least one bank officer with laptop having VPN connectivity supported by BCA**”.

#### Progress achieved

Progress Report regarding establishing of Ultra Small Branches (USBs) in all FI villages as at the end of 30<sup>th</sup> September, 2012, is enclosed for information of the members.

**Encl: 01**

#### (ii) Geographical Information System (GIS):

A web based application to develop a GIS for the bank branch and insurance network in the country has been already launched by Department of Financial Services. The project envisages capturing existing information about bank branches, ATMs, BCs, Clearing houses and Currency Chests of Scheduled Commercial Banks and branches of Insurance Companies at village level. Although pursuant to Gol, MoF directive bearing F. No. 8/26/2011-FI dated 27<sup>th</sup> March, 2012 the data entry on the website of Gol, MoF, DFS has been already completed in respect of all the districts of J&K State, yet the information/ data needs to be updated on monthly basis.

**All the LDMs are advised to ensure that the data/ information uploaded on the Gol website is updated on periodical basis regularly.**

## **AGENDA ITEM: 87.07**

### **100% coverage of farmers in J&K State under Kissan Credit Card (KCC)**

#### **Scheme:**

Pursuant to decision taken in 83<sup>rd</sup> meeting of J&K SLBC held on 14.12.2011, 17,00,000 printed application forms for issuance of KCC arranged by J&K Bank/ J&K SLBC were delivered to the Director Agriculture Kashmir and Director Agriculture, Jammu (designated by J&K Govt. for the purpose) for distribution amongst the farmers.

#### **Timelines for accomplishing the target of 100% coverage**

In 85<sup>th</sup> SLBC meeting held on 28.5.2012 Hon'ble Chief Minister directed that 100% coverage of farmers under KCC should be accomplished by end of Sept. 2012. Agriculture Production Department was advised to work with the Lead District Managers, who will act as the nodal offices for accomplishing the task.

#### **Progress achieved (as per data received from Agriculture Deptt.)**

- The district-wise statement received from Director Agriculture (Kashmir) indicates that against the target of 6,28,266 KCCs for Kashmir Zone only 2,35,828 application forms have been sponsored to various banks for issuance of KCCs to farmers upto end of Sept. 2012. Out of which banks have issued 92,109 KCCs to the farmers and further 1,43,719 cases are under process. The net achievement is 15% of target.
- Data received from Director Agriculture Department (Jammu) reveals that against the target of 6,08,457 KCCs for Jammu Division only 1,94,466 cases have been sponsored to various banks for issuance of KCCs upto 30.09.2012, out of which banks have issued 92,321 KCCs to the farmers. Net achievement is 15% of target.

#### **Bank-wise cumulative progress in issuance of KCCs issued in J&K State from inception of KCC Scheme:**

Upto the end of September 2012, banks have sanctioned 3,19,324 cases of KCC in J&K State involving an amount of Rs.1,658.66 Crore, out of which 2,52,776 KCCs have been disbursed credit amounting to Rs.1,320.71 Crore. The detailed statement indicating bank-wise cumulative progress of KCCs upto 30.09.2012 is given in [Annexure-A](#)

**It is a matter of serious concern that progress has been quite dismal and the target of 100% coverage of farmers under KCC in J&K State has not been accomplished by the stipulated date**

**House is requested to deliberate the issue**

## **AGENDA ITEM NO: 87.08**

### **Financial Literacy Centres (FLCs) – Guidelines:**

RBI, C.O. Mumbai, vide Circular No. RBI/2011-12/590 dated June 6, 2012 has modified the earlier Model Scheme for FLCCs issued vide RBI/2008-09/371 dated February 4, 2009. The fresh guidelines envisages as under:

- **While the existing FLCCs would continue to function with a renewed focus on financial literacy, lead banks are advised to set up FLCs in each of the LDM offices in a time bound manner.**
- **In addition banks may consider setting up need based FLCs in other locations as well.**
- **Further the financial literacy activities will also be undertaken by all the rural branches of Scheduled Commercial Banks;**

The new guidelines envisage Financial Literacy Centres (FLCs) that will impart financial literacy in the form of simple messages like: Why Save? Why save early in your Life? Why save with banks? Why borrow from Banks? Why borrow as far as possible for income generating activities? Why repay in time? Why insure yourself?, and Why save for your retirement?, etc.

The FLCs would also

- i) **Conduct out-door financial literacy camps with focus on financially excluded people at least once a month. For the purpose the help of experienced NGOs may also be taken;**
- ii) **It will be responsibility of the officer specifically identified for the purpose in LDMs office to ensure that misselling of financial products and services does not take place;**
- iii) **The officials working at FLCs should be provided training in behaviour orientation so as to enable them to work as effective trainers alongwith periodic knowledge upgradation on various banking products and services.**

#### **Progress achieved by the concerned lead banks upto 30<sup>th</sup> September 2012:**

J&K Bank has already operationalized Financial Literacy Centres in 11 out of its 12 allocated districts. The only district yet uncovered, is District Poonch.

SBI has operationalized Financial Literacy Centres in all its 10 allocated districts. The detailed position is given in **Annexure-B** for information of the house.

**House is requested to deliberate**

**AGENDA ITEM NO: 87.09**

- 1. Setting up of Rural Self-Employment Training Institutes (RSETIs) -**
- 2. Allotment of land by Government of J&K for creating permanent infrastructure for these RSETIs:**

In terms of GoI, MoRD guidelines issued under No. I.12011/19/2008-SGSY(C) dated 07.01.2009, the responsibility of setting up RSETIs in all the 22 districts of J&K State was assigned by J&K SLBC to J&K Bank in 12 districts and SBI in 10 districts in accordance with the lead bank responsibilities assigned to them by RBI in the State.

