

Confirmation of the minutes of 66th & 67th(Special) -SLBC meetings held on 21st September 2005 and 15th October 2005

The minutes of the 66th & 67th SLBC meetings held on 21st September 2005 and 15th October 2005 respectively were circulated amongst the members vide our office covering letter Nos.LB/66-SLBC/2005-339 dated: 07-10-2005 and LB/66-SLBC/2005-356 dated 24-10-2005.

The House is requested to confirm the minutes.

Follow up Action on the Decisions taken in the 66th SLBC meeting.

i) J&K Entrepreneurship Development Institute-Contribution from Banks.

The issue of setting up of Training Institute for SSI/PMRY entrepreneurs in the State was deliberated upon in the 60th and 61st SLBC meetings on the advice of Reserve bank of India and the house had strongly suggested for setting up of an Institute in the State of J&K by pooling resources from the Government as also from Banks/Financial Institutions with the objective to, identify orient motivate, train and assist the youth to take up Self Employment ventures as an alternative career, promote Rural entrepreneurship etc. In the 63rd SLBC meeting, the representative of State Government had informed the House that an Entrepreneurship Development Institute has been set up at Srinagar and since the said Institute had finalized plan for construction of its own building, sought suitable contribution from Banks/FIs. In the 66th SLBC meeting, the representatives of Banks/Fis opined that it would not be possible for them to contribute for construction of building for EDP, instead they were willing to Sponsor some programmes, where the educated unemployed youth could be imparted entrepreneurship skills enabling them to engage themselves in productive employment. However, after thorough deliberations on the issue it was decided that EDI should identify utilization of funds in other areas like equipment, libraries, Sponsorship of Training programmes, software etc.

In pursuance of the said decision the Executive Officer of J&K EDI has vide letter No. JKEDI/Adm./LBC/05/58 dated 12.11.2005 informed that an amount of about Rs.260.00 lacs will be required by the Institute for purchase of audio/video equipments, establishment of two computer labs, strengthening

of library facilities etc.(Details enclosed) both at Srinagar and Jammu, which shall be sufficient for next 10 to 15 years.

In light of above the House is requested to deliberate upon the issue.

Encl:1

ii) **Creation of Fund for the revival of the sick Industrial units in the State.**

iii) **Kissan Credit Card Scheme**

As decided in the 66th SLBC meeting these issues are to be deliberated in the Sub-Committee meeting of SLBC which is to be held prior to the 68th SLBC meeting and the recommendations thereof will be placed in the 68th SLBC meeting.

Agenda Item No: 68.01

Bank-wise/Region-wise/Sector-wise achievements under Annual Credit Plan 2005-2006 as on September 2005.

(1)

BANK-WISE ANALYSIS:

The Bank-wise/ Sector-wise and District-wise/Sector-wise achievements as on September 2005, vis-à-vis commitments under Annual Credit Plan 2005-06 are given under [Annexures-"A" "B" & "C"](#). The achievement vis-à-vis commitment in respect of Crop Loan out of Agriculture Sector has been incorporated separately in the statement. From the figures, it is observed that Banks have provided total credit of Rs.696.09 Crore in favour of 40,777 beneficiaries against a target of Rs.1076.73 Core for 2,30,905 beneficiaries under Annual Action Plan 2005-06, thus, registering an overall achievement of

65% of the target in financial terms and 18% in physical terms as on September 2005 of the Current financial year.

The comparison of the achievement of Banks viz-a-viz their respective annual targets upto the quarter 2 of financial years 2004-05 and 2005-06 is given hereunder:

(Amt. In Crores of Rs.)

| Name of Bank | Financial year 2004-05 | | Percentage of Target | Financial year 2005-06 | | Percentage of Target |
|----------------------|------------------------|---------------|----------------------|------------------------|---------------|----------------------|
| | Target | Ach. | | Target | Ach. | |
| Bank | 422.86 | 352.03 | 83 | 500.72 | 370.53 | 74 |
| | 135.61 | 85.35 | 63 | 155.11 | 102.73 | 66 |
| | 71.18 | 50.00 | 70 | 80.42 | 67.00 | 83 |
| er Comm. Bks. | 85.04 | 35.07 | 41 | 108.89 | 56.41 | 52 |
| o. Bks. | 138.91 | 45.69 | 33 | 149.29 | 62.90 | 42 |
| | 51.00 | 25.97 | 51 | 66.41 | 35.67 | 54 |
| er Fls | 17.97 | 1.09 | 6 | 15.89 | 0.85 | 5 |
| TOTAL | 922.57 | 595.20 | 65 | 1076.73 | 696.09 | 65 |

