



Lead Bank/ SLBC (J&K)

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**All Members of the**  
**State Level Bankers' Committee (J&K)**

**October 13, 2015**

Sub: **Minutes of the Special SLBC Meeting – for necessary action on actionable points.**

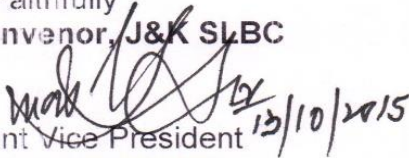
Sir,

We forward herewith a copy of minutes of the Special SLBC Meeting held on 14<sup>th</sup> September, 2015 at SKICC, Srinagar for your kind information.

You are requested to go through the same and initiate action on the decisions / actionable points pertaining to your Organization/ Department.

Desired compliance/ progress may kindly be reported to this office over email- [convenorbank@jkbmail.com](mailto:convenorbank@jkbmail.com) / Fax 0194-2502639 enabling us to place the same before the house in next SLBC Meeting for review.

Yours Faithfully  
For Convenor, J&K SLBC

  
Assistant Vice President  
(Lead Bank/J&K SLBC)

Encls: **Minutes of Special SLBC Meeting**

## **MINUTES OF SPECIAL SLBC MEETING OF J&K STATE HELD ON 14<sup>TH</sup> SEPTEMBER 2015 AT SKICC, SRINAGAR**

During the visit of Dr. Raghuram Rajan, Governor, Reserve Bank of India to Srinagar, a special meeting of J&K State Level Bankers' Committee (SLBC) was convened on 14<sup>th</sup> September, 2015 at SKICC, Srinagar. The meeting was presided over by Dr. Haseeb A. Drabu, Hon'ble Finance Minister, J&K State. Dr. Raghuram Rajan, Governor, Reserve Bank of India was the Guest of Honour. Besides others, the meeting was attended by Mr. B. R. Sharma, Chief Secretary, J&K Government, Shri Sudharshan Sen, Principal CGM, Reserve Bank of India, Smt. Madhavi Sharma, CGM, Reserve Bank of India, Mr.D.Sethy, Regional Director, Reserve Bank of India, Jammu, Ms. Arundhati Bhattacharya, Chairman, State Bank of India, Ms. Usha Ananthasubramanian, MD & CEO, Punjab National Bank, Shri Rakesh Sharma, MD&CEO, Canara Bank, Shri Aditya Puri, MD&CEO, HDFC Bank, Mr. Mohammad Ashraf Bukhari, Commissioner/ Secretary to Govt. Agriculture Production Deptt., Mr. Bipul Pathak, Commissioner/Secretary to Govt. Housing & Urban Development, Mr. Naveen Chowdhary, Commissioner/ Secretary to Govt. Finance Department, Mr. Dheeraj Gupta, Commissioner/ Secretary to Govt. Relief & Rehabilitation, Mr. Hirdesh K. Singh, Commissioner/ Secretary to Govt. Information Technology, Mr. Shankar A. Panday, Chief General Manager, NABARD, Mr. S. R. Mehar, Deputy Secretary, DFS, MoF, Government of India, senior functionaries of Reserve Bank of India, NABARD, SIDBI, banks and Heads of Government departments & developmental agencies.

Mr. Mushtaq Ahmad, Chairman & CEO, J&K Bank and Convenor, J&K SLBC steered the proceedings. List of the participants is enclosed as **Annexure "A."**

At the outset Mr. S. K. Bhat, President (LBD/SLBC), J&K Bank, welcomed the guests, dignitaries and participants to the Special SLBC meeting and highlighted that the core issue for deliberation in the meeting was **"how to enhance flow of credit in the State of Jammu & Kashmir"**. He also very briefly presented the statistics of bank credit in the State of J&K. Thereafter he requested the Chairman & CEO, J&K Bank (Convenor, J&K SLBC) to start the proceedings of the meeting.

Mr. Mushtaq Ahmad, Chairman & CEO J&K Bank (Convenor, J&K SLBC) extended warm welcome to Dr. Haseeb A. Drabu, Hon'ble Finance Minister, Dr. Raghuram Rajan, Hon'ble Governor, Reserve Bank of India, Mr. B.R.Sharma, Chief Secretary, J&K Govt., and other distinguished guests including Chairman, State Bank of India, MD&CEO, Punjab National Bank, MD&CEO, Canara Bank, ME&CEO HDFC Bank, Principal CGM, RBI, CGM, RBI and other participants.

He stated that the efforts put in by all the stake-holders are quite appreciable but considering the potential of the State it is obvious that we have been able to exploit and mobilize only 20% of the potential available, which clearly indicates the gap, which can be tapped.

Briefly describing the achievements in J&K State with regard to implementation of various priority initiatives of the Government of India, the Convenor, J&K SLBC stated

that as far as inclusive growth or the Financial Inclusion Plan (FIP) is concerned, after successfully completing the Phase-I of the FIP, envisaging coverage of 795 identified unbanked villages with population of over 2000 in J&K State, banks in J&K State have taken up Phase-II of the FIP, which envisages coverage of 5582 unbanked villages with population less than 2000, and the programme is nearing completion now.

