

FOLLOW-UP OF ROLLED OVER ACTIONABLE POINTS OF PREVIOUS SLBC MEETINGS:

1) Legislating SARFAESI Act:

Agenda Item/ Date of SLBC	Summary of decisions/ Action points.	Action taken / Status
<p>73 (b) 18.06.2008</p>	<p>Removal of legal glitches to enforce SARFAESI Act in J&K State</p>	<p>In the 87th SLBC meeting the house was informed that State Government is going to take up the issue to the State Legislature in the ensuing session and probably the legislation on SARFAESI Act would be in place in the first week of April 2013. Terming it as a big relief for the banking fraternity, the Chairman expressed optimism that the matter would be resolved very soon.</p> <p>In the 88th SLBC meeting held on 16.2.2013 the Chairman stated that there has already been a great deal of interaction between the State, GOI and Banks on the issue. He stated that since all the disabling factors have now been sorted out by the Government, the enactment of an appropriate legislation should happen in the current Assembly session and the long pending issue resolved by April or May 2013.</p> <p>Though the Act did not come through in the last Assembly Session, the issue is in final stages and State Revenue Department is handling the matter at the moment.</p>

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

REVIEW OF ACTION POINTS OF LAST SPECIAL MEETING OF J&K STATE HELD ON 21ST MARCH 2012 ON THE EVE OF VISIT OF HON'BLE GOVERNOR, RESERVE BANK OF INDIA TO J&K STATE:

1) Selection of 6 districts in J&K State for planned credit flow to Agriculture:

Agenda Item/ date	Summary of decisions/ Action points.	Action taken / Status																																		
Special SLBC held on 21.3.2012	The Hon'ble Governor, Reserve Bank of India, Dr. D. Subbarao, issued directions that six districts in the State, 3 each in Kashmir and Jammu divisions, be identified and concerted efforts be made for increasing lending in agriculture sector especially for crop loans.	<p>The issue was discussed in the meeting of the Sub-group of SLBC held on 12th April, 2012 at J&K Bank, Corporate Headquarters, Srinagar, wherein the following six districts were identified for special focus and planned credit flow to agriculture sector:</p> <p><u>KASHMIR DIVISION:</u></p> <ol style="list-style-type: none"> 1. Baramulla, 2. Kulgam and 3. Shopian <p><u>JAMMU DIVISION:</u></p> <ol style="list-style-type: none"> 1. Jammu, 2. Samba and 3. Udhampur <p>With a view to give a fillip to the Agriculture Sector in J&K State all the LDMs were advised to double the targets for agriculture sector for FY 2012-13 with special focus on the identified 6 districts. LDMs were directed to ensure providing of KCCs to all eligible farmers as per directions of Gol. Hence, special consideration was given to this aspect in DCPs/ ACP.</p> <p><u>Progress achieved in credit flow to Agriculture as on 31.3.2013:</u></p> <p>Due to special focus on the identified six districts satisfactory progress has been achieved. The district-wise position as on 31.3.2013 is given below for information of the house:</p> <p style="text-align: right;">(Amt. in lakhs)</p> <table border="1" data-bbox="895 1563 1514 1877"> <thead> <tr> <th rowspan="2">Name of District</th> <th rowspan="2">Target for FY 2012-13</th> <th colspan="2">Achievement</th> </tr> <tr> <th>Absolute</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Baramulla</td> <td>291.05</td> <td>320.39</td> <td>110%</td> </tr> <tr> <td>Kulgam</td> <td>120.56</td> <td>102.84</td> <td>85%</td> </tr> <tr> <td>Shopian</td> <td>107.75</td> <td>272.69</td> <td>253%</td> </tr> <tr> <td>Jammu</td> <td>200.92</td> <td>240.62</td> <td>119%</td> </tr> <tr> <td>Samba</td> <td>122.60</td> <td>102.35</td> <td>83%</td> </tr> <tr> <td>Udhampur</td> <td>53.11</td> <td>39.71</td> <td>75%</td> </tr> <tr> <td>OVERALL</td> <td>895.99</td> <td>1078.60</td> <td>120%</td> </tr> </tbody> </table>	Name of District	Target for FY 2012-13	Achievement		Absolute	Percentage	Baramulla	291.05	320.39	110%	Kulgam	120.56	102.84	85%	Shopian	107.75	272.69	253%	Jammu	200.92	240.62	119%	Samba	122.60	102.35	83%	Udhampur	53.11	39.71	75%	OVERALL	895.99	1078.60	120%
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The achievement has been satisfactory.