2) SECTOR-WISE ANALYSIS:

1) Agriculture Sector:

Against the Annual Target of Rs.352.48 Crore for 1,70,705 beneficiaries, Banks have disbursed a total amount of Rs.166.79 Crore in favour of 21,084 beneficiaries under this sector, thus, registering an achievement of 47% in financial terms. Out of this, an amount of Rs.91.43 Crore against a target of Rs.146.17 Crore has been disbursed under Crop Loan in favour of 15,732 agriculturists. The achievement of Banks under this segment is of the order of 63% of the target.

While analyzing the Bank-wise achievements under this sector, it will be

observed that leading performers have been Corporation Bank, Union Bank of India, Bank of Baroda, Kamraz Rural Bank and J&K Bank, who have achieved 268%, 111%, 93%, 68% and 63% respectively, of their respective individual targets. While analyzing the quantum-wise disbursement, the major contributors have been the Jammu & Kashmir Bank Ltd. (Rs.108.31Crore), Kamraz Rural Bank (Rs.12.86 Crore), State Bank of India (Rs.9.75Crore), Punjab National Bank (Rs.8.65 Crore), Baramulla Central Cooperative Bank (Rs.8.09 Crore), Jammu Central Cooperative Bank (Rs.5.94 Crore), Jammu Rural Bank(Rs.5.85 Crore),Anantnag Central Cooperative Bank(Rs.3.28 Crore) and J & K State Cooperative Bank (Rs.1.23 Crore).

II)

Industries Sector:

As against the target of Rs.232.92 Crore for 22,218 beneficiaries, Banks have disbursed an amount of Rs.215.82 Crore in favour of 2,246 beneficiaries as on 30th September 2005, thereby registering 93% of the target in financial terms. While analyzing Bank-wise achievements (quantum-wise), the major contributors have been, J&K Bank (Rs.122.67 Crore), Punjab National Bank (Rs.37.78 Crore), State Bank of India (Rs.18.01 Crore),JCC Bank(Rs.8.96 Crore), Bank of India (Rs.6.66 Crore), Vijaya Bank (Rs.5.25 Crore),UCO Bank (Rs.4.25 Crore), IOB(Rs.3.18 Crore), OBC (Rs.1.69 Crore), Syndicate Bank (Rs.1.32 Crore) and Canara Bank (Rs.1.11 Crore).

III)

Services Sector:

As against a target of Rs.491.33 Crore in favour of 37,982 beneficiaries, Banks have disbursed a total amount of Rs.313.47 Crore in favour of 17,447 beneficiaries. This works out to 64% achievement in financial terms.

The forum is requested to discuss the issue in the light of the data

furnished.

Encls: (5).

Agenda Item No: 68.02

Region-wise /District-wise/ Bank-wise / Scheme-wise performance of various Banks under Government Sponsored Schemes upto September 2005.

Against the Annual Action Plan 2005-06 for all Banks in the State at Rs.238.07 Crore, the achievement of Banks upto 30th September 2005, under six major Government Sponsored Schemes, viz. SGSY, PMRY, JKSES, SJSRY, SC/ST/OBC and KVIC/B is of the order of Rs.43.40 Crore in all the three regions of the State thereby registering a performance of 18% of the target. The disbursement during the period under review is however, higher than the disbursement of Rs.35.54 Crore made during the corresponding period of the previous year

1) **Region-wise Achievements.**

i) **Kashmir Region:** As against 13% achievement of Banks at Rs.19.59 Crore as on 30th September 2004, Banks have disbursed a total amount of Rs.24.31 Crore as on 30th September 2005 under these six major Government Sponsored Schemes, thereby achieving 18% of the target of Rs.131.65 Crore.

ii) **Jammu Region:** As against 13% achievement of Banks at Rs.12.39 Crore as on 30th September 2004, Banks have disbursed an amount of Rs.16.36 Crore as on 30th September 2005, under these schemes, which accounts for 17% achievement of the target of Rs.95.27 Crore.

iii) **Ladakh Region:** As against 35% achievement of Banks at Rs.3.56 Crore as on 30th September 2004, Banks have disbursed a total amount of Rs.2.73 Crore as on 30th September 2005, under these six major Government Sponsored Schemes, which works out to 25% achievement of the annual target of Rs.11.15 Crore.