He stated that under PMJDY, banks in J&K have opened 16.84 lakh accounts upto 31<sup>st</sup> July, 2015 and similarly notable progress has been made by the banks under the three social security schemes launched by the Hon'ble Prime Minister on 9<sup>th</sup> May, 2015, viz. PMSBY, PMJJBY and APY.

As far as the EBT Scheme is concerned, the Convenor, J&K SLBC stated that the Scheme has already been implemented in 6 districts of the State on pilot basis and in respect of the remaining 16 districts implementation of the Scheme is in progress.

Commenting on the Gol initiative of 100% coverage of farmers under KCC Scheme, the Convenor, J&K SLBC stated that 88.10% coverage of the farm operating families in J&K State has already been achieved by banks upto 30<sup>th</sup> June, 2015.

Highlighting the statistics of overall banking scenario of the State he stated that there are 1944 branches of 46 banks operating in the State with total deposits of Rs.79,690 Crore as on 30<sup>th</sup> June 2015, whereas the total advances outstanding stood at Rs.37,807 Crore out of which an amount of Rs.20,044.00 Crore (53%) has gone to the priority sector. He stated that since March, 2013 the deposits of banks in the State have increased by 22% while advances have increased by around 55% during this period.

He stated that during the last two years the CD Ratio of the banks in the State has moved up from 36% to 46%. Major share (63%) of outstanding bank credit has been contributed by J&K Bank followed by SBI with 14%, Punjab National Bank with 4%, Other Commercial Banks put together 3% and RRBs & Cooperative Banks 4%.

Mr. Mushtaq Ahmad, Chairman, J&K Bank (Convenor, J&K SLBC) stated that the State Government, the Central Government and the Reserve Bank of India are quite keen about the economic development of the State.

Thereafter, Mr. Mushtaq Ahmad (Convenor, J&K SLBC) informed the house that Reserve Bank of India on the directions of the Governor, RBI have conducted a study on “**How to enhance the credit flow in the State of Jammu & Kashmir**” and requested RBI that the executive summary of the said study be placed for information of the house.

**Summary of the RBI study:**

Chief General Manager, Reserve Bank of India informed the house that a study on “How to enhance the credit flow in the State of Jammu & Kashmir” was conducted by a team of the RBI officials headed by Shri D. Sethy, Regional Director, Jammu & Kashmir. The study focused on identifying the reasons for low C.D. Ratio in J&K, finding out potential for credit absorption and articulating the inputs in the form of measures for enhancing credit flow in the State leading to an overall development of the State. Some of the major findings of the study are as under:

1. There is need for enhancing Credit Deposit Ratio. The existing potential gap and the untapped potential available in the State have adequate scope for banks to upscale the CD Ratio substantially in next 10 years.
2. The study has revealed that the documentation process for disbursement of loans is complex, which needs to be simplified as far as possible. The banks need to address the whole documentation system and make it customer friendly to facilitate easy access to credit. There is need to put the documentation system in local languages to enhance the comfort level of the customers.
3. The Business Correspondent (BC) model to be made effective not only for the general customers but also for the MSMEs segment. The requisite network connectivity for the BCs should be improved so that the system is effectively implemented.
4. The SHG model and the JLG model of financing needs to be promoted in the State whereunder the collateral part is taken care of by the Joint Liability. In view of the small land holdings by large number of people in the State, the study found that JLG/SHG Scheme could be adopted as a model for credit dispensation for small borrowers.
5. The study reveals that there is substantial gap in demand and supply for storage facilities (Cold storage etc.), which affect the growth of agriculture and allied activities in the State. Since the government was gearing for creating additional storage facilities in the State, the banks operating in the State need to look for increasing the credit flow in this activity.
6. There is enough scope for funding the high potential Horticulture Sector particularly high-yield vegetable crops and also in fish farming/sheep breeding and leather industries.
7. Since the tourism footfall in the State, is expected to reach 22.7 million in the year 2020, which include top end tourists. Existing star hotels (2-3) in the entire Valley have inadequate capacity and hence additional capacity has to be created. This will trigger investment in quality hotels in the vicinity of tourist locations.
8. Due to typical security scenario in the State the staff of banks posted from outside the State was reluctant to serve in the State, which affected the banking services. Since some private sector banks like HDFC Bank etc. have already recruited local talent for managing the operations and even the Canara Bank has also undertaken such an exercise and both the banks have got good experience in the State in penetrating their banking business. This model could be adopted by other banks to tackle the local kind of the load and expand their banking activities in the State.
9. There is a need to go for skill development of the staff in the State on a continuous and sustainable basis.
10. There should be level playing field for all banks operating in the State. The study revealed that J&K State Government was using only J&K Bank for all government transactions including release of subsidies, payment of utility bills etc. Besides, all the employees of the government have been compulsorily asked to open their