This is for information of the house

2) Opening of at least 25% of the brick and mortar branches in unbanked villages with population less than 10,000:

Summary of decisions/ Action points.	Action taken / Status			
<p>In the last Special SLBC meeting it was decided that in order to extend the coverage, banks shall open as many physical brick & mortar branches after taking due care of the stipulation that 25% of the branches are opened in un-banked villages having population less than 10000.</p>	<p>All the banks operating in J&K State were advised follow the directions of Hon'ble Governor, RBI.</p> <p>As per data received from the banks, the progress achieved upto the end of March 2013 is given as under:</p>			
	S. No.	Name of Bank	Total No. of branches opened during FY 2012-13	Out of that No. of branches opened in villages with less than 10000 population.
	1	J&K Bank	69	19
	2	SBI	2	2
	3	PNB	2	...
	4	JKGB	17	8
	5	EDB	6	3
	6	HDFC Bank	31	4
	Overall		127	36 (28%)

As against the stipulation of opening 25% of branches in the rural areas with population less than 10000, the achievement has been of the order of 28%, which is encouraging.

This is for information of the House

3) Lending of collateral-free loans by banks in the State of Jammu & Kashmir:

Summary of decisions/ Action points.	Action taken / Status
<p>The Chief Secretary, J&K State joining deliberations on the issue pointed out that under RBI guidelines banks have to extend credit without any collaterals upto a limit of Rs.10.00 lakh for MSMEs.</p> <p>Regarding extension of collateral-free credit under CGTSME Scheme, Governor, RBI observed that CGTSME Scheme imposes a cost on the borrower in the form of premium, which most of the borrowers are not ready to pay and therefore, they prefer collateral based credit. But he advised the banks to ensure that absence of collaterals should not result in rejection of cases. Governor RBI disclosed that he has advised concerned officers of Reserve Bank of India, Jammu to interact with the people and conduct a sample study in a couple of districts to ascertain whether there are any instances of rejection of cases by banks for want of collateral security.</p>	<p>A sample study was got conducted independently by J&K Bank, SBI and PNB to ascertain the facts about banks demanding collaterals for sanctioning loans of less than Rs.10.00 lakh to MSMEs Sector.</p> <p>Report of the said sample study was conveyed to Reserve Bank of India vide Ref. No. LBD/SLBC/Spl.SLBC/2012-248 dated June 20, 2012. (Copy enclosed for ready reference).</p>

This is for information of the house

Encls: Report of Sample Study

AGENDA ITEM NO: S-01

KEY BANKING INDICATORS FOR MONITORING FLOW OF CREDIT IN J&K STATE AS ON 31ST MARCH 2013:

The key indicators of the performance of the banks operating in J&K as on 31st March 2013 is enclosed as [Annexure-A](#) for information of the house. The following position is revealed:

- ⇒ Total deposits of all banks operating in the State as on 31st March 2013 stood at Rs.64,479.70 Crore as against Rs.55,143.60 Crore as on 31.3.2012, indicating a YoY growth of Rs.9336.10 Crore (16.93%) in deposits in the State.
- ⇒ Total advances of all banks operating in the State as on 31st March 2013 stood at Rs.23,542.33 Crore as against Rs.18948.94 Crore during the corresponding period of previous year, indicating a YoY growth of Rs.4593.39 (24.24%) in total advances outstanding in the State.
- ⇒ The Credit Deposit Ratio of banking sector in J&K State has increased from 34.36% as on 31.3.2012 to 36.51% as on 31.03.2013.

C.D.Ratio of J&K Bank has increased by 2.93% during the year (from 35.95% to 38.88%)

It may be mentioned here that various Commercial Banks located outside J&K State having presence in J&K State, have sanctioned an amount of Rs.8500 Crore for various projects of National Highway Authority of India (NHAI) being executed in J&K State and the outstanding disbursement as on date is Rs.3596 Crore.

This financing / disbursement should have been in all fairness made by the banks through their branches located in J&K State. This would have impacted CD Ratio of the State favourably and net impact would have been improved C.D.Ratio of 42%.