The statement of Region-wise/District-wise/Scheme-wise achievements viz-à-viz commitments of all Banks under six major Govt. Sponsored Schemes as on 30th September 2005, is attached [as Annexure-“D”](#)

2) **Bank-wise/Scheme-wise achievements.**

The Bank-wise achievements under Six major Central/ State Government Sponsored Schemes as on 30th September 2005 are discussed below in light of the figures annexed Scheme-wise as [Annexure E, E1, E2, E3, E4, E5.](#)

SGSY: Under SGSY against a target of Rs.45.11 Crore, Banks have disbursed an

amount of Rs.10.84 Crore to 2,396 beneficiaries during the period under review, which works out to achievement of 24% in financial terms. Out of the total achievement of Rs.10.84 Crore the major contributors are J&K Bank (Rs.4.09 Crore), State Bank of India (Rs.2.01 Crore), Jammu Central Cooperative Bank (Rs.1.20Crore), Baramulla Central Cooperative Bank (Rs.0.77 Crore), Jammu Rural Bank(Rs.0.77 Crore), ACC Bank(Rs.0.51 Crore), Punjab National Bank(Rs.0.49 Crore), Kamraz Rural Bank (Rs.0.49 Crore and J&K State Cooperative Bank(Rs.0.30 Crore)

PMRY: Under PMRY Scheme against the physical target of 3,196 units for the financial year 2005-06, Banks have disbursed an amount of Rs.6.95 Crore to 665 beneficiaries as on ending September 2005 for setting up of employment generating units thereby achieving 21% of the physical target. Out of the total achievement (physical targets) of all Banks operating in J&K State at 665 units the major contributors are J&K Bank(356 units), SBI(194 units) & PNB(69 units).

JKSES: Under JKSES, Banks have disbursed an amount of Rs.14.89 Crore to 890 beneficiaries against the annual target of Rs.78.88 Crore for 5,769 beneficiaries, thus registering an achievement of 19% in financial terms and 15.43% of the physical target. Out of the total achievement of all Banks operating in J&K State at Rs.14.89 Crore the contribution of J&K Bank, SBI & PNB, viz a viz their respective financial targets is of the order of 20.10%, 14.63% and 21.55% respectively.

SJSRY: Under SJSRY, Banks have disbursed an amount of Rs.2.30 Crore to 508 beneficiaries against the target of Rs.16.45 Crore for 3,246 beneficiaries, thus

registering an achievement of 14.00%. Out of the total achievement of Rs.2.30 Crore the performance of three major Banks i.e, J&K Bank, SBI and PNB vis-à-vis their respective targets is of the order of 16.47%, 11.59% and 18.30% respectively.

SC/ST/OBC: Under SC/ST/OBC Banks have disbursed an amount of Rs.0.98Crore to 361 beneficiaries against the target of Rs.8.05 Crore for 2,648 beneficiaries thereby registering an achievement of 12%.

KVIC/B: Under KVIC/B, Banks have disbursed an amount of Rs.7.46 Crore to 482 beneficiaries against the target of Rs.51.74 Crore for 2,532 beneficiaries thereby registering an achievement of 14%.

The house is requested to discuss the issue in light of the figures submitted as per Annexures mentioned above.

Encls: (8).

Agenda Item No: 68.03

Performance under Handicrafts / Handloom / Credit-cum-Subsidy Scheme for Rural Housing Schemes as on 30th September 2005.

The Bank-wise achievement as on 30.09.2005 under these Schemes is discussed below in light of the figures given in the [Annexures-F, G & H](#)

a) **Handicrafts:**

A target of Rs.28.83 Crore for 7,457 beneficiaries has been set for Banks under this sector for the financial year 2005-06. During the period under review Banks have disbursed a total amount of Rs.1.25 Crore to 282 beneficiaries, which includes 99 sanctioned cases of previous year

b) **Handlooms:**

Under this sector a target of Rs.10.13 Crore for 1,517 beneficiaries has been set for the Banks for the financial year 2005-06. During the period under review Banks have disbursed a total amount of Rs.36 lacs to 68 beneficiaries, which include 25 sanctioned cases of previous year.

c) **Credit-cum-Subsidy Scheme for Rural Housing.**

Under this Sector a target of Rs.2.01 Crore to 481 beneficiaries has been set for the banks for the current financial year. During the period under review Banks have disbursed an amount of Rs.36 lacs to 83 beneficiaries.