- salary accounts in J&K Bank only. As all the banks in the State including PSU banks are integral part of the banking system, banks feel that the Government should provide a level playing field to all the participants.
11. The release of subsidy for the Government Sponsored schemes should be done in such a way that the banks get their funds on time, so that they are in a position to release the funds to the borrowers.
  12. **Legal Reforms:** In view of the rising bad assets, large section of bankers is skeptical in terms of recovery of money. As per the study, the State Government needs to take up legal reforms to facilitate the lenders to have right/legal remedy to recover their money. The measures suggested in the study include (1) Establishment of Debt Recovery Tribunal (DRT), which provides legal remedy to the banks to recover their debts. (2) SARFAESI Act, which creates an enabling environment where the banks could recover their debts. The State should bring legislation similar to that of SARFAESI Act which would provide confidence to the bankers to lend safely in the State. (3) Establish Assets Reconstruction Companies (ARCs). Since the SARFAESI Act provides remedy for recovery of dues from customers by transferring non-performing loans to ARCs. Many ARCs have come up in the country for recovering debts due from bank customers. However in J&K State no legal recourse is available to bankers to fall back for support. As the NPAs of PSBs as well as RRBs witnessed sharp increase in the last two years, there is need for the government to examine the issue and take measures for establishing ARCs in the State.
  13. Banks are facing certain problems associated with scrutiny of applications, particularly with the land records or so. Therefore, the digitization of land records becomes very important in the J&K State. The initiative taken by the State Government few years back has made no progress so far. This being an enabler for bank financing, the State Government may expedite the process at the earliest.
  14. The Study has revealed that banks have been taking about three months or more for processing loan applications. Major reason for the delay was that most of the banks operating here have their controlling offices outside the State. There is need to focus on speedy process for clearance of loan applications. The mechanism should be established in the State whereby loan applications are processed expeditiously.
  15. **Sourcing of MSME products by the Government Departments/ Enterprises:** The MSMEs in the State find it difficult to compete against big corporate, in marketing their products. In this context, as part of institutional arrangement, Government of India has issued instructions to all the government departments as well as Central PSUs to source a minimum of 20% of their procurement from MSMEs. The study, therefore, suggests that the State government may consider issuing similar instructions to government bodies/ PSUs functioning in the State and ensure its implementation.
  16. **Setting up of Industrial Clusters in the State:** As per recent guidelines of RBI, the Government may consider setting up new and revamped industrial clusters and close down old/ morbid clusters. This exercise will enhance credit absorption capacity for the banks to lend, while identifying new clusters.

17. **Marketing and Branding:** The study proposed that the State Government may consider 'brand building' its rich and exotic traditional products like handicrafts, Saffron, carpets, etc. which has a niche market. Besides, there are a large number of products produced/ manufactured by the local MSMEs, but there is no information available to the buyers. The Government may consider branding these products, as "Made in Kashmir" and popularize this brand through various means. The Government may consider setting up of an institution to deal with quality control of these products and also ensure that the standards are maintained by the producers/ manufacturers.
18. The Crop insurance coverage is weak in the State. In view of unique and volatile climatic conditions prevailing here, the crop insurance may be adequately and comprehensively covered with more literacy drives to address the weak coverage of crop insurance for agricultural crops in the State.
19. There is need for strong communication network in the State in view of the difficult terrains restricting the physical access. While incentivizing the private players may be thought of, the State player- BSNL may be asked to provide robust connectivity in the State in a time bound manner as is being done in the North East and elsewhere in the country.

Mr. Mushtaq Ahmad, Chairman, J&K Bank (Convenor, J&K SLBC) informed the house that as far as the study report is concerned, it has been decided that a group comprising of major commercial banks and the senior government officers will be formed to look into the measures suggested for enhancing credit flow in the State. The said group has to meet within 15 days.

Dr. Raghuram Rajan, Governor, Reserve Bank of India advised that the group comprising of major commercial banks and the senior government officers, being constituted shall have to focus on implementation of the major action points emerging from the RBI Study Report for enhancement of credit flow in the State, so as to put the economy of the State back on the rails in a time bound manner.

Thereafter, the agenda of the meeting was taken up for deliberation as under:

**Agenda Item No: SPL-01**

**Follow-up of action on the actionable points of previous visit of the Governor, Reserve Bank of India to the State (on 28<sup>th</sup> & 29<sup>th</sup> of May, 2015):**

Dr. Haseeb A. Drabu, Hon'ble Finance Minister stated that the State Government was already intending to bring in the legislation for enacting a separate SARFAESI Act in the State and in view of the recent clear and explicit order of the Hon'ble High Court of J&K the need for enacting the said law has become obvious. Reminding the house that in the year 2009, as Chairman J&K Bank, he had drafted the document for a separate SARFAESI Act for the State on the lines of the Central SARFAESI Act, he enquired about the current status of the same from the Secretary, Law Department.

Secretary Law Department, J&K Government, informed the house that earlier the State Government had thought that 2 or 3 provisions of the Central SARFAESI Act would not be applicable to the State for which the State had to look for alternate mechanism. But now in view of the recent Order of the Hon'ble High Court of J&K the Central SARFAESI

Act cannot be implemented in the State of J&K. Therefore, the State Government has to enact its own law on the subject. He informed that the State Government is examining the judgement and the Government is likely to come up with draft legislation within a couple of months.

**(Action: Govt. of J&K, Law Department)**

Dr. Raghuram Rajan, Governor, Reserve Bank of India expressed that the State Government should also obtain views of other banks operating in the State so as to get a feel of their requirements in the matter.