- ⇒ The Priority Sector advances of all banks in J&K State stood at Rs.13,708.74 Crore as on 31st March 2013 constituting 58.23% of total advances outstanding as against 58.75% recorded on 31st March 2012.
- ⇒ Share of Agriculture advances to total advances in the State has increased from 12.53% as on 31.3.2012 to 14.34% as on 31st March 2013 against the benchmark of 18%, which needs to be further improved.
- ⇒ The proportion of lending to MSMEs sector has slightly decreased from 32.75% of total advances outstanding as on 31.03.2012 to 31.35% as on 31.03.2013. However, the amount of lending to MSMEs sector has **increased from Rs.6,206 Crore as on 31.3.2012 to Rs.7,381 Crore as on 31.3.2013 (an increase of Rs.1175 Crore).**
- ⇒ Advances to weaker sections of society has slightly decreased from Rs.3,371.92 Crore as on 31.03.2012 to Rs.3,218.59 Crore as on 31.03.2013, However, **against the bench mark of 10% the share of finance to weaker sections stands at 13.67%, which is satisfactory.**
- ⇒ Total bank credit under DRI Scheme in the State as on 31.03.2013 stood at Rs.7.59 Crore representing the negligible proportion of 0.03%, i.e. much below the benchmark of 1% of total advances.
- ⇒ Advances to women stood at Rs.1027.54 Crore representing the share of **4.36% out of the total advances as on 31.03.2013 against the benchmark of 5%.**

This is for information of the house

AGENDA ITEM NO: S-02

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

In the last Special SLBC meeting held on 21.3.2012, the Hon'ble Governor, RBI while commenting on the Credit Deposit Ratio, expressed concern that the C.D.Ratio of J&K State stood at just around 35%, which was less than half of the national average. Emphasizing that there was immediate need to substantially increase the Credit Deposit Ratio in the State, he advised that banks and the State Government should work in coordination and collectively evolve a mechanism for generating demand for credit in the State. The Governor, RBI set a target of 40% Credit Deposit Ratio for the J&K State to be achieved by the end of March 2013.

Measures initiated for enhancing C.D.Ratio in J&K State:

For the purpose of enhancing the Credit Deposit Ratio of the State to 40% for financial year ended 31.3.2013, Reserve Bank of India, R. O. Jammu, vide their D.O. letter dated March 28, 2012 had suggested to constitute a Sub-group of J&K SLBC consisting of members from major banks, for preparing a workable action plan.

Accordingly, the Sub-group to workout action plan for enhancing C.D.Ratio of the State to 40% was constituted, which met on 12th April 2012 and recommended the following measures:

- **“All the member banks to ensure to meet their commitments under the Annual Credit Plan 2012-13.**
- **Each bank committed to enhance the Credit Deposit Ratio to the desired level of 40% as at the end of March 2013. In this regard all the member banks to sensitize their branches and assign specific targets to them for the current financial year and monitor these vigorously so as to ensure to achieve set targets. These targets have to be at complete coherence with the Annual Credit Plan.”**

As a first step towards augmenting flow of credit in the State, all the LDMs in J&K State were advised to recast the District Credit Plans rationally with due regard to the potential in such a manner that the Credit Deposit Ratio of 40% as advised by the Governor, RBI for J&K State is achieved as on 31.3.2013. Accordingly, the Annual Credit Plan (ACP) for the J&K State was enhanced from Rs.5377.97 Crore (i.e. Rs.3619.69 Crore for

Priority Sector and Rs.1758.28 Crore for Non-priority sector) for FY 2011-12 to Rs.8,995.00 Crore (i.e. Rs.6094.50 Crore for Priority Sector and Rs.2900.37 Crore for Non-priority sector) for FY 2012-13. All the banks were advised to take all necessary steps to achieve the targets fixed under the ACP 2012-13.

Progress achieved as on 31.3.2013

The Credit Deposit Ratio of the State has increased from 34.36% as on 31.3.2012 to 36.51% as on 31.3.2013 indicating an increase of 2.15%. During the FY ended 31.3.2013 aggregate deposits of all the banks have grown by 16.93%, while as the advances of all the banks have grown by 24.24%.

