

Minutes of the meeting of Steering Sub-Committee of J&K SLBC to promote SHG-Bank Linkage Programme in J&K State.

A meeting of the Steering Sub-Committee of J&K SLBC to promote SHG-Bank Linkage Programme in J&K State was held on 8th of February, 2016 at J&K Bank, Zonal Office Jammu (Central). The meeting was chaired by Mr. B. R. Pattanaik, General Manager, NABARD, Regional Office, Jammu and was among others attended by Dr. G. N. Qasba, Mission Director, SRLM, J&K Government, Mr. F.A. Peer, Consultant, SRLM, Mr. R. K. Chhibber, Chairman, J&K Grameen Bank, Mr. R. K. Srivastava, DGM, NABARD, Mr. Narjay Gupta, Vice President (LBD/J&KSLBC), J&K Bank and representatives of all other members of the Steering Sub-Committee. List of participants is enclosed as Annexure-A.

At the outset Mr. Narjay Gupta, Vice President (LBD/SLBC), J&K Bank extended a warm welcome to all the participants. Thereafter, highlighting the objective of convening the meeting, he stated that at J&K SLBC level the progress of Self Help Group (SHG) Bank Linkage Programme was being monitored since long as an individual item in terms of RBI guidelines. But now, with the launching of various new initiatives, the SHG-Bank Linkage Programme has got a new dimension. The NRLM Scheme of Government of India is wholly being implemented through SHGs mechanism for which various incentives have been made available by the Government of India for the SHGs beneficiaries. Similarly, under NULM Scheme a large component has been specifically earmarked for implementation through SHGs mechanism. Simultaneously, NABARD is also promoting SHG-Bank Linkage Programme but it is not clear whether any incentives / interest subvention facilities are available to these SHGs. Apart from above, NABARD is also promoting Women Self Help Groups in three districts of the State, viz. Kupwara, Poonch and Doda.

He stated that Government of India is providing interest subvention facility for Women SHGs in 150 selected districts in the country, which include three districts of J&K State, viz. Ganderbal, Budgam & Udhampur, but it is not clear whether the said benefit of interest subvention is extendable to the women SHGs of other three districts of Kupwara, Poonch and Doda where NABARD driven 'Women Self Help Group Scheme' is under implementation.

He stated that there are a number of issues that need to be discussed and sorted out in the meeting and expressed optimism that with representatives from all the stakeholders present, the deliberations of this maiden meeting of the Steering Sub-Committee of J&K SLBC for monitoring SHG-Bank Linkage Programme in J&K would prove fruitful and result-oriented in sorting out the issues. He informed the forum that Mr. S. S. Sehgal, Executive President (LBD/SLBC) could not attend the meeting owing to his engagements with the visiting parliamentary delegation at Srinagar. Thereafter he requested Mr. Pattanaik, General Manager, NABARD to proceed with the deliberations.

Mr. B. R. Pattanaik, General Manager, after formally extending a warm welcome to all the participants of the meeting stated that the meeting was scheduled to be chaired by the Chief General Manager, NABARD Mr. Shankar A. Pande, but due to some official exigencies of urgent nature he had to proceed to NABARD Central Office, Mumbai. He stated that focus of the meeting shall be on how to take forward the SHG movement given the fact that J&K State is lagging much behind having only fewer SHGs formed as compared to the potential available. He stated that with the launch of NRLM time has come to give it a big push. Therefore, this meeting is being held to examine, review and

monitor the progress under SHG-Bank Linkage Programme and suggest measures that can accelerate the process of SHG-Bank Linkage in J&K State. Thereafter the agenda of the meeting was taken up for deliberation, as under:

Agenda Item No: 01

Monitoring Performance of banks under SHG-Bank Linkage Programme:

While reviewing the performance of banks under SHG-BLP in J&K State as on 31.12.2015, the forum placed on record that during the last one year banks have achieved YoY growth of 35% in formation of SHGs, 58% growth in Credit linkage of the SHGs and 65% growth in disbursement of credit to the SHGs in J&K State under all the three components, viz. NRLM, NULM and NABARD sponsored SHG-Bank Linkage Programme. The Chairman, however, pointed out that since no proper targets for SHG-Bank Linkage Programme in the State are available, as such, the forum needs to suggest measures and prescribe reasonable set of targets for implementation by the banks operating in the State, which could be formalized by the main forum of J&K SLBC. He stated that J&K State has a potential of around 90,000 SHGs, out of which only around 17,000 SHGs have been promoted, so far. Therefore, there is need to promote the balance SHGs in the State as soon as possible.

