

Minutes of the meeting of the Sub-Committee of J&K SLBC for State Level Rural Livelihood Mission (SRLM) held on 10th July 2014 at Conference Room, J&K Bank, Corporate Headquarters, Srinagar.

The first meeting of Sub-Committee of J&K SLBC for State Level Rural Livelihood Mission (SRLM) was held on 10th July 2014 at meeting Room, J&K Bank, Corporate Headquarters, Srinagar. The meeting was chaired by Chief General Manager, NABARD Mr. Shanker A. Pande and was attended by Mr. S. K. Bhat, President (Lead Bank/J&K SLBC), J&K Bank, Mr. Farooq Ahmad Peer, Mission Director SRLM other senior officers from the Ministry of Rural Development, GOI, NABARD, banks, State Government Departments, and Mission Directorate, SRLM.

The list of participants is enclosed as “**Annexure A**”

At the outset President (LBD/SLBC), J&K Bank, Mr. S. K. Bhat formally welcomed the participants and briefed about the objectives of the meeting. He stated that the Sub-Committee of SRLM was constituted by J&K SLBC in its 92nd Meeting held on 10th March 2014 to effectively monitor the implementation of the Scheme at the State Level. Access to financial system by the most underprivileged and vulnerable groups is the purpose of the Scheme he stated. He expressed hope that deliberations on the agenda items shall take place in a meaningful and fruitful manner so that the objective of holding of this meeting is fulfilled. Thereafter, he requested the Chairman of the Meeting to take up the agenda for deliberations.

Chief General Manager NABARD, Mr. Shanker A. Pande, Chairman of the meeting while welcoming the participants expressed satisfaction for the commendable work done in the mission mode under the project in the State of Jammu & Kashmir. He emphasized for maintaining the tempo by all the stakeholders by putting in further concerted efforts for ensuring better results under the scheme. He expressed that comparative statistics of number of SHGs formed, SHGs saving linked and SHGs Credit linked reveals the proactive role being played by the banks and also the ground preparedness made during the initial phase of the project but stated that there is no room to relax as we have to accelerate and keep ourselves ready for new challenges as the program expands. He expressed that the Sub-Committee of SLBC for SLRM, which has been constituted as per the directions of Reserve Bank of India/ MoRD, GOI, has a special significance for being more focussed on banking side of NRLM. While Executive Council at the Government Level would look at the general progress made under the scheme the Sub-Committee has to assess the response of the Banks towards this initiative, he stated.

The Chairman while appreciating the role played by J&K Bank, stated that the most of the good SHGs in the State of Jammu and Kashmir are being nurtured by J&K bank and this is the right opportunity for other banks, especially the RRBs who are having good rural presence, to follow the suit.

Before initiating the deliberations on the Agenda of the Meeting the forum watched the 14 minute documentary on Umeed Project prepared by Mission Directorate, SRLM. The documentary highlighted the various aspects of the project especially the formation of Women Self Help Groups in J&K State, the challenges they face and efforts made by the Directorate in linking them with the bank credit.

The Chairman of the meeting applauded the initiative of Mission Directorate for preparing a brief film on “Umeed” and desired that the Compact Disc (CD) of same be made available to all the stake holders and in local languages.

Brief on SRLM (Umeed Project)

Mission Director, SRLM Mr. Farooq Ahmad Peer briefed about Umeed Project, formation of SHGs and various impediments coming in way in the smooth implementation of the scheme. He stated that NRLM is designed to be a highly intensive programme which focuses on poverty alleviation through building strong institutions of the poor, particularly women and enabling these institutions to

access a range of financial services and livelihood services. The scheme ensures that voiceless, poorest of poor are not ignored and that the first preference be given to them.