Statistical data of various Banks in J&K State as at end of March 2013:

1. Comparative Statement of Bank-wise deposits and advances with Credit Deposit Ratio as on March 2012 and March 2013 [Annexure- B](#)
2. Statement of Bank-wise / Sector-wise advances outstanding against Priority Sector/ Weaker Sections of the society at the end of March 2013.

[Annexure- C](#)

Out of the aggregate advances of Rs.23,542.32 Crore outstanding as on 31st March 2013 an amount of **Rs.13,708.73 Crore (58.23%) has gone to Priority Sector.**

CREDIT SHARING OF MAJOR PLAYERS IN J&K STATE:

- J&K Bank alone has made total advances of Rs.15,888.65 Crore in J&K State as on 31.03.2013 as against its total deposits of Rs.40,870.19 Crore, thereby achieving a CD Ratio of 38.88%, indicating an increase of 2.93% from the previous years CD Ratio of 35.95%.
- The other major Public Sector Banks, viz. SBI & PNB have made advances of Rs.2247.13 Crore and Rs.887.70 Crore respectively as against their deposits of Rs.8,396.01 Crore and Rs.3848.24 Crore, achieving a C.D. Ratio of 26.76% and 23.07%, respectively, as on 31st March, 2013.
- The remaining 20 Public Sector Banks put together have advanced Rs.1,794.16 Crore as against their total deposits of Rs.3995.77 Crore, which works out to a C. D. Ratio of 44.90%.
- The two Regional Rural Banks operating in the State (viz. J&K Grameen Bank and Ellaquai Dehati Bank) put together have advanced a total amount of Rs.1172.38 Crore against their total deposits of Rs.2845.40 Crore, which works out to a C. D. Ratio of 41.20% as on 31st March, 2013.
- The ten Cooperative Banks together have advanced Rs.920.81 Crore as against their total deposits of Rs.2,756.23 Crore, thereby achieving C. D. Ratio of 33.41% as on 31st March, 2013.

In light of the data/ figures available in the Annexures, the glimpse of credit scenario is presented before the house for deliberations.

AGENDA ITEM NO: S-03

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

In terms of Reserve Bank of India guidelines conveyed vide Circular RBI/2011-12/606 dated June 19, 2012, SLBCs were mandated to prepare a roadmap covering all unbanked villages having population less than 2000 and notionally allot these villages to banks for providing banking services in a time-bound manner. This initiative has been taken in view of the fact that GoI has been emphasizing the need for transferring all state benefits including MGNREGA wages and various cash subsidies to beneficiaries by direct credit to their bank accounts. However, pre-requisite for successful implementation of EBT is availability of doorstep banking services. The objective is to provide a bank account to every household throughout the country.

Accordingly, in J&K State a total of 5582 villages having population less than 2000 have been identified, which include 1393 identified unbanked villages having population less than 2000 already incorporated under “**Extension of Swabhimaan**” programme of GoI, MoF, for providing banking services.

The detailed bank-wise/ year-wise Roadmap (spread over four years, viz. 2013, 2014, 2015 and beyond 2015) given by the respective banks for coverage of the said 5582 allocated villages has been already submitted to Reserve Bank of India, a brief summary alongwith progress achieved by concerned participating banks as at the end of March 2013 is given below for information of the house:

S. No.	Name of the Bank to which allocated	Total No. of villages allocated	Target/ Plan for coverage of villages				Progress achieved as on 31 st March 2013
			31 st March 2013	31 st March 2014	31 st March 2015	Beyond March 2015	
1	J&K Bank	3271	1103	497	800	871	987
2	State Bank of India	753	111	196	215	231	94
3	Punjab National Bank	294	6	137	81	70	2
4	J&K Grameen Bank	1026	54	350	329	293	65
5	Ellaquai Dehati Bank	238	40	79	79	40	40
	TOTAL	5582	1314	1259	1504	1505	1188

The coverage for the FY ended March 2013 is **about 91% of the target for the year.**

The details of district-wise/ bank-wise achievements are given in [Annexure-D](#) for information of the house

House may deliberate the issue

AGENDA ITEM NO: S-04

Implementation of Electronic Benefit Transfer (EBT) Scheme in J&K State:

Strategy and guidelines on Financial Inclusion issued by GoI, MoF, DFS vide Circular dated 21.10.2011 requires that benefits and subsidies under various Government Schemes must be transferred electronically into the accounts of the beneficiaries and such basic banking accounts be opened by banks under Financial Inclusion to facilitate direct transfer of such benefits and subsidies.