The house is requested to deliberate upon the issue in light of the above.

Encls: (3)

Agenda Item No: 68.04

Kissan Credit Card(KCC) Scheme.

Government of India/Reserve Bank of India attaches great importance

to implementation of Kissan Credit Card scheme. The performance of Banks under KCC scheme as at the end of September 2005 is furnished as [Annexure-I](#).

The House is requested to deliberate upon the issue in light of the annexure enclosed

Encl: 1

Agenda Item No: 68.05

Statistical data of various Banks in J&K State as of September 2005.

The statistical data of various banks functioning in the J&K State is provided for the perusal of the house as under:

1. Comparative statement of Bank-wise deposits and advances With Credit Deposit Ratio and Credit + Investment to Deposit Ratio as on September 2004 & September 2005. [Annexure-"J"](#)
2. Comparative statement of Bank-wise /Sector-wise advances Outstanding against priority sector/ weaker sections of Society as on September 2004 & September 2005. [Annexure-"K"](#)

From the Annexure, it will be observed that while the J&K Bank alone has made total advances of Rs.5211.87 Crore in J&K State as on 30.09.2005 as against its total deposits of Rs.10,205.61 Crore, thereby achieving a C. D. Ratio of 51.07%, the other major Public Sector Banks, viz. SBI & PNB have made total advances of Rs.780.20 Crore and Rs.425.39 Crore only as against their total deposits of Rs.2,976.25 Crore and Rs.1451.47 Crore, thereby achieving C.D. Ratio of 26.21% and 29.31%, respectively, as on 30th September 2005. The remaining 17 Public Sector Banks put together have advanced Rs.493.37 Crore as against their total deposits of Rs.1,384.93 Crore, which works out a C. D. Ratio of 35.62% as on that date. In other words, the total advances outstanding as on 30.09.2005 of all the 18 Public Sector Banks & SBI together stood at Rs.1,698.96 Crore only as against their total deposits of Rs.5,812.65 Crore, which works out C. D. Ratio of 29.23%.

The three Regional Rural Banks operating in the State have advanced a total amount of Rs.233.13 Crore against their total deposits of Rs.1014.67 Crore, which works out a C. D. Ratio of 22.98% as on 30th September 2005.

The seven Cooperative Banks i. e. JCC Bank, BCC Bank, ACC Bank, Citizen's Coop. Bank, JKSC Bank, Devika Urban Coop. Bank and BMC Bank have advanced Rs.519.40 Crore as against their total deposits of Rs.1259.06 Crore, thereby achieving C. D. Ratio of 41.25% as on 30th September 2005.

In light of the figures provided in the annexures, the house is requested to deliberate upon the issue.

Encls: (3).

Agenda item No.68.06

Section 14 of the SARFAESI Act.

Section 14 of the Securitisation and Reconstruction Act, 2002(SARFAESI Act) authorizes the Chief Metropolitan Magistrate (CMM) or District Magistrate(DM) to assist secured creditor in taking possession of secured assets.

However, the banks have informed that the position as regards the compliance of the said authority and assistance from CMM/DM is not very encouraging as the Banks are not getting prompt response from them since no period is provided in the Act to dispose off the applications and as a result the matter gets delayed giving an opportunity to the borrowers to dilute the security.

The Banks have desired that since the existing provision is inadequate the act requires amendment to the extent that it should be mandatory for the CMM/DM to dispose the Bank's application within a time limit.

In light of above, the house is requested to deliberate upon the issue.

Agenda item No.68.07

Enhance access by Small Farmers(SF)/Marginal Farmers(MF) and landless farmers to formal credit.

A) Reserve Bank of India, Jammu vide letter No.RPCD(JMU) No.443/03.01.17/2005-06 dated September 23, 2005 have informed that in order to address the issue of providing credit to tenant farmers/oral lessees engaged in farming activities on the land belonging to others by banks in the absence of any document like tenancy/lease agreement, the Ministry of Agriculture, Government of India has suggested that NABARD/RBI may work out details of the concept of providing a certificate by the State Governments, which would offer a legal basis for credit by banks for the Tenant and landless farmers and discuss its feasibility in SLBC meetings.