Dr. Haseeb A. Drabu, Hon'ble Finance Minister stated that the house should seek inputs from the principal players like J&K Bank, SBI, PNB, Canara Bank and HDFC Bank etc. in the matter.

Mr. Navin Chowdhary, Commissioner/ Secretary (Finance), J&K Govt. stated that once Law Department is ready with the draft legislation in the matter, the State Government will convene a meeting of all the stakeholders in order to have their views on the subject.

**(Action: Govt. of J&K, Finance Department)**

**(ii) Digitization of land records in J&K State:**

The Commissioner/ Secretary (Revenue), J&K State informed the house that the digitization of land records is the priority programme of the State Government. Under the State Modernization Programme the project has already been taken up in hand and the groundwork has been completed. He stated that the J&K Land Records Management Agency has been created specifically for this purpose and initially twin districts of Srinagar and Jammu would be covered under this initiative. In the next two years it will be implemented in 10 districts and all the 22 districts would be covered in phases within next six years.

**(Action: Govt. of J&K, Revenue Department)**

**(iii) Installation of ATMs in District Pulwama:**

Mr. Mushtaq Ahmad, Chairman, J&K Bank (Convenor, J&K SLBC) stated that during the previous visit of the Governor, RBI various delegations of civil society from District Pulwama had brought to his notice that people in the district are facing problems due to inadequate number of ATMs in the district and had pleaded for addressing the problem.

In this regard, he informed the house that 56 ATMs of different banks are already operational in District Pulwama. Apart from that, J&K Bank has recently installed two ATMs in the district and 11 more ATMs are intended to be installed in the district very shortly. He sought plans of SBI, PNB and other banks in the matter.

**(Action: J&K Bank)**

The representative of State Bank of India informed that SBI has 15 ATMs operational in the district and 2 more ATMs are being installed shortly.

**(Action: State Bank of India)**

The representative of PNB informed that the bank has 2 ATMs operational in the district and one more ATM is being installed in the district at Pampore shortly.

**(Action: Punjab National Bank)**

**Agenda Item No.SPL-02**

- (i) **Key Banking Parameters in J&K State - position as on 30<sup>th</sup> June, 2015;**
- (ii) **ACP 2015-16 - Achievement of banks during Q1 of CFY; and**
- iii) **Position of Credit Deposit Ratio in J&K State - Growth Trajectory:**

Mr. Mushtaq Ahmad, Chairman, J&K Bank (Convenor, J&K SLBC) informed the house that total deposits mobilized by the banking sector in the State stood at Rs.79,689.89 Crore as on 30<sup>th</sup> June, 2015, while the Gross Advances outstanding stood at Rs.37,807.43 Crore. Credit Deposit Ratio stood at 47.44% on the said date. He further stated that out of the total advances of Rs.37,807.43 Crore 53% (i.e. Rs.20,044.21 Crore) had gone to the Priority Sector.

Regarding achievements of banks under ACP 2015-16, he informed that banks have extended total credit of Rs.5,801.24 Crore against the annual ACP target of Rs.23,605.23 Crore, thereby registering an achievement of 25% in financial terms, which is satisfactory. Out of this Rs.3,694.21 Crore (63.68%) has gone to priority sector and Rs.2,107.03 Crore (36.32%) to Non-priority Sector.

Dr. Drabu, Hon'ble Finance Minister pointed out that he has been receiving delegations of people complaining that the delegation of powers to sanction loans and advances in respect of Public Sector Bank in J&K State is limited and that the Public Sector Banks operating here have to obtain sanction of loans and advances from outside the State like Mumbai, Delhi and other Centres. However, since it was clarified by these banks that for loans and advances upto Rs.10.00 Crore the sanctioning powers are vested with their functionaries within the State, which seems adequate for the State and therefore, he observed that with such delegation of loaning powers there should have been a lot of lending taking place in the State but the position is not so good. He advised that in case there are any specific constraints that are preventing lending in the State, those should be brought to the notice of the house, so that they can be resolved.

Expressing surprise that in Jammu division the Credit Deposit Ratio is extremely low despite the fact that MSMEs belt is in Jammu, Samba and Kathua, Dr. Drabu, Hon'ble Finance Minister sought reasons for such a low level of credit. He highlighted that the position in Kashmir division is entirely different with C.D. Ratio hovering around 60% despite all the odds like hostile weather conditions, law and order, etc.

Chairman, SBI stated that lack of powers was not a constraint for SBI to lend, as the powers to sanction loans upto Rs.20.00 Crore are delegated to their functionaries within the State. She attributed the low credit dispensation to the higher rate of Non-performing assets in the State, which leads to the situation where people lose confidence or ability to disburse loans. Stressing the need for increasing the credit absorption capacity of the State, the Chairman, SBI stated that the credit absorption capacity will increase only when the entire cycle of disbursement, utilization and resolution is properly addressed because if one element goes negative, the whole cycle gets disturbed. She emphasized that the State Government should extend all help to the banks and financial institutions operating in the State in effecting recoveries, which will give the bankers confidence to lend here. She stated that if requisite measures are taken by the Government, the bankers will be able to improve the credit disbursements in the State.