**Progress achieved by J&K Bank**

J&K Bank has operationalized RSETIs in all the 12 districts allocated to it by the J&K SLBC, as detailed as under:

<b>S. No</b>	<b>Name of RSETI</b>	<b>Name of the Director</b>	<b>RSETI has commenced its operations w.e.f.</b>	<b>Contact Details of Director</b>
1	JKBRSETI Baramulla	Mr. Riaz Ahmad Mir, Scale-V	14.02.2011	9419038870
2	JKBRSETI Pulwama	Mr. Nazir Ahmad Khan, Scale-V	21.07.2011	9419087363
3	JKBRSETI Bandipora	Mir Mohammad Fayaz, Scale-V	24.07.2011	9906612204
4	JKBRSETI Kulgam	Mr. Md. Shafi Bhat, Scale-III	25.07.2011.	9419040604
5	JKBRSETI Anantnag	Mr. Muzaffar Makhdoomi, Scale-II	30.07.2011	9419001350
6	JKBRSETI Shopian	Mr. Aijaz Ahmad Banday, Scale-III	October 2011	9419015540
7	JKBRSETI Srinagar	Ms. Shahzadi, Scale-V	22.11.2011	9906523117
8	JKBRSETI Budgam	Mr. Tariq Ali Scale-IV	12.01,2012	9906664848
9	JKBRSETI Poonch	Mr. Riyaz Hussain Baba, Scale-V	26.12.2011	9419038870
10	JKBRSETI Rajouri	Mr. Harjinder Singh Scale-IV	01.02.2012	9419130209
11	JKBRSETI Ganderbal	Mr. Altaf Hussain Mir, Scale-V	29.03.2012	9419009756
12	JKBRSETI Kupwara	Mr. Mohd. Afzal Shah Scale-IV	12.03.2012	9906713535

J&K Bank has informed that all RSETIs are functioning smoothly except RSETI Srinagar, Ganderbal, Pulwama and Anantnag, where candidates belonging to BPL category are not being sponsored by DRDA concerned. Besides, training costs of RSETIs Anantnag, Shopian and Srinagar are not being reimbursed by DRDA despite persistent follow-up.

**Progress achieved by SBI**

SBI has so far operationalized RSETIs in 8 out of 10 allocated districts as detailed below:

S. No	Name of District/	Name of the Director	Present status	Contact Details /Mobile No. of the Director
1	Samba	Shri M. K. Bhat	Functioning in the rented premises.	LBO Office, Vijaypur, Samba (9796486616)
2	Udhampur	Shri Amarjit Singh Raine	Functioning in the rented premises	Devika Lane, Shiv Nagar, Udhampur (9419032645)
3	Reasi	Shri S. K. Kandoo	Functioning in the rented premises	Mobile No. 9469555162
4	Kathua	Shri Mohinder Kumar	Functioning in the rented premises	Lead Bank Office, Kathua (9419156176)
5	Jammu	Shri K. K. Sharma	Functioning in the rented premises	Bantalab, Jammu (9419108743)
6	Kishtwar	Shri Bachaspati Sharma	Opened w.e.f. 12.12.2011	Mobile No. 9419113351
7	Doda	Shri Lekh Raj	Opened w.e.f. March 2012	Mobile No. 9419114820
8	Ramban	Shri Jagdish Kumar	Opened w.e.f. March 2012	Mobile No. 9419237436

As regards the remaining two RSETIs in respect of Leh and Kargil districts SBI has informed that these two RSETIs will start functioning by December, 2012 and that the banks is already in finalizing premises for the said RSETIs.

**ii) Status regarding allotment of land by State Government**

Despite vigorous persuasion, the Govt. of Jammu & Kashmir has not so far, allotted land in favour of any of the RSETIs.

In the 86<sup>th</sup> meeting of J&K SLBC the State Government was requested to take concrete steps to ensure that land is allotted at all district locations for enabling to proceed with creation of the RSETIs in all the districts of the State.

**Government of J&K may inform progress regarding allotment of land to the RSETIs at all district locations and give a definite timeframe for the same.**

**DRDAs may be directed to extend all necessary cooperation to the RSETIs in sponsorship of suitable candidates as well as in reimbursing the training expenses in terms of relevant Gol guidelines.**

**House may deliberate the issue**

**SEGMENT – 3 (PERFORMANCE REVIEW OF BANKING SECTOR)****AGENDA ITEM: 87.10****CREDIT TO PRIORITY SECTOR:**

**Bank-wise/ Sector-wise, Region-wise/ Sector-wise achievements in lending to Priority Sector under Annual Credit Plan 2012-13 as at end of September 2012.**

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

The Bank-wise/ Sector-wise achievements as at the end of September 2012 vis-à-vis commitments for lending to priority sector under Annual Credit Plan 2012-13 are given as [Annexures- C & D](#).

It is manifest from the figures as shown in the Annexures that by the end of September 2012 banks have provided total credit of Rs.2,403.08 Crore in favour of 1,60,204 beneficiaries against a target of Rs.6,094.50 Crore for 3,54,302 beneficiaries to the Priority Sector under Annual Action Plan 2012-13, thereby registering achievement of 39% in financial terms and 45% in physical terms of the annual target during financial year 2012-13.