NABARD, Mumbai has also informed vide letter No.NB.CPD.GCD.574/GOI-24/2005-06 dated August 27, 2005 that following are some of the initiatives/Schemes that have been introduced by NABARD/Banks/State Government in improving the credit flow to tenant farmers/oral lessees:

i) Bank of India has introduced a scheme called "Bhumiheen Credit Card" aimed at providing credit facilities to landless farmers/tenant farmers/share croppers/oral lessees to a maximum limit of Rs.25000 per head, including Rs.1000 as consumption loan (Copy enclosed). The Scheme is open to eligible farmers sponsored by SHGs. Farmers' club or reputed NGOs(This sponsorship could be extended to Panchayat Raj Institutions (PRI) also).

ii) Banks have been advised by NABARD to finance tenant farmers

on the lines of SHG Bank linkage by forming "tenant farmers Group".

iii) A pilot project on Joint Liability Groups supported by NABARD has also exhibited that landless/tenant farmers could be financed through this mechanism.

iv) There is also a system in Tamil Nadu of issuing some sort of a document containing the details of the land cultivated by the tenant farmers issued by the Village Administrative Officer (VAO) for the purpose of availing of credit from Primary Agriculture Cooperative Societies for Crop cultivation.

As desired by RBI/NABARD, the house is requested to deliberate upon the issue in detail and adopt the schemes that would be most suitable in the State of Jammu & Kashmir for enhancing the flow of credit to tenant farmers/oral lessees engaged in farming activities.

B) Further, Reserve Bank of India, Jammu vide letter No. RPCD.Jmu.No. 830/03.01.17/2005-06 dated December 8, 2005 have informed that on the basis of the suggestion made by one of the Member of Parliament to make available loan applications to farmers at village itself, which was examined by Reserve Bank of India in consultation with NABARD and IBA it has been suggested as under:

" The Branch of the Bank can identify a person of its choice in each village for this purpose. The identified person could be provided with sufficient number of loan application forms along with a list of "Do's" and Don't's" and also a list of documents required to be submitted with the loan application. The Person could be the Sarpanch or Gram Panchayat representative or even a generally accepted person like School Teacher, Post Master etc. who can

also help the borrowers in filling up the form. A small fee could be paid by the farmers to the person for the services being rendered. Such fee would be less than the money, time and energy being spent by the farmer in going to the bank branches for the purpose."

The house is requested to discuss the issue and take a view regarding operationalising the suggestion in the State.

Encl:2

Agenda item No.68.08

The Reserve Bank of India, Jammu vide its communication No. RPCD. JMU.No.889/03.01.17/2005-06 dated 13.12.2005 have forwarded the following points for inclusion as Agenda item for discussion in the meeting.

1) Review of progress of "Credit Linked Capital Subsidy Scheme for Technology up gradation of SSI.

The parliamentary standing committee on Industry in its various report has emphasized that SSI sector should be assisted in accessing proper and timely inputs like adequate credit from financial institutions/Banks, funds for technology upgradation and modernization etc. Taking these objectives into consideration Government of India has conveyed their approval for continuation of the credit Linked Capital Subsidy Scheme for Technology upgradation of small Scale Industries upto March 31, 2007 or till the time sanction of the capital subsidy by the nodal agencies reaches Rupees six hundred Crore, whichever is earlier with some amendments to the existing

scheme which have been circulated by Reserve Bank of India vide circular letter No. RPCD.PLNES.No.432/06.02.31/2005-06 dated October 18, 2005, copy of which is enclosed.

Further, the Committee has observed that although the Credit Linked Capital Subsidy Scheme (CLCSS) is in operation from October 1, 2000, the number of beneficiaries who have availed subsidy under the scheme is much less compared to number of eligible SSI units.

The house is requested to impress upon the member Banks to furnish the progress of CLCSS to the Convenor SLBC on quarterly basis, so that the same is placed in SLBC meetings for monitoring/review purposes.

2) Implementation of Policy Package for stepping up of Credit to Small and Medium Enterprises- Announcements made by the Union Finance Minister.

Reserve Bank of India vide Circular letter No. RPCD.PLNFS.BC.NO.35/06.02.31/2005-06 dated August 25, 2005(Copy enclosed) have circulated the policy package for stepping up credit to Small and Medium Enterprises and have advised the Banks to take action as under.