Chairman, SBI attributed the poor Credit Deposit Ratio to Corporate Sector Advances done by SBI MCG branches located outside the State and not the retail branches. These advances are extended for the projects in J&K State, but are not reflected in the numbers of the bank within the State. She stated that if such advances are included the CD Ratio of SBI would improve to 50%.

The CMD, PNB stated that in order to give impetus to the credit flow, PNB is already running 4 MSMEs specialized branches at Gangyal, Samba, Bari Brahmana and Kathua. The bank is also having an Agriculture specialized branch at Bishnah in Jammu and also retail hubs are running for retail loans. She expressed optimism and assured the house that in the coming days the performance of PNB in J&K State will improve.

**(Action: Punjab National Bank)**

### **Agenda Item No.SPL.03**

#### **Position of Advances Outstanding under Priority Sector in J&K State -**

#### **Areas of weakness - across sectors and across regions:**

Mr. Mushtaq Ahmad, Chairman, J&K Bank (Convenor, J&K SLBC) informed the house that the Priority Sector Advances outstanding in J&K State have grown by 39% during the last three years and within that, the Advances to Agriculture Sector have grown by 81%, MSMEs Sector have grown by 16%, Education Sector by 6% and Housing Sector by 13%. He pointed out that the two Sectors, which are not doing well are Education and Housing sectors.

Mr. Navin Chowdhary, Commissioner/ Secretary Finance, J&K Government observed that lack of awareness among the masses about the Education Loan schemes of banks, is one of the reasons for low off take under the Education Sector. Regarding the Housing Sector, he stated that though the construction is a major activity in the State and new constructions are taking place but people are not availing loans under Housing Loan Schemes for such activity. He attributed this to complex formalities and documentations associated with the Housing Loan Schemes and stated that banks are comfortable with granting Consumption loans which are less time-consuming and having lesser documentation but more remunerative for the banks as compared to the Housing Loans. He also stated that people prefer to avail Consumption loans rather than availing Housing loans.

Dr. Drabu, Hon'ble Finance Minister emphasized that in view of the devastation inflicted by the floods in the State, banks should expect lending in the Housing Sector to go up especially in the segment of upto Rs.20.00 lakh. He also stated that in order to give focused attention to lending in Housing Sector, the new initiative launched by the Hon'ble Prime Minister, i.e. "Housing for All" should also be promoted, so as to improve flow of credit to this Sector in the State. Hon'ble Finance Minister stated that banks should make positive changes in the Schemes especially those under Education and Housing Sectors to make them hassle-free and customer-friendly.

**(Action: All member banks)**

Mr. Bipul Pathak, Commissioner/ Secretary, Housing & Urban Development Department, stated that for economically weaker sections most of the schemes fail because beneficiaries are not found eligible due to variety of reasons. He stated that slums could not be developed in J&K State because the slum-dwellers were non-State

Subjects. He, however, expressed optimism that since under the newly launched “Housing for All” scheme, the eligibility criteria has been relaxed while the income criteria has been increased as such, the credit flow to Housing Sector is likely to improve in the coming years.

Commenting on the observations of the Commissioner/ Secretary Finance, J&K Govt. that banks seem to be comfortable with granting Consumption loans rather than Housing loans, Mr. Mushtaq Ahmad, Chairman, J&K Bank (Convenor, J&K SLBC) pointed out that people are utilizing the Consumption Loans (non-priority sector segment) for Housing activities (which is priority sector segment), the banks should realize that this leads to equal shortfall under the Priority Sector for which the banks are supposed to park the funds with NABARD under RIDF at very low rates of interest. He, therefore, stressed the need for banks to dispense credit for housing activities through the proper route i.e. Housing Loan Schemes for which the banks should devise proper strategies and update/ revise the schemes in order to suit the changing needs of the common people.

**(Action: All member banks)**

**Agenda Item No. SPL-04**

**Financial Inclusion Plan (FIP) of J&K State - Providing banking services to identified unbanked villages having population less than 2000.**

Mr. Mushtaq Ahmad, Chairman, J&K Bank (Convenor, J&KSLBC) informed the house that against the target of 5582 villages, the banks in J&K State have already covered 5466 villages upto 14<sup>th</sup> August, 2015 leaving a gap of 116 villages, which include 12 villages pertaining to J&K Bank and 104 villages pertaining to SBI, for which he sought comments of the State Bank of India.

The representative of SBI informed that SBI has covered 68 villages recently thus leaving only 36 villages to be covered, which are mostly located in Leh, Kathua and Udhampur districts, where the bank is confronted with connectivity problems. He, however, expressed optimism that SBI will cover these villages by October, 2015.

Regarding the RBI directive to cover 5% of villages through the regular Brick and Mortar model, Mr. Mushtaq Ahmad, Chairman, J&K Bank pointed out that J&K Bank had to open 164 branches against which it has opened 115 branches so far. He expressed optimism that J&K Bank would be able to complete the target by the end of March 2016. He sought comments of SBI, PNB, J&K Grameen Bank and EDB regarding compliance of the RBI directions in the matter.

