

# Special Meeting of State Level Bankers' Committee Jammu and Kashmir

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On the eve of visit of Governor, Reserve Bank of India, a special meeting of State Level Bankers' committee (Jammu & Kashmir) is being held in Jammu at ITC Hotel Fortune Inn, Riviera, Jammu on 21.03.2012 at 10.a.m.

The meeting will commence with welcome address by Chairman/ CEO of Jammu & Kashmir Bank and Chief Secretary, J& K Government, and followed by address by Governor, Reserve Bank of India. The following agenda items are included for discussion in the meeting: -

## **AGENDA ITEM NO: S-01**

### **Review of key banking indicators for monitoring flow of credit in J&K State as of 31st December 2011**

The data to review key indicators of the banking sector in J&K State, as per the directive of Gol, MoF, DFS, as well as the data on the operation of banks in J&K State and advances under Priority Sector / Weaker Sections as on 31st December 2011, is enclosed for information of the house as [Annexure-A, B & C](#) (at page Nos. 15-18). Perusal of the information reveals as under:-

- As against the benchmark of 60%, the C. D. Ratio of all banks operating in the State stood at 35.18% as on 31st December 2011 as against 41.42% during the corresponding period of 2010. Decline in the C.D.Ratio is a matter of concern. Banks need to make concerted efforts to improve the same.

- Total advances of all banks operating in the State as on 31st December 2011 stood at Rs.18,018.26 Crore as against Rs.17,737.11 Crore during the corresponding period of previous year.
- Out of aggregate advances of Rs.18,018.26 Crores outstanding as on 31st December 2011, Priority Sector advances of all banks in J&K State stood at Rs.11,821.48 Crore, constituting 65.61% as against 54.45% as of 31<sup>st</sup> December 2010, which is encouraging. Out of the priority sector credit an amount of Rs.3,038.30 Crores has gone to weaker sections of the society.
- Share of Advances to weaker sections of society has increased from 13.27% as on 31.12.2010 to 16.86% as on 31st December 2011, which is above the benchmark of 10%.
- Share of Agriculture advances to total advances in the State has increased from 11.05% as on 31.12.2010 to 12.50% as on 31st December 2011 against the benchmark of 18% and it needs to be improved.
- Lending to MSMEs sector has increased from 28.81% of total advances outstanding as on 31<sup>st</sup> December 2010 to 35.62% as on 31st December 2011.
- Total bank credit under DRI Scheme in the State as on 31st December 2011 stood at Rs.1.59 Crores constituting 0.01% of total advances, which is much below the benchmark of 1% of total advances.
- Advances to women at Rs.854.53 Crores constituted 4.74% of total advances as on 31st December 2011 against the benchmark of 5%.
- J&K Bank has the largest share of Rs.12,133.52 Crores comprising 67.34% of the aggregate outstanding credit of banking sector of Rs.18,018.26 Crores in the State at the end of December 2011. The share of SBI is Rs.1,782.27 Crores comprising 9.89% and that of PNB is Rs.809.96 Crores comprising 4.49%.

- From the Annexure, it will be observed that J&K Bank alone has made total advances of Rs.12,133.52 Crores in J&K State as on 31.12.2011 as against its total deposits of Rs.32,008.30 Crores, thereby recording C. D. Ratio of 37.91%.
- The other major Public Sector Banks, viz. SBI & PNB have made advances of Rs.1,782.27 Crores and Rs.809.96 Crores respectively as against their deposits of Rs.7,401.83 Crores and Rs.3,188.35 Crores, achieving a C.D. Ratio of 24.08% and 25.40% respectively as on 31st December 2011.
- The remaining 18 Public Sector Banks put together have advanced Rs.1,319.17 Crores as against their total deposits of Rs.3,090.14 Crores, which works out to a C. D. Ratio of 42.68%.
- The two Regional Rural Banks operating in the State have advanced a total amount of Rs.871.35 Crores against their total deposits of Rs.2,246.40 Crores, which works out to C. D. Ratio of 38.79% as on 31st December 2011.
- The eight Cooperative Banks i.e. JCC Bank, BCC Bank, ACC Bank, Citizen's Coop. Bank, J&KSC Bank, DUCO Bank, SCARD and BMC Bank together have advanced Rs.843.52 Crores as against their total deposits of Rs.2,296.13 Crores, thereby achieving C. D. Ratio of 36.74% as on 31st December 2011.
- J&K Bank has the largest share of Rs.7,997.06 Crores aggregate outstanding credit under Priority Sector comprising 67.65% at the end of December 2011 out of total Priority Sector Bank Credit of Rs.11,821.48 Crores in the State. The shares of SBI and PNB in outstanding credit to Priority Sector are Rs.1,176.47 Crores (9.95%) and Rs.611.39 Crores (5.17%) respectively.