The comparison of the achievement of banks under Priority Sector vis-à-vis their respective annual targets at the end of Q2 of FY 2012-13 with Q2 of PY 2011-12 (YoY) is given hereunder:

**(Amount in Crore of Rs.)**

Name of Bank	FY 2011-12			CFY 2012-13		
	Target	Achievement (30.09.2011)	%age of Achiev.	Target	Achievement 30.09.2012	%age of Achiev.
J&K Bank	1492.44	1380.63	93	3123.22	1566.31	50
SBI	499.99	82.40	16	641.35	243.39	38
PNB	283.86	72.35	25	433.93	146.65	34
Other Comm. Bks.	402.52	71.38	18	602.44	173.91	29
Coop. Banks	396.55	88.00	22	499.08	109.84	22
RRBs	541.69	119.75	22	792.13	162.57	21
Other FIs	2.64	0.30	11	2.35	0.40	17
<b>TOTAL</b>	<b>3619.69</b>	<b>1814.82</b>	<b>50</b>	<b>6094.50</b>	<b>2403.08</b>	<b>39</b>

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

### **I) AGRICULTURE SECTOR:**

Against the annual target of Rs.1,771.85 Crore for 2,10,675 beneficiaries, banks have disbursed a total amount of Rs.1038.63 Crore in favour of 1,09,334 beneficiaries under this sector by the end of September 2012 thereby registering an achievement of 59% and 51.89% in financial and physical terms respectively.

Out of this, an amount of Rs.483.97 Crore in favour of 87,361 agriculturists against a target of Rs.777.46 Crore favouring 1,41,876 beneficiaries have been disbursed under Crop Loan. The achievement of banks under this segment is of the order of 62% & 61.57% of the target in financial & physical terms respectively.

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

While analyzing the quantum-wise disbursement based on absolute terms, the major contributors have been the J&K Bank (Rs.696.93 Crore), PNB (Rs.116.39 Crore), SBI (60.96 Crore), J&K Grameen Bank (Rs.64.54 Crore), HDFC Bank (Rs.31.92 Crore), Ellaquai Dehati Bank (Rs.22.52 Crore), Anantnag Central Coop. Bank (Rs.15.07 Crore) and Jammu Central Coop. Bank (Rs.12.20 Crore), thereby achieving 75%, 94%, 34%, 29%, 240%, 30%, 55% and 20% respectively of their individual targets. Although some other banks like Syndicate Bank and Oriental Bank of Commerce have registered an achievement of 125% and 56% respectively of their individual targets but this high percentage of achievement by these banks is driven by small allocation of targets.

### **(II) MICRO & SMALL ENTERPRISES SECTOR:**

As against the annual target of Rs.2,147.61 Crore for 71,728 beneficiaries, banks have disbursed an amount of Rs.708.37 Crore in favour of 20,251 beneficiaries by the end of September 2012, thereby registering an achievement of 33% of the target in financial terms and 28% in physical terms respectively.

While analyzing Bank-wise achievements (quantum-wise), the major contributors have been J&K Bank (Rs.431.63 Crore), SBI (Rs.77.62 Crore), OBC (Rs.47.31 Crore), JKGB (Rs.31.80 Crore), JCC Bank (Rs.21.75 Crore), EDB (Rs.13.86 Crore), PNB (Rs.12.38 Crore), State Bank of Patiala (Rs.9.64 Crore) and HDFC Bank (Rs.8.44 Crore).

**(III) MICRO CREDIT:**

As against the annual target of Rs.777.46 Crore in favour of 40,845 beneficiaries banks have disbursed total amount of Rs.213.39 Crore in favour of 11784 beneficiaries by the end of September 2012. This works out to 27% achievement in financial and 29% in physical terms.

While analyzing bank-wise achievements (quantum-wise), the major contributors have been J&K Bank (Rs.83.87 Crore), J&K Grameen Bank (Rs.17.32 Crore), State Bank of India (Rs.56.63 Crore), Punjab National Bank (Rs.8.48 Crore), EDB (Rs.8.98 Crore) and JCC Bank (Rs.8.93 Crore).

**(IV) EDUCATION:**

As against the annual target of Rs.208.10 Crore in favour of 6,447 beneficiaries banks have disbursed total amount of Rs.44.96 Crore in favour of 2,449 beneficiaries by the end of September 2012. This works out to 22% and 38% achievement in financial and physical terms respectively.

**(V) HOUSING:**

As against the annual target of Rs.1,189.47 Crore in favour of 24,607 beneficiaries banks have disbursed total amount of Rs.397.74 Crore in favour of 16,386 beneficiaries by the end of September 2012. This works out to an achievement of 33% and 66% in financial and physical terms respectively.

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

The Region-wise/ District-wise/ Sector-wise achievements as at the end of September 2012 vis-à-vis commitments for lending to priority sector under Annual Credit Plan 2012-13 are given as **Annexure-E**.

(Amount in Crores of Rupees)			
Region	Targets	Achievements	Achievement %
Kashmir	3,164.47	1,348.74	43
Jammu	2,810.15	1,032.72	37
Ladakh	119.88	21.62	18
<b>TOTAL</b>	<b>6,094.50</b>	<b>2,403.08</b>	<b>39</b>

**I) KASHMIR REGION:**

In Kashmir region an amount of Rs.1348.74 Crore against the target of Rs.3,164.47 Crores (43% achievement) has been disbursed by the end of September 2012 with a sector-wise distribution of Rs.705.78 Crore for the Agriculture Sector (67% achievement), Rs.359.71 Crore for Micro & Small Enterprises sector (37%

achievement), Rs.217.07 Crore for the Housing sector (25% achievement), Rs.47.71 Crore for Micro Credit sector (24% achievement) and Rs.18.46 Crore for the Education Sector (23% achievement).