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

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

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

In terms of the decision taken in the Special SLBC meeting held on 21.3.2012, the Govt. of J&K vide Order No. 137 of 2012 dated 23.04.2012 formed a sub-group headed by Secretary to Govt. Information Technology to activate the process of preparations in this regard.

In the 87th SLBC meeting the Commissioner/ Secretary (IT), J&K Govt. was advised to look into the matter, prepare action points to identify the enabling measures for facilitating implementation of EBT. He was also advised to set up a proper Secretariat within the IT department, which can take the responsibility to carry the initiative forward.

The Principal Secretary (Finance), J&K Govt. has taken a meeting on 25.4.2013 at Jammu, in which the SLBC Convenor Bank also participated alongwith the heads of relevant Government departments. A couple of decisions were taken in the meeting for immediate and seamless implementation of the EBT Scheme. However, minutes of the same are yet to be circulated by the Government.

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

AGENDA ITEM NO: S-05

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

Scheme:

In terms of GoI, MoF guidelines dated 19.08.2011 the common format of application form for KCC was approved by the Steering Sub-Committee of SLBC to monitor flow of credit to Agriculture in its first meeting held on 13.12.2011 and various recommendations were made for the purpose of ensuring 100% coverage of farmers in J&K State under KCC Scheme

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

Timelines for accomplishing the target of 100% coverage

In 85th SLBC meeting the Hon'ble Chief Minister directed that 100% coverage of farmers under KCC should be accomplished **by end of Sept. 2012**. Subsequently, in the 88th meeting of J&K SLBC held on 16.2.2013, Chairman informed the house that the Hon'ble Union Finance Minister on observing that J&K State was lagging far behind in 100% coverage of farmers under KCC Scheme, has extended the timeline to **30th of June 2013**. In the said SLBC meeting following decisions were taken to ensure that the target of 100% coverage under KCC is achieved:

- **Organizing camps for generating awareness and on-the-spot sanction and issuance of KCCs to the farmers be launched at a massive scale, wherein all the stakeholders, viz. Agriculture Department, Revenue Department as well as Banks shall ensure to participate;**
- **Banks to ensure that all the pending cases are cleared as soon as possible. The cases where banks face difficulties could be left aside, the other cases, which are in order be cleared immediately.**

Progress achieved upto 31.03.2013:

Upto the end of March 2013, banks have sanctioned 6,34,710 KCCs in J&K State, which include KCC cases sponsored by Agriculture Department as well as the cases taken up by banks directly. This works out to an achievement of 50% of the target of 12.84 lakh farm-operating families in the State.

Out of the total KCCs sanctioned by banks, **more than 50% has been contributed by J&K Bank alone having sanctioned 3,17,013 KCCs. Other major players include JKGB with 1,08,355 KCCs, EDB with 49,348 KCCs, SBI with 44,880 KCCs & PNB with 36,404 KCCs.**

Against the said sanctioned cases 4,60,748 KCCs have been disbursed credit amounting to Rs.1,907.60 Crore. The detailed progress as on 31.3.2013 is given in [Annexure-E](#)

House is requested to deliberate the issue

AGENDA ITEM NO: S-06

CREDIT TO PRIORITY SECTOR:

Bank-wise/ Sector-wise/ Region-wise achievements in lending to Priority Sector under Annual Credit Plan 2012-13 as at end of March 2013.

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

The Bank-wise/ Sector-wise achievements as at the end of March 2013 vis-à-vis commitments for lending to priority sector under Annual Credit Plan 2012-13 are given as [Annexures- F](#), [Annexure-G](#) & [Annexure-H](#).

It is manifest from the figures as shown in the Annexures that by the end of March 2013 banks have provided total credit of Rs.4,918.14 Crore in favour of 3,79,676 beneficiaries against a target of Rs.6,094.50 Crore for 3,54,302 beneficiaries to the Priority Sector under Annual Action Plan 2012-13, thereby registering achievement of 81% in financial terms and 107% in physical terms.