### **Progress under Annual Credit Plan 2011-12**

Information on Sector- wise achievement viz-a-viz targets under Annual Action Plan 2011-12 is enclosed as [Annexure-D](#) (at Page No.19). Perusal of the information reveals as under: -

- By the end of December 2011, banks have provided total credit of Rs.2,870.60 Crores in favour of 1,39,831 beneficiaries against a target of Rs.3,619.69 Crores for 2,37,892 beneficiaries to Priority Sector under Annual Action Plan 2011-12, thereby registering achievement of 79% in financial terms and 59% in physical terms during financial year 2011-12.
- The comparison of the achievement of banks under Priority Sector vis-à-vis their respective annual targets at the end of Q3 of FY 2011-12 with Q3 of PY 2010-11 (YoY) is given hereunder:

(Amount in Crore of Rs.)

Name of Bank	FY 2010-11			CFY 2011-12		
	Target	Achievement (31.12.2010)	%age of Achiev.	Target	Achievement (31.12.2011)	%age of Achiev.
<b>J&amp;K Bank</b>	1103.14	1333.28	121	1492.44	2097.45	141
<b>SBI</b>	381.14	144.33	38	499.99	171.61	34
<b>PNB</b>	249.84	115.03	46	283.86	143.78	51
<b>Other Comm. Bks.</b>	455.09	137.83	30	402.52	113.11	28
<b>Coop. Banks</b>	300.40	118.69	40	396.55	132.62	33
<b>RRBs</b>	329.25	148.57	45	541.69	210.74	39
<b>Other FIs</b>	2.05	0	0	2.64	1.28	49
<b>TOTAL</b>	<b>2820.91</b>	<b>1997.73</b>	<b>71</b>	<b>3619.69</b>	<b>2870.60</b>	<b>79</b>

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

**AGENDA ITEM NO: S-02**

**Review of progress on Financial Inclusion Plan /Roadmap of J&K State for providing of banking services in the un-banked villages having population of 2000 and above in J&K / SWABHIMAAN:**

In terms of RBI, C.O., Mumbai Circular No. RBI/2009-10/233 issued vide RPCD, C.O. LBS.HLC.BC. No: 43/02.19.10/2009-10 dated 27.11.2009 followed by RBI circular No. RBI/2010-11 dated 16.9.2010 for drawing up Roadmaps for providing banking services through various forms of ICT based models, including BCs, a total of 795 villages in J&K State having population of over 2000 but are without banking facilities had been identified by the concerned Lead District Managers/ Lead Bank Officers and allocated to 5 major banks for providing banking services by March 2012.

**Progress achieved as at the end of February 2012**

S. No	Name of Bank to which allocated	Number of villages allocated	No. of households to be covered	Progress achieved as at the end of Feb., 2012				No. of Financial accounts opened	No. of villages yet to be covered
				BR	BC	MV	Total		
1	The J&K Bank	535	347237	2	449	...	451	162458	84
2	State Bank of India	95	42750	...	95	...	95	12391	...
3	Punjab National Bank	35	22436	...	34	...	34	5017	1
4	J&K Grameen Bank	95	34288	...	83	...	83	32966	12
5	Ellaquai Dehati Bank	35	17286	7	...	27	34	23179	1
	<b>TOTAL</b>	<b>795</b>	<b>463997</b>	<b>9</b>	<b>661</b>	<b>27</b>	<b>697</b>	<b>236011</b>	<b>98</b>

**House is requested to deliberate**

**AGENDA ITEM NO: S-03**

**Agriculture credit**

Against the annual target of Rs.846.06 Crores for 1,38,748 beneficiaries, banks have disbursed a total amount of Rs.640.17 Crores in favour of 54,395 beneficiaries under this sector by the end of December 2011 thereby registering an achievement of 76% and 39% in financial and physical terms respectively.