Out of the total disbursement of Rs.1348.74Crore in Kashmir region, Micro & Small Enterprises sector has received 26.67%, Housing Sector 16.09%, Agriculture Sector 52.32%, Micro Credit 3.54% and Education Sector 1.36%.

## **II) JAMMU REGION:**

In the Jammu region an amount of Rs.1032.71 Crore has been disbursed by the end of September 2012 against the target of Rs.2,810.15 Crore (37% achievement) with a sector-wise distribution of Rs.340.02 Crore in Micro & Small Enterprises (30%), Rs.177.20 Crore in Housing sector (54%), Rs.328.93 Crore in Agriculture Sector (49%), Rs.161.00 Crore in the Micro Credit (29%) and Rs.25.57 Crore in Education Sector (20%).

Out of the total disbursement of Rs.1,032.71 Crore in Jammu region, Micro & Small Enterprises sector has received 33%, Housing sector 17%, Agriculture Sector 32%, Micro Credit 15.59% and Education Sector 2.47%.

## **III) LADAKH REGION:**

In the Ladakh region an amount of Rs.21.62 Crore has been disbursed by the end of September 2012 against the target of Rs.119.88 Crore (18%) with a sector-wise distribution of Micro & Small Enterprises Rs.8.63 Crore (21%), Housing sector Rs.3.47 Crore (29%), Agriculture Sector Rs.3.92 Crore (9%), Micro Credit Rs.4.67 Crore (26%) and Education Sector Rs.0.93 Crore (25%).

Out of the total disbursement of Rs.21.62 Crore in Ladakh region, Micro & Small Enterprises sector has got 39.91%, Housing sector 16%, Agriculture Sector 18%, Micro Credit sector 21.60% and Education Sector 4.30% of credit.

## **(4) CREDIT TO NON-PRIORITY SECTOR:**

Under non-priority sector the banks have disbursed an amount of Rs.1391.95 Crore to 44158 beneficiaries by the end of September 2012.

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

**AGENDA ITEM: 87.11**

**CREDIT UNDER GOVERNMENT SPONSORED SCHEMES**

**I) Region-wise / District-wise / Scheme-wise and Bank-wise / Scheme-wise performance of various Banks under Government Sponsored Schemes upto 30<sup>th</sup> September 2012:**

Against the Annual Action Plan 2012-13 target of Rs.411.75 Crore for 27,475 beneficiaries for all banks operating in the State, the achievement of banks at the end of September 2012 under five major Government Sponsored Schemes, viz. NRLM (SGSY), PMEGP, JKSES, SJSRY and SC/ST/OBC is of the order of Rs.71.79 Crore spread over 4,608 beneficiaries in all the three regions of the State thereby registering a performance of 17% of the target in financial as well as physical terms. The achievement is not satisfactory as compared to credit delivery to GSS during the corresponding period of the previous year with disbursement of Rs.75.11 Crore to 5,283 beneficiaries (being 34% of the target in financial and 28% in physical terms). The performance details under GSS are given in [Annexure-F & F1](#)

**1) REGION-WISE ANALYSIS OF ACHIEVEMENTS**

**i) KASHMIR REGION:**

Banks have disbursed a total amount of Rs.51.19 Crore to 3289 beneficiaries by the end of Q2 of FY 2012-13 under these five major Government Sponsored Schemes against the annual target of Rs.290.12 Crore for 17,717 beneficiaries, thereby achieving 18% & 19% in financial and physical terms respectively against the achievement at Rs.54.23 Crore to 3798 beneficiaries (37% in financial & 36% in physical terms) for the corresponding period of the previous year.

**ii) JAMMU REGION**

Banks have disbursed an amount of Rs.17.26 Crore in favour of 1233 beneficiaries by the end of Q2 of FY 2012-13 against the annual target of Rs.111.06 Crore to 8956 beneficiaries under these schemes, which accounts for 16% and 14% achievement in financial and physical terms respectively as against achievement of banks at Rs.18.26 Crore to 1392 beneficiaries (27% in financial and 19% physical terms) as on 30<sup>th</sup> September, 2011.

**iii) LADAKH REGION**

Banks have disbursed a total amount of Rs.3.34 Crore in favour of 86 beneficiaries by the end of Q2 of FY 2012-13 under these five major Government Sponsored Schemes against annual target of Rs.10.57 Crore for 802 beneficiaries, which works out to 32% achievement in financial and 11% in physical terms, as against achievement of banks at Rs.2.62 Crore for 93 beneficiaries (28% in financial and 12% in physical terms) for the corresponding period of the last year.

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

The Bank-wise achievements in five major Central/ State Government Sponsored Schemes as on 30<sup>th</sup> September 2012 are discussed below in light of the figures annexed Scheme-wise as [Annexure-G](#), [G1](#), [G2](#), [G3](#) and [G4](#)

**NRLM (SGSY):** Under NRLM against a target of Rs.67.01 Crore for 12,322 beneficiaries, banks have disbursed an amount of Rs.11.62 Crore to 2,314 beneficiaries (which includes 452 pending cases of previous year) by the end of Q2 of FY 2012-13, which works out to achievement of 17% in financial and 19 in physical terms respectively. Out of the total achievement of Rs.11.62 Crore the major contributors are J&K Bank (Rs.6.22 Crore for 1220 units), State Bank of India (Rs.0.86 Crore for 177 units), J&K Grameen Bank (Rs.1.39 Crore for 284 units), Jammu Central Cooperative Bank (Rs.0.69 Crore for 141 units) and BCCB (Rs.0.75 Crore for 156 units). From the data available it has been observed that 6,227 cases were sponsored to banks against the target of 12,322 cases, out of which 3,022 cases were sanctioned, 610 cases were rejected/ returned and 2,595 Cases are pending for sanction with banks.