Dr. G. N. Qasba, Mission Director, SRLM, J&K Govt. pointed out that the number of SHGs so far formed during the last few years is very meager and keeping in view the potential of SHGs in J&K State, the State Government intends to write to Government of India to allow another 5 years enabling the State to cover all the allocated blocks. He stated that since these people happen to be poorest of poor, they have to be treated sensitively as per the prescribed doctrine and there is urgent need that all the functionaries associated with the programme (i.e. Branch Managers of banks and officials of Rural Development Department) are properly sensitized. For this purpose he stated that the State Government has taken measures to send them for participating in training courses on SHGs to institutes outside the State.

Mr. F. A. Peer, Consultant, NRLM, J&K Government, stated that NRLM could not cover all the blocks as per the timeline fixed by Government of India, as SHG concept was new to the J&K State. He, however, expressed the hope that NRLM will be able to take up SHGs promotion in 50 blocks at an average of 400 SHGs per block during next year, which would mean that the target for the State next financial year would be tentatively around 20,000 SHGs under NRLM.

Highlighting that NRLM programme is being run successfully in J&K State and SHGs are being promoted under a well thought out plan, Mr. Peer emphasized the need for cultivating the habit of savings and repayments among the SHGs. Explaining the process being followed by NRLM in this regard he informed that after formation of the SHGs no capital assistance is provided to them for 3 months and instead the group members have to collect their own savings for lending to each other. Then their activities are monitored and after evaluating all the aspects the community investment fund of Rs.15000/- is provided to the SHG after subjecting it to grading and auditing exercises. Another grading and auditing exercise is undertaken after 6 months where-after a further amount of Rs.40,000/- as CIF is provided to the SHG. Subsequently measures are initiated for credit linkage of the SHGs to the banks. He informed that total savings of SHGs in J&K State have crossed Rs.10.00 Crore, while an amount of Rs.30.00 Crore has been provided to the SHGs as bank credit and Rs.20.00 Crore as Community Investment fund / Revolving fund.

Mr. Pattanaik, General Manager, NABARD commenting on the SHG-Bank Linkage Programme pointed out that J&K State is nearly 10 years behind the schedule, as such, there is need to learn things from other States of the Country. Stressing the need for looking at the strengths and weakness of the SHGs, he stated that SHG-BLP involves a bit of social engineering which needs focused attention, otherwise the biggest casualty would be the quality of SHGs. He stated that besides paucity of good NGOs in J&K State, it has been found that the most of the people associated with the programme, including the bankers and the government officials are not fully aware of the SHG-BLP scheme and emphasized that capacity building of all the people associated with the programme needs to be given an extra thrust. In this regard he stated that NABARD is organizing 140 district-level/block-level programmes in the State to take care of capacity building of Branch Managers, NGOs and other functionaries.

Mr. Gowhar Durrani, State Mission Manager, NULM, J&K Govt. stated that their Organization has conducted 144 SHGs Awareness Camps across the State (except in the districts of Leh and Kargil, for which the process has recently been started by the Government). Commenting on the performance of SHG-Bank Linkage Programme, he stated that 912 SHGs have been formed and 479 SHGs have been bank-linked in the State, out of which 26 SHGs have been provided Revolving Funds. Responding to the query from General Manager, NABARD regarding targets for the next FY, Mr. Durrani stated that the issue of targets under NULM for CFY has been taken up by Housing & Urban Development Department with the MoHUPA vide communication dated 8th January, 2016 with copies thereof endorsed to J&K SLBC, but response in the matter is awaited from MoHUPA. He assured that as soon as the department receives response from MoHUPA, the issue of targets for CFY shall be finalized.

Mr. Gulzar Ahmad, AVP (LBD/SLBC), J&K Bank, commenting on the Awareness Camps conducted by NULM, stated that involvement of Branch Managers and Lead District Managers in the process was imperative. Regarding targets he requested all the stakeholders to take necessary measures for conveying targets well in time, so that the same are disseminated to operative levels well in advance to ensure timely implementation of the same.

Mr. B. R. Pattanaik, General Manager, NABARD expressing his agreement with the contention of AVP (SLBC), stressed the need for involving Bank Managers and LDMS in all the Awareness Camps relating to SHG-Bank Linkage Programme, so that the programme is carried forward smoothly and the huge disconnect between LDMS and various functionaries is removed. He advised that Lead District Managers, Bank Managers, RSETIs, FLCs and all other functionaries should have a common concept about the SHGs-BLP and should be taken along while organizing awareness programmes under SHGs.

(Action: HUDD / SUDA, J&K Govt.)