A) Measures for improving Credit flow to the Sector:

i) A small Scale Industrial Unit is an industrial undertaking in which investment in plant and machinery does not exceed Rs.1.00 Crore except in respect of certain specified items under hosiery, hand tools, drugs and pharmaceuticals, stationary items and sports goods where this investment limit has been enhanced to Rs.5.00 Crore. Units with investment in plant and

machinery in excess of SSI limit and upto Rs.10.00 Crore may be treated as Medium Enterprises (ME). Only SSI financing will be included in priority Sector.

ii) All banks may fix self-targets for financing to SME sector so as to reflect a higher disbursement over the immediately preceding year, while the sub-targets for financing tiny units and smaller units to the extent of 40% and 20% respectively may continue. Banks may arrange to compile data on outstanding credit to SME sector as on March 31, 2005 as per new definition and also showing the break up separately for tiny, small and medium enterprises.

iii) Banks may initiate necessary steps to rationalize the cost of loans to SME sector by adopting a transparent rating system with cost of credit being linked to the credit rating of enterprise.

iv) In order to increase the outreach of formal credit to the SME sector, all banks, including Regional Rural banks may make concerted efforts to provide credit cover on an average to at least 5 new small/medium enterprises at each of their semi Urban/Urban branches per year.

v) Reserve Bank of India had issued a master circular on lending to SSI sector vide circular RPCD.PLNFS.BC.No.03/06.02.31/2005-06 dated July 1, 2005 incorporating instructions on the time to be taken for disposing of loan application of SSI units, the limit up to which banks are obliged to grant collateral-free loans, etc. Based on the above guidelines, the Boards of Banks may formulate a comprehensive and more liberal policies than the existing policies in respect of loans to SME sector. Till the banks formulate such a policy, the current instructions of Reserve Bank of India will be applicable to advances granted/to be granted by banks to SME units.

vi) Cluster based approach for financing SME sector offers possibilities of reduction in transaction costs, mitigation of risk and also provide an appropriate scale for improvement in infrastructure. About 388 clusters have already been identified. In view of the benefits accruing on account of cluster based approach for financing SME sector, banks may treat it as a thrust area and increasingly adopt the same for SME financing.

B) Monitoring and Review mechanism.

i) The existing institutional arrangements for review of credit to SSI sector like the Standing Advisory Committee in Reserve Bank of India and cells at the bank head office level as also at important regional centers will review periodically flow of credit to SME, including tiny sector as whole.

ii) At the Regional offices, the Reserve Bank is constituting empowered committees with the Regional Director of the Reserve Bank as the Chairman to review the progress in SME financing and rehabilitation of sick SSI and ME units and to coordinate with other banks/financial institutions and the state government in removing bottlenecks, if any, to ensure smooth flow of credit to the sector. These Regional level committees may decide the need to have similar committees at cluster/district levels.

iii) Boards of banks may review the progress in achieving the self-set targets as also financing of SME accounts(Including tiny sector) on a quarterly basis to ensure that the required emphasis at the highest forum of the banks is given to this sector.

3) Implementation of Recommendations of Expert Group on Credit Deposit Ratio.

Reserve Bank of India has informed that based on the recommendations of an Expert Group constituted by GOI to examine the problems and causes of low Credit Deposit Ratio, it has been decided that CD Ratio of Banks should be monitored at different levels on the basis of the following parameters:

Note:

| <u>Location/Level</u> | <u>Indicator</u> |
|---------------------------------|------------------|
| Individual banks at Head Office | RIDF |
| State Level (SLBC) | RIDF |
| District Level | |

➔ Credit as per place of
location

➔ Credit as per place of
location

➔ Total Resource support
provided
to States under RIDF

The Group has further recommended that:

➔ In the districts having CDR less than 40, Special Sub-Committees (SSCs) of DLCC may be set up to monitor the CDR.

➔ Districts having CDR between 40 to 60, will be monitored under the existing system by DLCC, and

➔ Districts with CDR of less than 20 needs to be treated on a special footing.

In view of the above suggestions, it has been decided to set up Special Sub-Committee (SSCs) of DLCC in the districts having CDR less than 40, in

order to monitor the CDR and to draw up Monitorable Action Plans(MAPs) to increase the CDR. The Lead District Manager(LDM) of the Lead Bank will be designated as the Convenor of the SSC, which in addition to District Co-coordinators of Banks functioning in the area, will comprise of DDM NABARD, LDO RBI, District planning Officer or a representative of the Collector duly empowered to take decisions on behalf of the district administration.