He stated that the first and foremost thing which SHGs have to follow strictly is "Panchasutra" or "Panch Usool" a set of five cardinal principles i. e. (I) Regular meetings (II) regular savings (III) regular internal lending (IV) regular recoveries and (IV) maintenance of proper books of accounts. The SHGs which have been formed under UMEED are being nurtured in such a manner so as to inculcate in them the importance of savings, internal loaning among the members and repayment by the members of SHGs. After 3 months of formation, SHGs are being graded on the basis of five cardinal principles or "Panchasutra" and if more than 90% is achieved in each component, SHGs are graded as "A" which are then eligible for Revolving Fund (RF) of ₹15000/-. The RF is given to the Village organizations (VOs) which has 10 SHGs under its ambit. The Village organization (VO) gives the equivalent amount to SHG in the form of loan on the basis of a micro credit plan and the money is then given to the poorest among the 10 members and when the repayment comes back the money starts rotating among the various members. After seven months another grading is done which again includes five principles or Panchsutra plus repayments of Revolving Fund (RF) and if more than 90% is achieved the SHG becomes eligible to the Community investment fund (CIF) of ₹50,000/- under the project but ₹10,000/- is retained as Vulnerability Reduction Fund (VRF) which are used for different vulnerabilities. The remaining amount of ₹40,000/- provided to SHGs as Community investment fund (CIF) revolves among the Village organizations and SHGs as a revolving fund (RF). After 11 months of formation of SHG one more grading is done based on the repayments under Revolving Fund (RF) and Community investment fund (CIF) and also on five cardinal principles or Panchsutra. This is the time when SHG is linked to the bank for credit. Mission Director informed that out of 2500 SHGs formed till date, 1800 are graded as "A" and are ready to be linked to the banks for first dose of credit. The remaining SHGs are in pipeline and after going through the set procedure the same shall also be graded as "A". If a SHG does not qualify to be graded as "A" there are Community Cadres in place in each village which pursues the group and put in place the necessary remedial measures for facilitating and pushing the group into Category "A"

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

Agenda Item No: 1

Discussion on finalization of SHG bank linkage credit target 2014-15.

On the progress made under the Scheme, Mission Director, SRLM stated that out of 2500 SHGs constituted in the 4 pilot blocks i. e. Lar (District Ganderbal), Khansahib (District Budgam), Chenani(District Udhampur) and Basoli (District Kathua), 800 SHGs have been sanctioned credit by various banks out of which credit has been disbursed in 650 cases. He further stated that 1800 SHGs are expected to fall within "A" category during the current year which have to be linked to the banks for first dose of credit.

While appreciating the unprecedented response received from the banks in smooth implementation of the Scheme, Mission Director stated that most of the banks look at the scheme as a social responsibility but still there are some banks i. e. Jammu Central Cooperative Bank, Ellaqai Dehati Bank and Punjab National Bank which are not coming forward due to the lack of confidence in the project.

On the coverage of the blocks under the scheme, Mission Director informed that GoI has approved the "Umeed" as a special project, with an outlay of ₹755 Crore for the State that mandates coverage of 66% of the rural households i. e. formation of 90,000 SHGs across the State over the next five years. He informed that scheme was initially launched in 4 pilot blocks i. e. Khansahib, Lar, Chenani and Bhasoli and thereafter coverage was extended to 6 more blocks i. e. Ghagwal (District Samba), Bishnah (District Jammu), Gundna (District Doda) in Jammu region and Kupwara (District Kupwara), Sumbal (District Bandipora) and Singhpora (District Baramulla) in Kashmir region making the scheme functional in 10 blocks as on date. He stated that Block Kulgam (District Kulgam) has also been approved to be covered under the scheme and Mission Directorate, under

its own Internal resource, is planning to cover four more blocks i. e Pattan (District Baramulla), Bandipora (District Bandipora), Baderwah (District Kishtwar) and Sunderbani (District Rajouri) under the scheme.

On the saturation of the blocks, Mission Director informed that 3 blocks i. e Lar, Bhasoli and Chenani are almost saturated while as Block Khansahib is likely to get saturated by next month i. e. August 2014.

State representative for NRLM, MoRD, GOI, Dr. Yogita Rana taking part in the deliberations stated that the staff dearth at the branch level is one of the major impediment in the smooth implementation of the Scheme and requested that the controlling offices of the banks operating in the State be impressed upon for augmentation of staff at the operational levels in the State.

Responding to this, President (J&K SLBC) J&K Bank, Mr. S. K. Bhat stated that the positioning of Staff though is the policy matter of the individual banks but the point raised by the NRLM representative on staff dearth at the branches in J&K State and its impact on the NRLM project should itself prevail on the member banks for taking action in the matter.

Below given are the names of the few bank branches, who the Mission Directorate has observed, are not cooperating in the hassle free implementation of NRLM Scheme in J&K State.

S. No	Name of the Bank Branch	complaint
01	PNB, B/O Thane Jammu	The staff at the branch uses abusive and disrespectful language towards SHGs especially women SHGs
02	EDB, B/O Samroli Udhampur	Documentation for disbursement of credit under SHGs unnecessarily deferred by the Branch
03	EDB, B/O Raithan, Budgam	Branch office not cooperating
04	J&K Grameen Bank, B/O Nowgam Bandipora	Branch office shows reluctance in opening of accounts

The forum decided that the controlling offices of the aforementioned bank branches should put in place the corrective measures and sensitize their operational levels about the importance of the scheme.