Out of this, an amount of Rs.201.81 Crores in favour of 27,556 agriculturists against a target of Rs.347.86 Crores favouring 89,126 beneficiaries have been disbursed under Crop Loan. The achievement of banks under this segment is of the order of 58% & 31% of the target in financial & physical terms respectively.

Major contributors have been the J&K Bank (Rs.403.73 Crores), PNB (Rs.64.29 Crores), J&K Grameen Bank (Rs.51.07 Crores), Ellaquai Dehati Bank (Rs.36.86 Crores), SBI (33.97 Crores), Anantnag Central Coop. Bank (Rs.4.65 Crores) and Jammu Central Coop. Bank (Rs.11.76 Crores), thereby achieving 109%, 122%, 47%, 87%, 31%, 20% and 31% respectively of their individual targets.

Detailed bank-wise statement showing flow of credit to Agriculture Sector as on 31<sup>st</sup> December 2011 under Annual Credit Plan 2011-12 is enclosed as [Annexure-E](#) (at page No.20).

**House is requested to deliberate**

**AGENDA ITEM NO. S-04.**

**100% coverage of farmers under KCC Scheme in J&K State**

In its 83<sup>rd</sup> meeting held on 14.12.2011, the J&K SLBC, on accepting the recommendations of the **Steering Sub-Committee to monitor flow of credit to Agriculture**, assigned to J&K Bank the job of simplifying the application form for Agriculture Credit/Crop Loan / KCC (common to all banks) and arrange printing of 17.00 lakh such forms, whereas the job of distribution of the said forms among the farmers and collecting back the filled in forms and delivering the same to concerned service area bank branch was assigned to the Agriculture Production Department, J&K Govt. for ensuring 100% coverage of farmers under KCC Scheme in J&K State in a time bound manner.

Keeping in view that the distribution of 17.00 lakh application forms to all eligible farmers across the State is going to be a gigantic exercise, the SLBC Secretariat requested the Commissioner/ Secretary, Agriculture Production Department, J&K Govt. to designate a nodal officer who would acknowledge delivery of the said printed forms and would be Incharge of the whole operation on behalf of the State Govt., to closely monitor and supervise the task. In response, the Agriculture Production Department advised that these printed forms be delivered to the Directors of Agriculture (Kashmir and Jammu) for distribution among the farmers.

**Action taken by J&K Bank**

- **J&K Bank/ J&K SLBC has since designed the common format of application form for use by banks**
- **Soft copy of the said application form has been already uploaded on J&K SLBC website: [www.jkslbc.com](http://www.jkslbc.com) and also circulated to the concerned Government Departments/ agencies and to all member banks/ LDMS for facilitating ready availability of forms for usage.**
- **J&K Bank/ J&K SLBC has arranged printing of 17 lakh application forms:**
- **10 lakh forms have been delivered to the Director Agriculture Kashmir and 7 lakh to Director Agriculture, Jammu for distribution amongst the farmers.**

In the 84<sup>th</sup> SLBC meeting held on 18.2.2012 the Chief Secretary, J&K State advised the Commissioner/ Secretary, Agriculture Production Deptt. to ensure that a suitable mechanism is evolved for distribution of these printed forms to all the eligible forms in J&K State. He also advised the concerned functionaries be properly sensitized about the whole operation and a nodal agency be mandated for overseeing the whole operation. He directed that the

programme needs to be taken up very seriously and completed within the next couple of months

In the said SLBC meeting the Commissioner/ Secretary, APD stated that since J&K Bank, as mandated, has arranged printing of 17.00 lakh application forms for 100% coverage of farmers under KCC Scheme, the job has therefore, to be completed in a mission mode by involving the extension agencies and field functionaries of APD as well as the PRIs for implementation of the programme in the desired manner.