The functions of the Special Sub-Committee will be as under:

→ Special Sub-Committee (SSCs) will draw up Monitorable Action Plans (MAPs) for improving the CDR in their districts on a self- set graduated basis.

→ this purpose the SSC will hold a special meeting immediately after its constitution and on the basis of the various ground level parameters, set for itself a target for increasing the CDR initially for the current year, i. e. upto March 2006. It will also, at the same meeting, set a definite time frame for the CDR beyond 60 in annual increments.

→ Consequent on the completion of this process, the target and time frame self-set by the SSC will be placed before the DLCC for approval.

→ Take up the plans for implementation and monitor the same assiduously once in two months.

→ Report the progress to the DLCC on quarterly basis and through them to the Convenor of SLBC.

→ On the basis of the feedback received from the DLCC regarding the progress in the implementation of the Monitorable Action Plans(MAPs), consolidated report will be prepared and tabled at all SLBC meetings for

discussion/information.

As regards the district, with CDR less than 20 which are generally located in hilly, desert, inaccessible terrains and /or those dependent solely on the primary sector and /or characterized by a breakdown of the law and order machinery. In such areas conventional methods are not likely to work unless the banking system and the state Government come together in a specially meaningful way.

While the framework for implementation for raising the CDR in these districts will be the same as in the case of districts with CDR below 40(i. e setting up of SSC etc.), the focus of attention and the level of efforts should be of a much higher scale. For this, the Group has recommended that:

Firstly, such districts should first be placed in a special category.

Secondly, the responsibility for increasing their CDR should be taken by banks and State Governments and the districts should be "adopted" by the District Administration and the Lead Bank jointly.

Thirdly, while banks would be responsible for credit disbursement, the State Government would be required to give an upfront commitment regarding its responsibilities for creation of identified rural infrastructure together with support in creating an enabling environment for banks to lend and to recover their dues. Given a collaborative framework as outlined above, the Group is of the view that meaningful increase in CDR is possible.

Banks should give special attention to the CDR in such districts.

In light of above, the house is requested to deliberate/ impress upon the Banks as well the concerned Government agencies to take necessary action so that the Credit Deposit Ratio shows substantial improvement in all the districts of the State.

4) Implementation of decisions taken for improvement of the PMRY Scheme in the meeting

held on 16.09.2005 under the Chairmanship of the Secretary(SSl & ARI) at New Delhi.

Reserve bank of India vide circular letter No. RPCD. PLNFS. No. 553/09.04.01/2005-2006 dated 23 November 2005 have informed that the Ministry of Agro and Rural Industries, GOI has decided to implement the following decisions for improvement in implementation of the PMRY Scheme.

Adherence to the prescribed quarterly schedule for 2005-06 with respect to sponsoring, sanctioning and disbursements of applications. Accordingly, sponsoring of all applications and sanctions of loans in 90% cases must be completed by the end of December 2005, so that disbursement of loans in cases sanctioned during 2005-06 could be completed by 31st March 2006.

The problems faced by the PMRY beneficiaries can be partly resolved by converging PMRY with other Schemes i. e. these Schemes are: Credit Guarantee Fund Scheme for Small Scale Industries (CGFSSI), Small Industries Cluster Development Programme (SICDP) and integrated Infrastructure

Development (IID) Scheme.

Banks would regularly furnish information on the number of cases rejected by them to the District Industries Centers(DICs) concerned so that fresh cases could be sponsored to bank branches by DICs in time.

All implementing agencies of PMRY Scheme to furnish monthly progress reports, by the end of the following month.

The house is requested to impress upon the Banks as well the concerned implementing agencies to take necessary action for implementation of the above decisions.

5) Providing the data(Target and achievements) relating to Non Priority Sector under Annual Credit Plan and submission of recovery position under various Government Sponsored Schemes.

The member Banks are requested to provide the captioned information on quarterly basis to the Convenor SLBC as per the Proforma enclosed so that same is placed in the SLBC meetings for deliberations.

Encl:3

Agenda Item No. 68.09.

Inter-sectoral/ Inter-district variations found in the Performance of banks under Annual Action Plans.

It has generally been observed that the figures of achievement of banks under Annual Credit Plans indicate many inter-sectoral and inter-district variations, e.g., the banks under Services Sector have been generally doing well almost in all the districts of the State and at times even exceed their targets. However, under the Agriculture and Industries Sectors the performance of banks has been below the desired level and the targets fixed under AAP are not generally met in most of the districts of the State.