(Action: Member Banks)

On the issue of poor response received by the SHGs at the bank branches due to the huge rush during the business hours, the President (SLBC), J&K Bank, Mr. S. K. Bhat suggested that every bank branch should keep a particular day within a week to take calls of SHGs.

(Action: Member Banks)

The Sub-Committee adopted that 1800 SHGs which are expected to fall within "A" category shall be the targets for the current financial year for SHG-Bank Credit linkages.

The Chief General Manager NABARD, Chairman of the meeting however, advised that Bank-Wise allocation of Targets for SHG Credit linkages and details of 'A' category SHGs be prepared and communicated to the banks operating in the State within one month.

(Action: Mission Directorate SRLM)

Agenda Item No.2:

RBI circular on SHG bank linkage has provided many relaxations to the SHGs under NRLM. The following are two important directions from RBI:-

(a) The first SHG credit linkage should be minimum of ₹50,000/-.

The forum observed that while there has been no problem with regard to the minimum limit of credit set under the scheme and most of the banks are complying with the guidelines in this regard but there are certainly good number of bank branches who express their ignorance over the same.

The forum decided that RBI guidelines in this regard be disseminated to all the operational levels of the Banks by their respective controlling offices in order to sensitize them about the scheme and its various aspects.

(Action: Member Banks of J&K SLBC)

(b) Relaxation in service area approach for SHGs bank linkage has been granted under RBI circular.

The forum decided that while extending credit to SHGs the service area approach should be relaxed by the banks as granted by RBI and the controlling offices of all the banks operating in the State should sensitize their respective operational Levels about the said relaxation in the service area in light of RBI guidelines.

(Action: Member Banks of J&K SLBC)

Agenda item No: 3

Recommendation to the J&K Government for waiving off the stamp duty for SHGs loan.

Since the scheme focuses on poverty alleviation through building of strong institutions of the poor particularly the women, the forum felt the immediate need for waiver off the stamp duty for SHG loans under NRLM Scheme as granted by government in other schemes like KCC etc. It was also informed that many State Governments across the Country have already waived off stamp duty of SHG loans.

The Sub-Committee strongly recommended for waiving off the stamp duty for SHGs loans to facilitate their bank linkage and decided that request in this regard be forwarded to State Government by Mission Directorate SRLM.

(Action: Mission Directorate, SRLM)

Agenda Item No: 4

Nomination of J&K Bank as the nodal Bank for Interest Subvention

Mission Director, SRLM informed that the Executing Council of Umeed in its meeting decided that J&K Bank shall be the Nodal Bank for the purpose of interest subvention in category-II districts. He stated that State Government shall have to issue a Government order in this behalf in which the role and responsibility of the nodal bank as per the policy on interest subventions in category-II districts should be enunciated clearly. It would be the responsibility of the nodal bank to transfer interest subvention amount directly to SHG loan accounts through NEFT. SRLM will send the list of eligible SHGs alongwith amount of interest subvention to be disbursed with an instruction for transfer of funds to the respective loan accounts of SHGs through NEFT. In case of closed loan accounts the money will be credited to the saving bank account of SHG. It will also be responsibility of the nodal bank to furnish a report to SRLM alongwith a list of SHGs for successful transfer of interest subvention amount.

The forum impressed upon the Mission Director SRLM to forward the decision to the Rural Development Department, J&K Government enabling them to issue a Government order in this behalf.

The forum unanimously approved the proposal and decided that the recommendations in this regard be forwarded to J&K Bank.

(Action: Mission Directorate for SRLM)

Agenda item No: 5

Discussion on category-I districts on interest subvention.

It was informed that all women SHGs in notified category-I districts have to be provided loan at 7% interest rate upfront and the amount of interest applicable over and above 7% charged by the banks is to be claimed from Ministry of Rural Development (MoRD), GoI, through Canara Bank which is

the nodal bank at the national level for category-I districts, subject to a maximum of 5½%. In case of J&K State, Ganderbal, Budgam and Udhampur Districts fall in category-I districts.

The forum decided that instructions in this regard be disseminated to the banks for strict compliance.

(Action: SLBC Secretariat)

Agenda item No: 6

Interest subvention scheme –Participation of Private Banks

It was informed that Government of India has now decided that for the purpose of interest subvention scheme even private banks should be included. Therefore, while claiming interest subvention, the private banks can also upload their claims on Canara Bank's portal which is the nodal bank at the national level for category-I districts for NRLM.