The representative of SBI informed that they have already covered 3 branches through Brick and Mortar model and they intend to cover three more villages through this mode, whereas the remaining villages would be covered through CSP (BC) model.

The representative of Punjab National Bank assured that they will complete the target by March, 2016.

**(Action: J&K Bank/ SBI/ PNB)**

The Chairman, J&K Grameen Bank informed that, they have already covered 38 villages through brick and mortar mode, but will not be in a position to effect coverage of any new village through this mode as owing to higher NPA level JKGB is barred on account of regulatory restrictions from opening new branches.

In this regard, the Regional Director, RBI clarified that the RRBs are not meeting the licensing requirements, that's why, they cannot open the branches till they improve their financial health.

**Agenda Item No.: SPL-05:**

**(i) Pradhan Mantri Jan Dhan Yojana (PMJDY)**

Mr. Mushtaq Ahmad, Chairman, J&K Bank (Convenor, J&K SLBC) stated that the PMJDY has been implemented in the J&K State and upto the end of 31<sup>st</sup> August, 2015 banks operating in the State have opened 16,84,432 new accounts and 14,31,336 Rupay Debit Cards have been issued. He also stated that the contribution of J&K Bank has been to the extent of 72%.

**(ii) Progress in enrolment under 3 new Social Security Schemes relating to Insurance and Pension Sector, viz. PMJJBY, PMSBY and APY:**

Chairman, J&K Bank stated that the total enrolment under these three social security schemes in J&K State upto 7<sup>th</sup> September, 2015 stood at 7,78,323, which include PMSBY=5,18,663, PMJJBY=2,47,059 and APY=12601.

Mr. Navin Chowdhary, Commissioner/ Secretary Finance, J&K Govt. stated that the State Government has recently launched a scheme called "AASRA" where under two social security schemes of Government of India, viz. PMJJBY and PMSBY have been clubbed. Under "AASRA" the premium will be borne by the State Government instead of the beneficiary for a period of five years for all such families whose annual income is less than Rs.75000/- and for all widows & destitute residing in the State. For smooth implementation of the AASRA Scheme he sought cooperation of the banking sector.

**iii) Pradhan Mantri MUDRA Yojana:**

Chairman, J&K Bank (Convenor, J&K SLBC) stated that under the recently launched scheme of PMMY, the performance of J&K State upto 15<sup>th</sup> of August, 2015 has been Rs.0.86 Crore under Shishu category, Rs.37.96 Crore under Kishore category and Rs.15.83 Crore under Tarun category against the CFY target of Rs.819.75 Crore, Rs.2,270.04 Crore and Rs.1315.82 Crore, respectively.

**Agenda Item No: SPL-06**

**Implementation of EBT Scheme in J&K**

The Commissioner/ Secretary, Social Welfare, J&K Government pointed out that all beneficiaries are already getting the benefits under different schemes directly into their accounts through Electronic Mode only. He informed the house that as regards the two new schemes launched by the State Government, viz. "AASRA" and "BETI ANMOL" the benefits shall be transferred through Electronic Mode only. Regarding validation process of the beneficiary accounts with the Leader Bank, Commissioner Secretary informed that 90% of the job has already been completed and expressed optimism that the remaining accounts would be validated within a period of two months.

**(Action: Social Welfare Deptt., J&K Govt.)**

**Agenda Item No. SPL-07**

**J&K Floods, 2014. Recommendations put forth by J&K SLBC for Relief Rehabilitation, Revival and Restructuring of various types of credit facilities in the areas affected by the natural calamity - floods)**

The house was informed that under the Relief, Rehabilitation Revival and Restructuring package put forth by the J&K SLBC after the floods of September, 2014, the Banks in the State received 31,384 applications upto 31<sup>st</sup> July, 2015 against which 28,525 applications involving an amount of Rs.1,843.09 Crore were processed/ sanctioned. Out of these credit (loans & advances) amounting to Rs.1,228.23 Crore has been disbursed in favour of 24003 applicants.

Dr. Drabu, Hon'ble Finance Minister observed that there is apprehension that banks might face some stress in loan accounts restructured under the Rehabilitation/ Revival Package once the moratorium period of one year is over. As such, he sought for the comments of banks in the matter.

Chairman, SBI stated that 1036 accounts involving an amount of Rs.90.19 Crore have been rescheduled/ restructured by the bank post floods. She expressed that while most of the accounts would remain standard, but there are chances that some of accounts under MSMEs segment may slip to NPAs after the moratorium is over.

The representative of PNB informed the house that out of 2037 applications received by the bank for rescheduling/ restructuring, 2034 application involving Rs.56.03 Crore have been processed/ sanctioned and disbursements have been made in all the 2034 cases involving an amount of Rs.56.01 Crore.

The Vice President, J&K Bank informed that the bank has sanctioned 7229 applications involving Rs.1194.17 Crore of which 4555 beneficiaries have been disbursed credit to the extent of Rs.684.43 Crore.