It is understood that the process of preparation of Annual credit plan is

initiated and completed at grass root (i.e. at the bank-branch) level who forward the Plans to their respective controlling offices for approval, whereafter these plans are placed in the respective District-level Committee for discussion/approval and only then the District Credit Plans are launched for implementation. Under the circumstances banks are enjoined to achieve in full the targets fixed under the Annual Action Plans.

Besides, the Employment Generation and Poverty Elevation programmes are a thrust area and targets for these schemes given by the concerned departments of the Central / State Governments are also finalized in consultation with the representatives of the banks. However, it has generally been observed that performance of banks under these Schemes too is very tardy.

In order to improve the position, there is urgent need to advise all the banks operating in the State to give reasons for their poor performance in various sectors (district-wise) alongwith their relevant statements of their respective achievements under AAP/Sponsored Schemes etc, so that the same are discussed at length in the SLBC meetings and remedial measures taken.

Agenda item No.68.10

Achievement under Self Help Group (SHG) & Swarozgar Credit Card (SCC) Schemes.

Self Help Group(SHG)

Reserve Bank of India has desired to have a proper review of

disbursement of Credit through Self Help Groups (SHGs), as it is an effective tool for delivering Credit to Rural poor for their economic empowerment and social development.

The house is requested to deliberate on the issue in light of the figures provided in [Annexure "L"](#)

Encl: 1

Swarozgar Credit card(SCC) Scheme

In the 66th SLBC meeting the targets for the current financial year were reduced from 2000 to 1000 cards for SCC Scheme, which was introduced by the Government of India in the year 2003 to provide hassle free and timely credit to artisans, handloom weavers, fishermen, rickshaw pullers and other such self employed persons, with NABARD as the Nodal agency for monitoring the Scheme.

The representatives of the banks/NABARD are requested to apprise the house about the achievements under the Scheme.

Agenda item No. S-68.01

Setting up of Corpus for tackling natural calamities in J&K State – contribution received from ICICI Bank.

In the Special (67th) SLBC meeting convened in the backdrop of the earthquake that hit some parts of the State causing large scale devastation to the life and property, the Chairman of the Convenor Bank had suggested that

financial institutions operating in the State of Jammu & Kashmir should set up a Corpus which would be called "The Financial Institutions Corpus for Calamity Relief" and would be placed either with the Convenor Bank or in the joint custody of a few banks, which would be invested to generate income over the years and the draw-downs, whenever necessitated, would be met from the earnings of the said fund.

The house after through deliberations on the issue, unanimously resolved that Banks will contribute to the Corpus to be created for tackling natural calamities, which shall not be linked to the loaning procedures. It was also suggested that necessary correspondence in the matter needs to be made by the Convenor with the CMDs of all banks/ FIs operating in the State.

In pursuance of the said SLBC resolution, Chairman of the Convenor Bank vide his D.O.letter No.JKBCMS/058/1306 dated 17.11.2005, brought it into the notice of CMDs of all banks operating in the State and called for their valuable suggestions on this account.

Accordingly, the Sr. General Manager, ICICI Bank, while congratulating the Chairman J&K bank for the initiative taken, has vide his letter dated 14.12.2005 sent contribution of Rs.10.00 lacs (Rupees Ten lacs) towards the said Corpus.

Since one of the SLBC member banks has already sent its contributions towards the Corpus, the modalities/ modus-operandi for maintaining the said Corpus fund, which would include custody of this fund, its operations and its investment, have to be decided. Further, other member banks have also to be impressed upon to take up the matter with their Head Offices for remitting suitable contributions for the said corpus.

In the light of above the house is requested to deliberate upon the issue

Agenda item No.S-68.02

Rescheduling repayment of Loans, Waiver of Compound/ Penal rate of interest in the areas affected by recent Earthquake

Commissioner/Secretary to Govt. Finance Department (J&K Govt.) have informed that a special session of the State Legislature was recently held to discuss the relief measures taken in the earthquake hit areas. During discussions some Hon'ble members stated that those people who had taken loans from banks for various activities like establishment of business units, construction of houses etc. are not presently in a position to repay the loans due to the losses suffered by them in the earthquake that hit some parts of the State causing large scale devastation to the life and property. The Hon'ble members have desired that the State Govt. should take up the matter with the concerned quarters for rescheduling repayment of such loans, waiver of compound/penal rate of interest etc.

In the light of above the house is requested to deliberate upon the issue