The representative of Reserve Bank of India suggested for conducting a study on the SHGs from start to the stage of credit linkage and documenting the same, so that the same could be utilized for others to know about it. He also suggested that success stories of SHG-Bank Linkage Programme in other States of the country need to be shared for replication, which can prove useful for J&K State.

- After thorough deliberations it was decided that there shall be a target of 21,500 SHGs for the next financial year (2016-17) comprising 20,000 under SRLM, 500 under NULM and 1000 under NABARD SHG-Bank Linkage Programme.

(Action: SRLM/ NULM/ NABARD/All member banks)

Agenda Item No.2

Issues/ constraints related to SHGs promotion and credit linkage:

The General Manager, NABARD observed that paucity of good NGOs is one of the constraints being faced in SHG promotion in the State. He requested all the banks that if they find some good NGOs, the same should be recommended to NABARD, so that NABARD could work with them to ensure that more and more SHGs are promoted in the State. He also requested the Government Agencies in the State to come forward and recommend some suitable agencies who can work with NABARD for promoting the SHGs in the State.

Representative of RBI suggested that the BCs engaged by banks for financial inclusion programme could be utilized for the purpose of promoting SHGs in the State, as the BCs have the profile of visiting the villages they work in, where they can organize the people. These BCs if imparted proper training for the purpose could prove a good resource for promoting the SHGs in the State.

DGM, NABARD pointed out that the remuneration presently paid to the BCs is not sufficient and suggested that in order to ensure effective use of BCs for promoting SHGs in the State the BCs should to be properly incentivized, so that they can perform better.

Mr. F. A. Peer, Consultant, SRLM stated that for training of the functionaries of all the stakeholders there is a Community Based Recovery Mechanism available at block level, where-under meetings on monthly basis are organized for interaction of Bank Branch Managers with the community persons, wherein issues, if any, regarding the community as well as the issues regarding recovery of bank dues are discussed and sorted out. He, however, emphasized the need for J&K SLBC to issue an advisory that all the Branch Managers should attend these meetings.

(Action: J&K SLBC)

He also stated that awareness of masses and all those connected with the programme need focused attention of all the stakeholders. For this purpose LDMS and DDMS of NABARD are the two persons who necessarily have to be involved in the process.

The representative of SBI suggested that Financial Literacy Centres should also be invited to participate in awareness programmes as they can be an important resource for SHG formation.

DGM, NABARD, Mr. R. K. Srivastava, suggested that apart from imparting class-room type training programmes, the trainees need to be taken to the field level programmes and arrangements should be made for sharing of success stories.

The representative of Urban Development Department, Mr. Gowhar suggested launching of a web portal for NRLM and NULM Schemes having features of making available all the Circulars and guidelines regarding the programmes for information of the Bank Managers as well as for all other people associated with the programme on the lines of J&K SLBC website, which provides a lot of information about various Government Sponsored as well as other programmes in operation in the State.

The Consultant, SRLM, Mr. F.A. Peer pointed out that though there have been no issues with regard to opening of bank accounts by the SHGs, but the SHGs have been facing difficulties in the cases where

leaderships of the SHGs are changed, which needs to be looked into by the banks and sorted out. He also emphasized the need for simplification of the KYC documents required for opening of accounts by the SHGs.

(Action: All member banks / SRLM/ SUDA)

Agenda Item No: 03

NRLM - Interest Subvention Scheme:

Mr. F. A. Peer, Consultant, SRLM, commenting on the applicability of Interest Subvention Scheme stated that NABARD promoted SHGs are also eligible for Interest Subvention Scheme of GoI provided the SHGs are compliant to NRLM requirements, i.e. the SHGs promoted by NABARD are formed as per the criteria adopted under NRLM and their credit history is uploaded on the national portal on the pattern of NRLM. He further clarified that an SHG is entitled to interest subvention subject to prompt repayment as per the laid down criteria of NRLM. Mr. Peer stated that all the blocks of J&K State have been categorized as 'Intensive districts', as such, all the SHGs in the State are eligible for the interest subvention benefit.

Mr. Madan Gupta, Project Manager, J&K SRLM, stated that there are two categories of interest subvention. Category 1, is the interest subvention scheme prevalent in only three districts of J&K State, viz. Ganderbal, Budgam, Udhampur and for these three districts the controlling offices of the banks have to upload the data on the national portal and then they have to claim for interest subvention from Canara Bank, i.e. the Nodal Bank for the purpose and for all the women SHGs the interest is charged at 7%, whether NRLM compliant or not. But for the Category 2, it is necessary to upload the two types of data on the national portal, i.e. No.1 details of the SHGs and No.2 the transactions of the SHGs, so as to know whether the SHG concerned has paid its installments on the due date.