**Government may inform progress in the matter**



## **AGENDA ITEM NO: S-05**

### **Opening of Financial Literacy and Credit Counseling (FLCC) Centres in J&K State**

The High Level Committee (HLC) of RBI constituted to review Lead Bank Scheme (LBS) has recommended that “Each SLBC Office may have a dedicated financial literacy division to promote financial literacy in the State. Lead banks are expected to open a Financial Literacy and Credit Counseling (FLCC) Centre in every district where they have lead responsibility”.

#### **Model Scheme for FLCCs**

Reserve Bank of India circulated model scheme of FLCC Centres vide RBI Circular No. RBI/2008-09/371 dated February 4, 2009, wherein it was directed that lead banks may take the initiative for setting up FLCCs in the district headquarters to begin with and that the SLBCs could oversee the activities of FLCCs and provide support and guidance wherever required. As per the said model scheme, the specific objectives of the FLCCs would be:

- **To provide financial counseling services through face-to-face interaction as well as through other available media like e-mail, fax, mobile, etc. as per convenience of the interested persons, including education on responsible borrowing, proactive and early savings, and offering debt counseling to individuals who are indebted to formal and/or informal financial sectors;**
- **To educate the people in rural and urban areas with regard to various financial products and services available from the formal financial sector;**
- **To make the people aware of the advantages of being connected with the formal financial sector;**
- **To formulate debt-restructuring plans for borrowers in distress and recommend the same to formal financial institutions, including cooperatives, for consideration;**
- **To take up any such activity that promotes financial literacy, awareness of the banking services, financial planning and amelioration of debt-related distress of an individual;**

#### **Staff for FLCC Centres**

- **As FLCCs are expected to play a crucial role in assisting and guiding the distressed individual-borrowers, it is necessary that only well qualified /**

trained counselors are selected to man the center on a full time basis. The FLCCs could consider appointing people with domain knowledge in agriculture for counseling related to agriculture and allied activities.

- To ensure that there is no conflict of interest, persons managing the FLCC should not be staff of the bank.
- Individuals such as retired bank officers, ex-servicemen, etc. may be allowed to be appointed, among others, as credit counselors. Credit counselors should have sound knowledge of banking, law, finance, and requisite communication and team building skills, etc.

**Progress achieved by the concerned lead banks in J&K State**

Out of the 10 lead districts allocated to State Bank of India, FLCC Centres have been set up in two districts of Jammu and Udhampur (w.e.f.15.03.2011 and 01.04.2011, as shown in [Annexure-F](#) (at page No.21), whereas the J&K Bank has yet to set up the FLCCs in its 12 lead districts.

**Representatives of J&K Bank and State Bank may inform the progress.**

**AGENDA ITEM NO: S-06**

**Setting up of Rural Self-Employment Training Institutes (RSETIs):**

In terms of GoI, MoRD guidelines issued under No. I.12011/19/2008-SGSY(C) dated 07.01.2009, all the 22 districts of J&K State were allocated in the 76<sup>th</sup> SLBC meeting to J&K Bank and State Bank of India for setting up of RSETIs in accordance with the lead bank responsibilities assigned to them by RBI in the State, viz. 12 districts to J&K Bank and 10 districts to SBI.

**Progress achieved by J&K Bank**

J&K Bank has so far operationalized RSETIs in 10 districts and two more RSETIs are being operationalized shortly, as detailed as under:

S. No	Name of RSETI	Name of the Director	RSETI has commenced its operations w.e.f.	Contact Details of Director
1	JKBRSETI Baramulla	Mr. Riaz Ahmad Mir, Scale-V	14.02.2011	9419038870
2	JKBRSETI Pulwama	Mr. Altaf Ahmad Sheikh, Scale-V	21.07.2011	9622460640
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. Mohammad Iqbal, Scale-IV	30.07.2011	9419059005
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. Suresh Gupta Scale-III	26.12.2011	9419795056
10	JKBRSETI Rajouri	Mr. Harjinder Singh Scale-IV	01.02.2012	9419130209
11	JKBRSETI Ganderbal	Mr. Altaf Hussain Mir, Scale-V	The RSETI is likely to be inaugurated on 15.3.2012	9419009756
12	JKBRSETI Kupwara	Mr. Mohd. Afzal Shah Scale-IV	The RSETI shall start its operations within a few days.	9906713535

**Progress achieved by SBI**

SBI has so far operationalized RSETIs in its 6 lead Districts as detailed below:

<b>S. No</b>	<b>Name of District/</b>	<b>Name of the Director</b>	<b>Present status</b>	<b>Contact Details /Mobile No. of the Director</b>
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. Kandroo	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

SBI has informed that three more RSETI in Districts of Doda, Ramban and Leh are likely to be opened by ending March 2012.