**PMEGP:** Under PMEGP Scheme against the annual target of Rs.108.52 Crore for 2,329 beneficiaries, banks at the end of Q2 of FY 2012-13 have disbursed an amount of Rs.12.34 Crore to 314 beneficiaries (which includes 126 pending cases of previous year) for setting up of employment generating units thereby achieving 13.48% and 11% in physical and in financial terms respectively. Out of the total achievement (physical targets) of all banks operating in J&K State at 314 units the major contributors are J&K Bank (198 units), J&K Grameen Bank (30 units), SBI (28 units), EDB (16 units) J&K State Coop. Bank (12 units) and P&S Bank (10 units). From the data available it is been observed that only 638 cases were sponsored to banks against the target of 2,329 cases, out of which 281 cases were sanctioned, 85 cases were rejected/ returned and 272 cases are pending for sanction with banks.

**JKSES:** Under JKSES, banks have disbursed an amount of Rs.42.97 Crore (including Rs.20.47 Crore of previous year's pending cases) to 1,583 beneficiaries by the end of Q2 of FY 2012-13 against the annual target of Rs.203.21 Crore for 9,234 beneficiaries, thus registering an achievement of 21% in financial terms and 17% of the physical target. Out of the total disbursement of Rs.42.97 Crore for 1,583 beneficiaries the contribution of J&K Bank, SBI & PNB is of the order of Rs.32.01 Crore (1200 cases), Rs.5.00 Crore (161 cases) and Rs.2.84 Crore (107 cases), respectively. From the data available it has been observed that 5,147 cases were sponsored to banks against the target of 9,234 cases out of which 2,271 cases were sanctioned, 610 cases were rejected/ returned and 2,266 Cases are pending for sanction with banks.

**SJSRY:** Under SJSRY, banks have disbursed an amount of Rs.3.97 Crore to 226 beneficiaries (which includes Rs.1.59 Crore of previous year's 97 pending cases) by the end of Q2 of FY 2012-13 against the annual target of Rs.15.93 Crore for 942 beneficiaries, thus registering an achievement of 25% & 24% in financial and physical terms respectively. Out of the total achievement of Rs.3.96 Crore the contribution of three major banks i.e., J&K Bank, SBI and PNB has been Rs.3.12 Crore (171 units), Rs.0.44 Crore (28 units) and Rs.0.16 Crore (11 units), respectively. From the data available it has been observed that 662 cases were sponsored to banks against the target of 942 cases out of which 297 cases were sanctioned, 75 cases were rejected/ returned and 290 Cases are pending for sanction with banks.

**SC/ST/OBC:** Under SC/ST/OBC banks have disbursed an amount of Rs.0.90 Crore to 171 beneficiaries (which includes Rs.0.26 Crore of previous year's 62 pending cases) by the end of Q2 of FY 2012-13 against the annual target of Rs.17.09 Crore for 2,648 beneficiaries thereby registering an achievement of 5.26% & 6.64% in financial and physical terms respectively. Against the physical target of 2,648 units, only 439 cases have been sponsored, out of which 247 cases were sanctioned by Banks, 38 cases were rejected and 154 cases are pending for sanction with the banks.

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

## **AGENDA ITEM: 87.12**

### **Performance under Handicrafts / Handloom as on 30<sup>th</sup> September 2012:**

The Bank-wise achievement as on 30.09.2012 under these Schemes is discussed below in light of the figures given in the [Annexure-H, I, J & K](#).

**Handlooms:** Against a target of Rs.20.09 Crore for 2404 beneficiaries set for banks for FY 2012-13, banks in J&K State have disbursed a total amount of Rs.2.67 Crore to 397 beneficiaries by the end of Q2 of FY 2012-13, which includes 45 sanctioned cases of previous year. Against the physical target of 2404 cases 1217 cases have been sponsored to various banks, out of which the banks have sanctioned 411 cases with 678 cases pending for sanction and 128 cases rejected/ returned due to various reasons.

**Handicrafts:** Against the target of Rs. 36.91 Crore for 4519 beneficiaries set for banks under this sector for the FY 2012-13, banks have disbursed a total amount of Rs.9.13 Crore to 1095 beneficiaries by the end of Q2 of FY 2012-13, which includes 70 sanctioned cases of previous year. Against the physical target of 4519 cases, 4726 cases have been sponsored to various banks, out of which 1706 cases were sanctioned, 307 cases were rejected and 2713 cases are lying pending with the banks for sanction.

**ACC Scheme:** As per figures made available to SLBC Secretariat, against the target of Rs.15.25 Crore set for banks for FY 2012-13, banks have disbursed an amount of Rs.4.11 Crore in favour of 547 Artisans, which includes 6 sanctioned cases of previous year. During the current financial year 4269 cases of Artisans Credit Cards have been sponsored to banks, against which 2057 cases have been sanctioned by the banks, 123 returned/ rejected and 2089 cases are pending with various banks.