Mr. Parvez Ahmad, Executive President, J&K Bank stated that some of the sectors, particularly tourism and tourism-related infrastructure may slip to NPAs due to low pick up of the sector post-floods. He also suggested for setting up of the Asset Reconstruction Company (ARC) in the State jointly by the State Government and the J&K Bank to mitigate the impact of the NPAs.

Hon'ble Finance Minister expressed his concern that the loan accounts where moratorium of one year only was granted might come under stress on expiry of the said moratorium period, which would start in October, 2015. He requested RBI to grant extension in the moratorium period in such cases.

Reserve Bank of India clarified that in terms of the RBI guidelines and on the request of J&K SLBC RBI had approved two years moratorium but the banks had granted moratorium of upto one year only, on case to case basis. It was, however, assured that RBI would examine the cases on merits for which the banks were advised to submit specific proposals to RBI.

**(Action: Reserve Bank of India/ Member Banks)**

Chairman, SBI observed that loan accounts under some sectors would definitely show signs of stress in the days to come. She, however, sought 15 days time to enable the bank to undertake a detailed study in the matter.

**(Action: State Bank of India)**

**Other issues deliberated in the meeting:**

**Shortage of Staff in Kashmir region of J&K Grameen Bank:**

Mr. S. K. Bhat (President (LBD/SLBC) J&K Bank commenting on the staff scarcity prevailing in the J&K Grameen Bank pointed out that the bank does not have sufficient staff for Kashmir region and most of the branches are suffering on account of the shortage of staff thereby adversely affecting the customer services.

He informed the house that the bank has already taken up with RBI and NABARD the issue of staff shortage of J&K Grameen Bank in Kashmir Division and requested for providing necessary support for the three districts of Kupwara, Bandipora and Baramulla. He stated that the issue is presently under consideration with NABARD. He pleaded that the JKGB should be permitted to go for local recruitment in the Kashmir Division, so that the acute staff shortage which the bank is confronted with could be resolved.

Mr. Shankar A. Panday, Chief General Manager, NABARD informed that the issue has already been taken up by NABARD with the DFS, MoF, Government of India and DFS has taken a view that the candidates eligible to apply must have studied the local language upto 10<sup>th</sup> standard, which is coming in the way of effecting recruitment by the RRBs and NABARD is seeking exemption from the said criteria in respect of JKGB.

The Hon'ble Finance Minister, J&K State advised the CGM, NABARD to provide the details about the issue and to discuss the same separately with him, so that the issue can be taken up with Government of India for resolution.

**(Action: CGM, NABARD)**

**Address of Dr. Raghuram Rajan, Governor, Reserve Bank of India**

Mr. Raghuram Rajan, Governor, Reserve Bank of India, in his concluding speech underlined the need for coordinated efforts to deal with the issues confronting the State of J&K on account of the floods of September, 2014. He stressed that a conducive environment should be created to facilitate enhanced credit flow in the State. He also emphasized that in order to achieve the objective, there is need to have partnership between the bankers, the State Government and the Central Government for facilitating business and improving flow of credit in the State and making it a sustainable process.

He further stated that there are enough ideas with us, but the need is to start working and implementing these ideas and stakeholders have to take responsibility to carry forward and build a framework whereby the State can take advantage of the opportunities especially given the massive investments that are expected to come in future.

**Vote of thanks:**

The meeting ended with a vote of thanks, which was presented by Mr. S. K. Bhat, President (LBD/SLBC), J&K Bank.



**Annexure-A**  
**List of participants**  
**Special SLBC Meeting held on 14<sup>th</sup> September, 2015 at SKICC, Srinagar**