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

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

In the 84<sup>th</sup> SLBC meeting held on 18.2.2012 the Chief Secretary expressed concern that despite clear guidelines from the Gol, MoRD, and despite lapse of a long time there has been no progress for allotment of land for these RSETIs. He advised the Special Secretary Finance to include the issue of allotment of land to RSETIs in the memorandum to be issued on his behalf to the Deputy Commissioners of the districts.

**The Government of J&K may inform progress in the matter and give a definite timeframe for allotment of suitable land at all district locations for enabling to proceed for creation of the RSETIs in all the districts of the State.**

**AGENDA ITEM NO: S-07**

**Implementation of Electronic Benefit Transfer (EBT) and need for convergence with Financial Inclusion Plan**

**Gol, MoF directions regarding implementation of EBT**

Gol, MoF vide Circular dated 21.10.2011 regarding Strategy and guidelines on Financial Inclusion, have directed that “presently 32 schemes are in operation funded by Gol, under which benefits are to be given directly to the beneficiaries. Transfer of such subsidies into the accounts of the beneficiaries under EBT would enhance the efficiency of delivery of such services. Benefits in the areas covered under Financial Inclusion must be transferred electronically into the accounts of the beneficiaries. The Convenor Banks of SLBC must take up this matter in the SLBC and the roadmap for Electronic Benefit Transfer in respect of each scheme must be finalized”.

For this purpose Gol, MoF have directed that **one district-many banks-one-leader bank model be adopted** in the State as envisaged under the Operational Guidelines on Electronic Benefit Transfer and its convergence with the Financial Inclusion Plan issued by Reserve Bank of India.

**Operational Guidelines of RBI on EBT**

Operational Guidelines on implementation of EBT were issued by RBI vide Circular No.RBI/2011-12/153 dated August 12, 2011. The detailed workflow for adopting **One District-many banks-One Leader Bank Model** is mentioned below for information of the members:

- **State Government to select a Leader bank for EBT implementation in respect of a particular district and designate a Nodal Department for coordination at district level;**
- **State Government to sign MOU with the Leader bank in respect of a particular district;**
- **Leader bank to make arrangements with other participating banks in the district, on revenue sharing contract;**
- **Nodal Department to give list of all beneficiaries to the Leader bank;**
- **Leader bank to distribute the list of beneficiaries among all participating banks;**

- **Participating banks to appoint to select the technology provider and deploy BC/ CSPs in all villages;**
- **BC/ CSPs to enroll all beneficiaries, participating banks to open accounts and issue Smart cards;**
- **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;**
- **Leader bank to arrange for crediting the amount electronically to other participating banks;**
- **Participating banks to credit the beneficiary accounts on the same day and send confirmation to the Leader bank;**
- **Leader bank will confirm credit to the Nodal Department;**
- **MIS reports to be provided by participating banks to Leader bank and leader bank in turn to submit reports to the Nodal Department;**
- **Reconciliation with the Nodal Department to be done by the leader bank preferably on daily basis, but at least on weekly basis;**
- **Developments in the implementation of EBT to be mailed to DCC/ BLBC level every month by the leader bank. Any policy or structural issues in the implementation to be discussed at SLBC level**

J&K SLBC has already deliberated upon these guidelines in its 84<sup>th</sup> meetings held on 18<sup>th</sup> February 2012 for adoption of “**One-district-Many banks-one Leader Bank**” model for J&K State.

In the said meeting the Chief Secretary, J&K State has advised the concerned department that necessary measures in this regard be taken immediately, so that the directive of GoI, MoF is complied with in letter and spirit to achieve the objective of the **initiative**.

**Government may inform progress on the issue.**

### **OTHER ITEMS**

1. **Issues, if any, to be raised by Governor, Reserve Bank of India.**
2. **Issues, if any, to be raised by banks.**