**The house is requested to deliberate.**

**AGENDA ITEM: 87.13**

**ACHIEVEMENT UNDER SELF HELP GROUP (SHG) AS AT END OF SEPTEMBER 2012**

Reserve Bank of India has desired to have a proper review of disbursement of credit through Self Help Groups (SHGs), as it is an effective tool for delivering credit to rural poor for their economic empowerment and social development and it is an alternative loan delivering system, which minimizes the cost of operation and transaction for the banks. Accordingly, the performance of banks as of 30<sup>th</sup> September 2012 in the format prescribed by NABARD is submitted as per [Annexure- L](#).

The cumulative position of achievement under SHG Scheme as of 30<sup>th</sup> September 2012 is summarized as under:

• Total SHGs formed	...	7874
• SHGs Savings linked	...	6,513
• SHGs Credit linked	...	5938
• Total loans disbursed by banks	...	Rs.39.60 Crore

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

**AGENDA ITEM NO: 87.14****Interest Subsidy Scheme for Housing the Urban Poor (ISHUP):**

In terms of Finance Department, J&K Govt., letter No. FD/BKG/03/2008 dated 7<sup>th</sup> January 2010 the progress on implementation of the Interest Subsidy Scheme for Housing the Urban Poor (ISHUP) is being included regularly in the SLBC agenda for complying with the instructions received by the State Government from Gol, Ministry of Housing & Urban Poverty Alleviation.

Gol, Ministry of Housing & Urban Poverty Alleviation launched ISHUP Scheme in February 2009 to address urban housing shortage in the country, which provided for interest subsidy of 5% per annum on loan amount of upto Rs.1.00 lakh for the economically weaker section (EWS) and lower income group (LIG) in the urban areas for acquisition/ construction of houses. State Urban Development Agency (SUDA) was nominated by State Government to identify, motivate and organize beneficiaries to seek loans for building or buying houses and forward applications of eligible beneficiaries to banks/ FIs in the State.

The Scheme was to close in March 2012 being the last year of the 11th Five Year Plan Period (2007-12). However, Gol, Ministry of Housing & Urban Poverty Alleviation, in its letter dated 03 September, 2012 addressed to the nodal agencies, viz. National Housing Bank and HUDCO, have informed that the Ministry is in the process of revamping of the ISHUP to be re-launched as Rajiv Rinn Yojana (RRY) for implementation during 12<sup>th</sup> 5-Year Plan period. Till such time the necessary approvals are not obtained for launching RRY, the expenditure may be incurred on the existing component of Interest Subsidy Scheme for ISHUP as per existing cost norms, pattern of expenditure etc as have been approved for their implementation during 11<sup>th</sup> Plan. Accordingly the Nodal Agencies have conveyed to the implementing agencies continuation of ISHUP Scheme during FY 2012-13.

**Progress achieved by the banks in J&K State upto the end of September 2012:**

As per the report received in respect of three districts of Srinagar, Ganderbal and Budgam, the progress achieved by J&K Bank in the Scheme is given below for information of the house:

1	<b>Total No. of Cases sponsored upto 30.09.2012</b>	<b>99</b>
2	<b>Cases sanctioned and disbursed upto 30.09.2012</b>	<b>15 (Amount Rs.15.60 Lacs)</b>
3	<b>Percentage of achievement</b>	<b>15%</b>
4	<b>Cases returned</b>	<b>51</b>
5	<b>Cases under process/ pending for required papers</b>	<b>33</b>

**House is requested to deliberate**

## **AGENDA ITEM: 87.15**

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

#### **Statistical data of various Banks in J&K State as at end of Sept. 2012:**

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

1. Comparative Statement of Bank-wise deposits and advances with Credit Deposit Ratio and Credit + Investment to Deposit Ratio and NPAs outstanding as on September 2011 and September 2012. [Annexure- M](#)
  - Total advances of all banks operating in the State as on 30<sup>th</sup> September 2012 stood at Rs.21,217.06 Crore against Rs.17,341.11 Crore during the corresponding period of previous year and as compared to total banking sector deposits of Rs.58,086.00 Crore.
  - The C. D. Ratio of all banks operating in the State stood at 36.53% as on 30<sup>th</sup> September 2012 against 35.75 as on 30<sup>th</sup> September 2011.
2. Statement of Bank-wise /Sector-wise advances outstanding against Priority Sector/ Weaker Sections of the society at the end of September 2012. [Annexure- N](#)

Out of the aggregate advances of Rs.21,217.06 Crore outstanding as on 30<sup>th</sup> September 2012 an amount of Rs.12,467.99 Crore (58.76%) has gone to Priority Sector and Rs.4,184.87 Crore out of the priority sector has gone to weaker sections of the society.

#### **CREDIT SHARING OF MAJOR PLAYERS IN J&K STATE:**

As is manifest from the Comparative Statement of Bank-wise Deposits and Advances (**Annexure-M**) J&K Bank has the largest share of Rs.14,314.72 Crore comprising 67.46% of the aggregate outstanding credit of banking sector of Rs.21,217.06 Crore in the State at the end of September 2012. The share of SBI is Rs.2,145.58 Crore comprising 10.11% and that of PNB is Rs.862.99 Crore comprising 4.06%.

The NPAs position of the major banks as reflected in **Annexure-M** reveals that in the total NPAs of Rs.1232.55 Crore in the State at the end of September 2012 the share of J&K Bank is to the tune of Rs.419.55 Crore, that of SBI Rs.219.42 Crore and PNB Rs.169.15 Crore.