Regarding NABARD promoted SHGs, Mr. Madan Gupta informed that SRLM is going to organize a workshop in the State soon for the participating banks, SHGs and the mission staff in order to appraise/ familiarize them about how to proceed further in the interest subvention issue and that the government is in the process of rolling out the interest subvention to all the eligible SHGs. He requested SLBC to ensure that whichever bank has financed the SHGs, these should be got uploaded on the national portal by the concerned banks, so that these accounts are evaluated for being marked as NRLM compliant accounts. He also clarified that to be NRLM compliant more than 70% of the members of SHGs should be from the BPL category, which has to be verified by the DDMs of concerned districts. Further the SHGs will be eligible for the interest subvention only if they have paid their installments promptly, i.e. within 30 days from the due date.

(Action: SRLM/ SLBC/ all member banks)

Correct Coding of SHGs:

Mr. Madan Gupta stressed upon all the banks to ensure that correct coding is done while opening loan accounts of SHGs and all the details are populated correctly in the system. He cautioned that unless banks take care about correct coding the benefit of interest subvention shall not be passed on to the SHGs. He suggested that J&K SLBC should issue a proper advisory to all the banks operating in the State in this regard, for passing on specific instructions to their respective branches in the State.

(Action: SLBC / Member Banks/ SRLM)

Agenda Item No.04

Joint Liability Groups (JLGs):

The forum placed on record that under JLG Scheme various banks have so far formed 907 JLGs in the State against the target of 1500 JLGs. Out of the these 703 JLGs have been credit linked involving an amount of Rs.1,147.15 lakh. However, it was observed with concern that HDFC Bank and ICICI Banks have not recorded any performance under JLG Scheme in the State despite having been assigned target of 53 and 50 cases respectively. Concerned banks were advised to look into the issue to ensure that the targets allocated to them are achieved.

(Action: HDFC Bank / ICICI Bank)

DGM, NABARD stated that Joint Liability Groups (JLGs) Scheme is doing well in the State. He stated that under JLG Scheme all the commercial banks can avail support by way of Rs.2,000/- (Rupees Two Thousand) per JLG formation from NABARD and stressed upon the banks to take this scheme as an opportunity. There are few NGOs in the field for forming the JLGs. Under this scheme the incentive available is performance based and release of payment by NABARD to the NGO shall be subject to certification from the concerned bank branches to the effect that repayment is taking place in the JLG account normally. He stated that under JLG Scheme focus has to be on the term loan - capital formation in the Agriculture Sector. He stated that NABARD can facilitate the linkage of tenant farmers with the banks and clarified that in Joint Liability Mechanism for credit facilities no collaterals are required.

The DGM, NABARD further stated that JLG mechanism is available for all activities, i.e. farm as well as non-farm activities. For this mechanism the documentation is very simple. He desired that banks should take up the JLGs formation as NABARD shall be funding them directly.

(Action: All Member Banks)

Agenda Item No.05

SHGs and JLGs to be priority area for inclusive growth:

The forum resolved to promote JLG mechanism in the State being the priority area for all banks. All the banks operating in the State were advised to take up JLG mechanism in a mission mode both for farm as well as non-form activities. The forum resolved that the reporting mechanism should be strengthened to ensure that whatever JLGs are formed / credit linked, the data relating to performance is promptly transmitted to J&K SLBC Secretariat, so that proper data is captured. The forum stressed that in view of paucity of quality and experienced NGOs in most districts of the State there is need for creation of dedicated Government machinery for promoting SHGs and JLGs of targeted individuals.

Deliberating upon the issue of skill development of SHGs/JLGs, it was decided by the forum that in order to build proper infrastructure, J&K SLBC to approach the State Government with its recommendation for allotment of land to the RSETIs operating in the State, so that the RSETIs could be involved to provide skill development and capacity building training to JLGs and SHGs in the State.

(Action: J&K SLBC/ Rural Development Deptt, J&K Govt.)

Agenda Item No: 06

Remission of stamp duty on loans to SHGs & JLGs:

The General Manager NABARD informed the forum that NABARD has already approached the State Government for extending the benefit of remission in stamp duty to other SHGs promoted by NABARD

outside the NRLM and the Government is actively considering the same. He, however, desired that a similar request should also go to the State Government from J&K SLBC.

- After brief deliberations on the issue the forum recommended that J&K SLBC Secretariat should make a formal request to the State Government for grant of exemption in the stamp duty to all the SHGs in the State.