<b><u>S.No.</u></b>	<b><u>Name of the Participant</u></b>	<b><u>Designation</u></b>	<b><u>Department/ Organization</u></b>
<b><u>Chief Guest</u></b>			
1)	Dr. Haseeb A. Drabu	...	Hon'ble Finance Minister, J&K Government
<b><u>Guest of Honour</u></b>			
2)	Dr. Raghuram Rajan	...	Governor, Reserve Bank of India
<b><u>Convenor, J&amp;K SLBC</u></b>			
3)	Mushtaq Ahmad	...	Chairman, J&K Bank (Convenor, J&K SLBC)
<b><u>Government of J&amp;K</u></b>			
4)	M. Ashraf Bukhari	...	Commissioner/ Secretary, Agriculture Production
5)	Navin Chowdhary	...	Commissioner/ Secretary, Finance Department
6)	Bipul Pathak	...	Commissioner/Secretary, Housing & Urban Dev.
7)	Dheeraj Gupta	...	Commissioner/ Secretary, Relief & Rehabilitation
8)	Hirdesh K. Singh	...	Commissioner/ Secretary, Information Technology
9)	Sanjeev Verma	...	Secretary, Social Welfare Department;
10)	Raj Kumar Bhagat	...	Secretary, Industries & Commerce
11)	Mohammad Ashraf	...	Secretary Law
12)	B. A. Bhat	...	Director Finance/IFO, Finance Department
13)	Shamas Makhdoomi	...	Director, Animal Husbandry (Kashmir)
14)	Dr.Abdul Rashid	...	Director, Ind. & Commerce, Jammu
15)	Tasaduq Jeelani	...	Director, Rural Development, Kashmir
16)	Altaf Andrabi	...	Director, Agriculture, Kashmir
17)	Dr. S. S. Jamwal	...	Director, Agriculture, Jammu
18)	P. K. Sharma	...	Director, Horticulture Department
19)	Manzoor Ahmad Sofi	...	Director, Employment Department
20)	Gazanfar Ali	...	Director, Handicrafts Department
21)	Rajesh Sharma	...	Director, Handlooms Department
22)	Mohammad Ashraf Wani	...	Joint Director, Ind. & Commerce (Kashmir)
23)	V. S. Bagul	...	State Director, KVIC
24)	Anil Kumar Sharma	...	Nodal Officer (PMEGP), KVIC
25)	Rashid Ahmad Qadri	...	Secretary, KVIB
26)	Bashir Ahmad	...	Chief Executive Officer, UDAK
<b><u>Government of India</u></b>			
27)	Sewa Ram Mehar	...	Dy. Secretary to Govt. of India, MoF, DFS
<b><u>Reserve Bank of India</u></b>			
28)	D. Sethy	...	Regional Director for J&K,
29)	Sudharshan Sen	...	Prpl.CGM, Department of Banking Regulation, C.O.
30)	M. Sharma	...	CGM, FIDD, C.O.
31)	Ramesh Chand	...	GM, Reserve Bank of India, R.O. Jammu
32)	S. Arunachalaramanan	...	GM, Reserve Bank of India, Jammu
33)	V. Aggarwal	...	GM & Executive Assistant to Governor,
34)	Vinod Kumar	...	Deputy General Manager, Jammu
35)	Satish Sharma	...	Assistant General Manager
36)	A. K. Angural	...	Lead District Officer
<b><u>Chairman/ CMDs of Major Banks</u></b>			
37)	Arundhati Bhattacharya	...	Chairman, State Bank of India
38)	Usha Ananthasubramanian	...	MD & CEO, Punjab National Bank
39)	Rakesh Sharma	...	MD & CEO, Canara Bank
40)	Aditya Puri	...	MD & CEO, HDFC Bank

**NABARD**

- 41) S. A. Pande ... CGM, R.O., Jammu  
42) Dinesh K. Kapila ... DGM, Kashmir

**SIDBI**

- 43) Anand P. Srivastav ... General Manager, Chandigarh

**J&K Bank (Convenor Bank)**

- 44) Parvez Ahmad ... Executive President,  
45) Vagesh Chander ... Sr. President (T&ISD),  
46) S. K. Bhat ... President (SLBC)  
47) M. Syed Wani ... President (FID)  
48) Mohd. Ibrahim Wani ... Vice President (PS)  
49) Manzoor Ahmad Rather ... Vice President (Credit)  
50) Tabasum Nazir ... Vice President (S&BD)  
51) Narjay Gupta ... Vice President (LBD/SLBC)  
52) Gulzar Ahmad ... Asstt. Vice President (LBD/SLBC)

**Public Sector Banks**

- 53) A. Kishora ... CGM, SBI, Chandigarh  
54) Kumar Rajan ... General Manager, SBI, Chandigarh  
55) A. K. Singh ... DGM, SBI, Jammu  
56) G. S. Gandhotra ... General Manager (Field), Punjab National Bank  
57) B. S. Raina ... Circle Head, Punjab National Bank, Circle Office, Jammu  
58) R. K. Swain ... DGM, Canara Bank  
59) Anuj Parkash ... Chief Manager, Canara Bank  
60) Ajay Vyas ... Field General Manager, Central Bank of India  
61) R. Kumar ... Regional Manager, Central Bank of India  
62) P. C. KUndal ... CM, Punjab & Sind Bank  
63) S. M. Mukhopadhyay ... AGM, UCO Bank  
64) D. K. Koul ... Sr. Branch Manager, Bank of Baroda  
65) Sham Tandon ... DGM, Oriental Bank of Commerce  
66) Som Shivgotra ... Sr. Manager, Oriental Bank of Commerce  
67) Mr. Duggal ... Zonal Manager, Bank of India, Amritsar  
68) Ashutosh Singh ... AGM, IDBI Bank

**Private Sector Banks**

- 69) Zubair Iqbal ... Senior Vice President, HDFC Bank  
70) Anup Saha ... General Manager, ICICI Bank  
71) Kuldeep Gupta ... Regional Head - ICICI Bank  
72) Nuti Chakarwarty ... Regional Head, Axis Bank  
73) Shabir Hussain Khan ... Cluster Head, Axis Bank  
74) Ishfaq Ahmad ... Vice President, Yes Bank

**Regional Rural Banks**

- 75) R. K. Chhibber ... Chairman, J&K Grameen Bank  
76) Parvinder Bharti ... Chairman, Ellaquai Dehati Bank

**Cooperative Banks**

- 77) Farooq Ahmad Khan ... Managing Director, J&K State Cooperative Bank  
78) Bashir Ahmad Lone ... Managing Director, Baramulla Central Coop. Bank  
79) Atta Mohammad Nath ... Chief Executive, Anantnag Central Coop. Bank  
80) Kuldeep Kumar Malhotra ... AGM, Jammu Central Coop. Bank

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