The forum decided that the decision of Government of India be circulated among all the Private Sector Banks operating in the State.

(Action: SLBC Secretariat)

Agenda item No: 7

Reporting to Lead Banks.

The Mission Director SRLM stated that the branch heads are to be directed to furnish the progress report under various activities of NRLM in the format at **annexure-C and annexure-D** to the Lead District Manager every month for onward submission to the sub-committee of SLBC for SRLM and requested that the necessary instructions in this regard be issued to the banks.

After thorough deliberations on the issue the forum decided that necessary instructions in this regard be issued to the member banks and Lead Bank officers for strict compliance. It was also decided that the Lead District Managers should henceforth include the matters relating to NRLM Scheme in BLBC/ DLRC meetings of their respective districts as a permanent agenda item for specific discussions and Mission Director for SRLM should write to District Development Commissioners in this regard.

(Action: SLBC Secretariat/Mission Directorate/ member banks of J&K SLBC/LDMs)

Agenda item No: 8

Data sharing

On the issue of sharing of data by banks through Sub-Committee of SLBC on SRLM for initiating various strategies including recovery etc. the Sub-Committee decided that the Mission Directorate for SRLM in consultation with SLBC Secretariat shall prepare a mutually agreed format that should also match the National Level format and also decide the intervals at which the data sharing should take place.

(Action: Mission Directorate for SRLM/ SLBC Secretariat)

Agenda item No: 9

Conducting workshop for LDMS/DDMS, NABARD, NRLM.

It was conveyed by Mission Director, SRLM that Chairman & CEO, J&K Bank, during the recently held conclave of RSETI Directors, has consented for holding of workshop for LDMS/DDMS, NABARD, NRLM in the first or second week of August 2014 wherein participants shall be sensitized regarding bank linkage of SHGs under Umeed. However, date of conducting of the said workshop has not been decided as yet, he stated.

Agenda item No: 10

Changing Convenorship in respect of Sub-Committee of SLBC for State Rural Livelihood Mission (SRLM) constituted by J&K SLBC in its 92nd Meeting held on March 10, 2014

The proposal of Changing of Convenorship in respect of Sub-Committee of SLBC for State Rural Livelihood Mission (SRLM) to the Mission Directorate of SRLM was rejected by the forum on the grounds that Convenorships of the said committees in other states across the country are being held by respective SLBCs.

Before concluding deliberations, Chief General Manager, NABARD, Chairman of the meeting suggested holding of one day programme on NRLM Project by Mission Directorate, SRLM inviting therein managers of the bank branches operating in the blocks covered under the scheme and SHG leaders.

The forum decided that the workshop be conducted in the month of December 2014 at Jammu and next year May 2015 in Kashmir

(Action: Mission Directorate for SRLM)

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

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

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Annexure "A"

List of Participants of the Sub-Committee of SLBC for State Rural Livelihood Mission (SRLM), held on 10th July 2014

<u>S. No.</u>	<u>Name of Participant</u>	<u>...</u>	<u>Designation/ Organization</u>
<u>Chairman</u>			
1)	Mr. Shankar A. Pande	...	Chief General Manager, NABARD
<u>Convenor Bank</u>			
2)	Mr. S. K. Bhat	President (LBD/SLBC)
3)	Mr. Gulzar Ahmad	...	Assistant Vice President (LBD/ SLBC)
<u>NABARD</u>			
4)	Mr. Dinesh K. Kapila	...	DGM, NABARD, Srinagar
<u>Mission Directorate, SRLM</u>			
5)	Mr. Farooq Ahmad Peer	...	Mission Director, SRLM
6)	Mr. T. A. Zargar	...	Additional Mission Director, SRLM (Kashmir)
7)	Mr. Arun Manhas	...	Additional Mission Director, SRLM (Jammu)
<u>Ministry of Rural Development, GOI</u>			
8)	Dr. Yogita Rana	...	State Representative, NRLM
<u>J&K State Government</u>			
9)	Mr. N. A. Wani	...	Special Secretary, Rural Development Deptt.
<u>Banks</u>			
10)	Mr. A. K. Pandita	Vice President (A&AP), J&K Bank
11)	Mr. Gurcharan Singh	General Manager, JK Grameen Bank
12)	Mr. D. K. Kaul	Regional Manager, SBI
13)	Mr. Shabaz Rigzin	Chief Manager, PNB
14)	Mr. Mohd Mateen Qadri	Senior Manager, EDB

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