It is also evident from **Annexure-N** that J&K Bank has the largest share of Rs.7,706.21 Crore aggregate outstanding credit under Priority Sector comprising 61.80% at the end of September 2012 out of the total Priority Sector Bank Credit of Rs.12,467.99 Crore in the State. The shares of SBI and PNB in outstanding credit to Priority Sector are Rs.1,593.81 Crore (12.78%) and Rs.672.45 Crore (5.39%) respectively.

From the Annexure, it will be observed that J&K Bank alone has made total advances of Rs.14,314.72 Crore in J&K State as on 30.09.2012 as against its total deposits of Rs.35907.47 Crore, thereby achieving a C. D. Ratio of 39.87%. The other major Public Sector Banks, viz. SBI & PNB have made advances of Rs.2145.58 Crore and Rs.862.99 Crore respectively as against their deposits of Rs.8122.10 Crore and Rs.3556.63 Crore, achieving a C.D. Ratio of 26.42% and 23.60%, respectively, as on 30<sup>th</sup> September 2012. The remaining 20 Public Sector Banks put together have advanced Rs.1,495.38 Crore as against their total deposits of Rs.3673.53 Crore, which works out to a C. D. Ratio of 40.70%.

The two Regional Rural Banks operating in the State put together have advanced a total amount of Rs.1055.17 Crore against their total deposits of Rs.2571.72 Crore, which works out to a C. D. Ratio of 41.03% as on 30<sup>th</sup> September 2012.

The ten Cooperative Banks i.e. JCC Bank, BCC Bank, ACC Bank, Citizen's Coop. Bank, J&KSC Bank, DUCO Bank, SCARD, BMC, UCB and KMC Bank together have advanced Rs.923.39 Crore as against their total deposits of Rs.2,597.28 Crore, thereby achieving C. D. Ratio of 35.55% as on 30<sup>th</sup> September 2012.

While analyzing the Priority Sector advances it has been observed that the Micro & Small Enterprises sector dominates other sectors by absorbing major share of Rs.6638.18 Crore followed by Agriculture, Housing, and Micro Credit sector with an amount of Rs.3222.40 Crore, Rs.1697.16 Crore, Rs.655.65 Crore, respectively and the lowest share of Rs.254.60 Crore has gone to Education Sector.

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

**Encls: 04**

**AGENDA ITEM NO: 87.16**

**Credit delivery to Micro, Small and Medium Enterprises (MSMEs) as at the end of September 2012:**

In terms of Gol, MoF, DFS, letter-bearing F.No.21/01/09-Dev dated 12<sup>th</sup> January 2009 implementation of IBA package on MSME, Housing and Auto Sectors has to be taken up in the agenda items during the regular quarterly SLBC meetings.

The progress achieved by Banks on implementation of IBA package on MSMEs and other productive sectors (cumulative from the date of inception upto 30<sup>th</sup> September 2012) is given as under:

- Banks have sanctioned working capital loans (new) to the extent of Rs.1,714.79 Crore in favour of 33,004 beneficiaries and incremental working capital loans of Rs.1,125.78 Crore in favour of 7,307 existing units.
- Banks in the State have so far restructured 6,846 MSMEs accounts involving an amount of Rs. 519.34 Crores.
- Banks have sanctioned Soft Loans for purchase of D. G. Sets to the tune of Rs.8.90 Crore in favour of 646 entrepreneurs.
- Housing loans have been sanctioned by the Banks operating in the State to the extent of Rs.1,565.11 Crore in favour of 41,516 beneficiaries.
- Auto loans have been sanctioned to the extent of Rs.1,830.83 Crore in favour of 64,162 beneficiaries.

Details of bank-wise cumulative achievements under aforesaid MSMEs package as at the quarter ended September 2012 as well as the overall cumulative progress are given in the [Annexure-O & P](#) for information of the members.

**Flow of credit under Credit Guarantee Scheme for MSMEs as on 30.6.2012**

Under the Credit Guarantee Scheme for MSMEs, the banks operating in J&K State have disbursed a cumulative amount of Rs.211.33 Crore in favour of 5,567 beneficiaries as at the end of 30<sup>th</sup> September 2012, which includes Rs.66.04 Crore disbursed in favour of 1,663 beneficiaries during the CFY 2012-13. Bank-wise details are given in **Annexure-Q**

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

**AGENDA ITEM NO: 87.17****Flow of Credit in Minority Concentrated Districts:**

In terms of Reserve Bank of India guidelines issued vide Master circular No.RPCD.SP.BC.12/09.10.01/2007-08 dated July 5, 2007 followed by circular No.RPCD.SP.BC.No.13/09.10.01/2007-08 dated July 16, 2007, the credit flow to minorities in 121 districts of the country notified as Minority Concentrated Districts by GOI is to be monitored for ensuring that the minority communities receive a fair and equitable portion of the credit within the overall target of the priority sector.

For J&K State only District Leh has been included in the list of minority concentrated districts.