(Action: J&K SLBC)

Mr. Madan Gupta, State Project Manager (SRLM) stated that Govt. of J&K has already issued the SRO 241 where-under stamp duty has been remitted upto Rs.3.00 lakh in case of the loans advanced by the financial institutions to SHGs under NRLM. However, despite that some banks in the State continue to charge stamp duty on the SHGs, which needs to be dispensed with immediately. The forum resolved that J&K SLBC should issue the following 4 advisories to the banks operating in the J&K State:

- 1) All the Branch Managers should ensure to attend meetings of the Community Based Recovery Mechanism (under NRLM) once in a month;
- 2) Sharing of the Balance Reports of Credit Linkage with Block Project Managers on monthly intervals;
- 3) All cases which are received by the branches, must be disposed off within a period of 15 days on its merits;
- 4) Uploading of mandatory fields regarding SHGs on the national portal.

Mr. Madan Gupta also highlighted the following issues being confronted by the SHGs and sought its redressal:

- 1) That SHGs account should be opened as No-frills accounts, otherwise the SHG accounts opened in the Sub-head SB General attracts penalty for not maintaining minimum balance, which needs to be taken care by all the banks. He stated that this issue should also be taken care in the workshop that NABARD intends to hold in this regard.
- 2) Passbook updation is not being done by the banks regularly and at most of the bank branches the SHG account holders have to wait for days together for getting their passbooks updated. Therefore, the banks should take necessary measures for sensitizing their branch functionaries to ensure that passbook updation of the SHGs is done regularly.

(Action: All member banks)

Concluding the deliberations, the General Manager, NABARD (Chairman of the meeting) stressed upon the functionaries of NABARD, SRLM and J&K SLBC to meet more frequently, so as to ensure that difficulties, if any, confronted by various stakeholders with regard to formation and functioning of SHGs and JLGs are sorted out and the movement runs smoothly in the State. The forum resolved that the next meeting of the forum would be convened after the 100th meeting of J&K SLBC, which is likely to be held shortly.

The meeting ended with a vote of thanks, which was presented by Mr. Gulzar Ahmad, Assistant Vice President (LBD/J&K SLBC).

**Assistant Vice President
Lead Bank/ J&K SLBC**

Annexure-A

**List of participants in the meeting of Steering Sub-committee of J&K SLBC to monitor SHG-BLP,
Held on 8th February, 2016 at J&K Bank, Zonal Office, Jammu.**

<u>S.No.</u>	<u>Name of the Participant...</u>	<u>Designation</u>	<u>Name of Department/ Organization</u>
<u>NABARD, R. O. JAMMU</u>			
1)	Mr. B. R. Pattanaik	... General Manager	NABARD, R. O. JAMMU
2)	Mr. R. K. Srivastava	... Dy General Manager	NABARD, R. O. JAMMU
<u>Reserve Bank of India, R. O. Jammu</u>			
3)	Mr. Ruchir Sonkar	... Manager,	RBI, R.O. Jammu
<u>J&K Government:</u>			
4)	Dr. G. N. Qasba	... State Mission Director,	J&K SRLM
5)	Mr. F. Q. Peer	... Consultant	J&K SRLM
6)	Mr. Madan Gupta	... State Project Manager	J&K SRLM
7)	Mr. Gowhar Durrani	... State Mission Manager,	NULM
8)	Mr. Mohd. Iqbal	... Assistant Director,	Housing & Urban Dev. Deptt.
<u>Banks:</u>			
9)	Mr. Mohammad Ibrahim Wani...	Vice President	J&K Bank
10)	Mr. Satpal Sharma	... Distt. Coordinator,	Punjab National Bank
11)	Mr. M. K. Bhat	... Chief Manager, Lead Bank	State Bank of India
12)	Mr. R. K. Chhibber	... Chairman,	J&K Grameen Bank
13)	Mr. P. K. Gupta	... Sr. Manager,	J&K Grameen Bank
14)	Mr. Parvaiz Ahmad	... General Manager,	Ellaquai Dehati Bank
15)	Mr. Kuldeep Kaul	... Manager	J&K State Cooperative Bank
<u>Convenor, J&K SLBC:</u>			
16)	Mr. Narjay Gupta	... Vice President (SLBC)	Convenor Bank (J&K Bank)
17)	Mr. Gulzar Ahmad Zargar	... Asstt. Vice President	Convenor Bank (J&K Bank)
18)	Mr. Javed Ahmad Makhdoomi...	Executive (LBD)	Convenor Bank (J&K Bank)

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