Considering the directions of the Hon'ble Governor, Reserve Bank of India during the Special SLBC meeting held on 21.3.2012, the aggregate targets for priority sector lending for the FY 2012-13 were substantially increased (from Rs.3619.69 Crore of FY 2011-12 to Rs.6094.50 Crore for FY 2012-13).

The comparison of the achievement of banks under Priority Sector vis-à-vis their respective annual targets at the end of Q4 of FY 2012-13 with Q4 of PY 2011-12 (YoY) is given hereunder:

Name of Bank	FY 2011-12			FY 2012-13		
	Target	Achievement (31.03.2012)	%age of Achiev.	Target	Achievement (31.03.2013)	%age of Achiev.
J&K Bank	1492.44	2,738.94	184	3123.22	3225.67	103
SBI	499.99	224.06	45	641.35	450.26	70
PNB	283.86	186.13	66	433.93	289.90	67
Other Com. Banks	402.52	226.69	56	602.44	432.24	72
Coop. Banks	396.55	199.41	50	499.08	228.26	46
RRBs	541.69	302.09	56	792.13	290.72	37
Other FIs	2.64	3.52	133	2.35	1.09	46
TOTAL	3619.69	3880.84	107	6094.50	4918.14	81

I) AGRICULTURE SECTOR:

Against the annual target of Rs.1,771.85 Crore for 2,10,675 beneficiaries, banks have disbursed a total amount of Rs.1758.63 Crore in favour of 2,66,419 beneficiaries under this sector by the end of March 2013 thereby registering an achievement of 99% and 126% in financial and physical terms respectively.

(II) MICRO & SMALL ENTERPRISES SECTOR:

As against the annual target of Rs.2,147.61 Crore for 71,728 beneficiaries, banks have disbursed an amount of Rs.1,725.33 Crore in favour of 55,121 beneficiaries by the end of March 2013, thereby registering an achievement of 80% of the target in financial terms.

(III) MICRO CREDIT:

As against the annual target of Rs.777.46 Crore in favour of 40,845 beneficiaries banks have disbursed total amount of Rs.444.75 Crore in favour of 20,857 beneficiaries by the end of March 2013. This works out to 57% achievement in financial terms.

(IV) EDUCATION:

As against the annual target of Rs.208.10 Crore in favour of 6,447 beneficiaries banks have disbursed total amount of Rs.78.65 Crore in favour of 4556 beneficiaries by the end of March 2013. This works out to 38% achievement in financial terms.

(V) HOUSING:

As against the annual target of Rs.1,189.47 Crore in favour of 24,607 beneficiaries banks have disbursed total amount of Rs.910.78 Crore in favour of 32,723 beneficiaries by the end of March 2013. This works out to an achievement of 77% in financial terms.

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

The Region-wise/ District-wise/ Sector-wise achievements as at the end of March 2013 vis-à-vis commitments for lending to priority sector under Annual Credit Plan 2012-13 are given as **Annexure-I**.

(Amount in Crores of Rupees)			
Region	Targets	Achievements	Achievement %
Kashmir	3,164.47	2,372.49	75
Jammu	2,810.15	2,380.61	85
Ladakh	119.88	165.04	138
TOTAL	6,094.50	4,918.14	81

The house is requested to discuss the issue.

AGENDA ITEM NO: S-07

Financial Literacy Centres (FLCs) – Guidelines:

RBI, C.O. Mumbai, vide Circular No. RBI/2011-12/590 dated June 6, 2012 has modified the earlier Model Scheme for FLCCs issued vide RBI/2008-09/371 dated February 4, 2009. The fresh guidelines envisage that **“while the existing FLCCs would continue to function with a renewed focus on financial literacy, lead banks are advised to set up FLCs in each of the LDM offices in a time bound manner”**.

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

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

Progress achieved by the concerned lead banks upto 31st March 2013:

SBI has operationalized Financial Literacy Centres in all its 10 allocated districts.

J&K Bank has already operationalized Financial Literacy Centres in all the 12 allocated districts.

The details regarding setting up of FLCs with number of people benefited from the said FLCs is given in [Annexure-I](#) for information of the house.