Accordingly, based on the data received from LDM, Leh, credit flow to Leh District under priority sector as on 30<sup>th</sup> September 2012, is given below for information of the house:

*(Amount in Crores)*

Serial	Name of community	No. of Accounts		Amount outstanding	
		Prev. quarter	Current Quarter	Prev. quarter	Current Quarter
<b>A</b>	<b>Christians</b>	3	3	0.13	0.13
	<b>Muslims</b>	1270	1300	34.79	35.60
	<b>Buddhists</b>	4610	4900	111.62	124.30
	<b>Sikhs</b>	7	9	0.31	0.52
	<b>Zoroastrians</b>	...	...	...	...
	<b>TOTAL</b>	<b>5890</b>	<b>6212</b>	<b>146.85</b>	<b>160.55</b>
<b>B</b>	<b>Others</b>	<b>1433</b>	<b>1500</b>	<b>11.21</b>	<b>13.22</b>
<b>C</b>	<b>Total Priority Sector Advances (A+B)=C</b>	<b>7323</b>	<b>7712</b>	<b>158.06</b>	<b>173.77</b>
<b>D</b>	<b>Share of A out of C (in %)</b>	<b>80%</b>	<b>81%</b>	<b>93%</b>	<b>92%</b>

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

## **SEGMENT – 4 (RECENT DEVELOPMENTS)**

### **Agenda Item No: 87.18**

#### **Publicity Thrust on Opening of Bank Account:**

Indian Banks' Association (IBA) vide its communication FI/AC-III/Cir/6162 dated November 2, 2012 have forwarded a letter dated 29<sup>th</sup> October, 2012 from GoI, MoF, DFS on the subject (Copies enclosed for reach reference), wherein it has been informed that opening of an account is a first step towards financial inclusion. Only about 60% of the households in India avail banking services. With the objective of scaling up Financial Literacy, motivate people to open an account, inculcate the habit of savings, etc. it has been decided that each school run by Government or Private Authorities catering to lower strata of society be approached by Branch Managers to provide information to teachers and students on the following indicative items:

- (i) Importance of Savings
- (ii) Multiplication of Savings through Interest income;
- (iii) Need to open a Bank Account for livelihood and other purposes;
- (iv) Credit availability through Banks for income generating activities;
- (v) Need to repay loan in time;
- (vi) Remittances, Money Transfer facilities through Banks;
- (vii) Need for insurance.

Accordingly, IBA has desired that the local office of the Directorate of Education be contacted and apprised of the strategy being undertaken by the SLBC/ LDM for financial education campaign as this would help the Directorate to issue necessary directives to the schools.

**Lead District Managers / members banks are advised to ensure adherence to the GoI, MoF directive**

**House is requested to deliberate the issue**

**Agenda Item No: 87.19**

**Scheme of 1% interest subvention on housing loans upto Rs.15 lakhs:**

Indian Banks' Association (IBA) vide their communication dated 20 September, 2012 have forwarded a copy of the Government of India, Ministry of Finance, Department of Financial Services, communication dated 22<sup>nd</sup> August, 2012, conveying therein that the existing guidelines regarding 1% interest subvention on housing loans issued vide Gol Circular dated 30.09.2009 and 15.12.2011 are being modified to the extent as under:

- i) The existing Scheme of 1% interest subvention on housing loans has been liberalized by extending it to housing loans upto Rs.15 lakh where cost of the house does not exceed Rs.25 lakh for the year 2012-13.
- ii) A budgetary provision of Rs.400 Crore has already been made under this scheme.
- iii) The National Housing Bank is the sole Nodal Agency for this Scheme for Scheduled Commercial Banks, Regional Rural Banks and Housing Finance Companies.

The Scheme will remain in force upto 31<sup>st</sup> March 2013.

DFS has desired that wide publicity be given to the Scheme so that all the eligible borrowers of home loans can avail the benefit of this scheme.

Copies of Gol letter dated 22<sup>nd</sup> August 2012 and RBI Circular No. RPCD.MSME&NFS.BC.30/06.11.01/2012-13 dated September 18, 2012 are enclosed for information of the members.

The said Gol directive has already been circulated among all member banks for implementation.

**This is for information of the house**

**Encls: 2**

## **Agenda Item No: 87.20**

### **Educational loan scheme – Grievance prone areas discussed at Review Meeting with Chief Executives of Public Sector Banks taken by Hon'ble Union Minister on 18<sup>th</sup> August 2012 at New Delhi:**

Indian Banks Association (IBA) vide its communication bearing Ref. No. CE/220 dated 27<sup>th</sup> September, 2012 addressed to Chief Executives of all Member Banks, have conveyed that at the Review Meeting with Chief Executives of Public Sector Banks taken by Hon'ble Union Finance Minister on 18<sup>th</sup> August 2012 at New Delhi, Hon'ble Finance Minister brought out a number of areas in implementation of Educational Loan Scheme where the Govt. was constantly receiving grievances / complaints from affected students / parents. Major areas of grievance pointed out by the Minister are:

- Refusal to finance outside the bank's designated service area;
- Delay in sanction of limits and repeated refusal of loan on flimsy grounds;
- Absence of a proper grievance redressal mechanism in banks;
- Need to consider loans to meritorious students pursuing courses offered under management quota;
- Non-inclusion of nursing course in the list of eligible courses by some banks.

Based on the discussions / decisions taken by the Managing Committee, IBA has advised as under:

- **Member banks to instruct their branches not to reject loan applications merely for the reason that the particular area is allocated to another bank by SLBC/ DLCCs;**
- **Banks should ensure that their branches follow laid down norms in sanctioning / rejection of loan applications;**
- **Banks require to have robust grievance redressal mechanism within the institution. The arrangements need to be widely publicized with detail of contact persons/ escalation matrix etc.**
- **It was decided to incorporate a provision for financing meritorious students who pursue courses under management quota seat in an institution for reasons of convenience (proximity) or choice of course.**
- **It was decided to include degree/ diploma in nursing in the indicative list of eligible courses.**

IBA has informed that on the basis of above necessary changes have been made in the Model Educational Loan Scheme, a copy of the said IBA letter alongwith a copy of the Model Scheme is enclosed for information of the house.

The said IBA communication stands already circulated to all the member banks for necessary action.

**This is for information of the House**

**Encls: 6**