House is requested to deliberate

AGENDA ITEM NO: S-08

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

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

Progress achieved as on 31.3.2013

J&K Bank has operationalized RSETIs in all the 12 districts allocated to it by the J&K SLBC, viz. Districts Srinagar, Ganderbal, Budgam, Baramulla, Bandipora, Kupwara, Anantnag, Kulgam, Pulwama, Shopian, Rajouri and Poonch. Whileas State Bank of India has operationalized RSETIs in 9 out of its 10 allocated districts, viz. Districts Jammu, Samba, Udhampur, Reasi, Kathua, Doda, Ramban, Kishtwar and Leh, leaving one District Kargil yet to be covered. Details are given in [Annexure-J](#).

ii) Status regarding allotment of land by State Government

Despite vigorous persuasion, the Govt. of J&K has not so far allotted land in favour of any of the RSETIs. In the last (88th) SLBC meeting held on 16th Feb. 2013, the Commissioner/ Secretary, Rural Development stated that as per the MoRD guidelines the land for construction of permanent infrastructure for the RSETIs has to be properly transferred to the concerned banks, for which all the District Development Commissioners would need to prepare proper document of land and after routing these through the concerned Divisional Commissioners, the issue has to be placed before the State Cabinet for clearance. He assured the house that the issue is being vigorously pursued and expressed optimism that by the end of March, 2013 government may be able to register some progress in the matter.

Government of J&K may inform progress in the matter.

House may deliberate the issue

AGENDA ITEM NO: S-09

Performance under Government Sponsored Employment Generation & Poverty Alleviation Schemes in J&K State:

Against the Annual Action Plan 2012-13 target of Rs.411.75 Crore for 27,475 beneficiaries for all banks operating in the State, the achievement of banks at the end of March, 2013 under five major Government Sponsored Schemes, viz. NRLM (SGSY), PMEGP, JKSES, SJSRY and SC/ST/OBC is of the order of Rs.205.26 Crore spread over 12,754 beneficiaries in all the three regions of the State thereby registering a performance of 50% of the target in financial and 46% in physical terms.

The achievement is not satisfactory as compared to credit delivery to GSS during the financial year 2011-12 with disbursement of Rs.237.36 Crore to 15,584 beneficiaries (being 110% of the target in financial and 83% in physical terms). The performance details under GSS are given in [Annexure-K](#) & [Annexure-L](#)

Reasons for low performance under Government Sponsored Schemes in J&K

Over the years the low performance under Government Sponsored Schemes in the State of J&K has been attributed to a number of factors, some of which are enumerated below for information of the house:

1) High Incidence of NPAs:

As may be seen from the data / figures, there is high incidence of NPAs under Government Sponsored Schemes in J&K State, as a result of which the banks are generally reluctant to lend under the Government Sponsored Schemes. Details of NPAs under the major 5 Government Sponsored Schemes is given in [Annexure-M](#) for information of the house. Loan servicing and recovery mechanism needs to be revisited for improving recovery performance.

It may be mentioned that as on 31st March 2013, total NPAs of banks in J&K State stood at **5.16%** of the gross advances, whereas the NPAs under 5 major Govt. Sponsored Schemes has been comparatively higher at **8.04%**.

2) Persistent insistence on collateral security.

One of the major disabling factors observed was that Branch Managers seek collateral security and in some cases guarantees of Government Employees for sanctioning cases under Government Sponsored Schemes. Although Reserve Bank of India has raised the level of collateral free lending from Rs.5.00 lakh to Rs 10.00 lakh in respect of MSMEs and almost all the banks operating in the State have already issued specific instructions to their branches/ operation levels to observe compliance to the mandatory directives issued by the regulator. The situation at the ground level has improved and much better progress is expected in future.

3) Long Pendency of cases:

The cases are neither screened properly nor are the selected cases recommended by the concerned agencies on time. There are also instances of delayed sanctioning and delayed disbursements by the banks.

4) Lack of post-disbursal monitoring

Lack of post-disbursal monitoring of the units established under various Government Sponsored Schemes in J&K State, which generally result in high mortality of these units. Some of the other reasons responsible for low performance under Government Sponsored Schemes are:

- **Lack of handholding of entrepreneurs;**
- **Lack of skill expertise with the beneficiaries under Government Sponsored Schemes.**
- **Delay in release of subsidy and margin money components;**
- **Lack of awareness to ensure formalities by the beneficiaries;**
- **Bunching of applications to banks at the fag end of the year leaving least scope for the banks to process the same, with the result these cases often tend to be rejected by the banks.**

House may deliberate the issue