

Confirmation of the minutes of 68th SLBC meeting held on 19th of January 2006

The minutes of the 68th SLBC meeting held on 19th of January 2006 were circulated amongst the members vide our office covering letter No.LB/68-SLBC/2006-530 dated: 11-02-2006. No amendments for the minutes have been received so far.

The House is requested to confirm the minutes.

Follow up Action on the Decisions taken in the 68th 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 EDI, 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. Accordingly, EDI in the 68th SLBC meeting projected an amount of Rs.260.00 lacs that would be required by the Institute for purchase of audio/video equipments, establishment of two computer labs, strengthening of library facilities etc. both at Srinagar and Jammu. The house discussed the proposal and decided that a Committee comprising representatives from State Bank of India, Punjab National Bank, Jammu & Kashmir Bank Ltd., Industries & Commerce Department and EDI would decide the portion of funds that banks could contribute either in the form of kind or in cash towards Rs.260.00 lacs that EDI has projected.

Accordingly a meeting of the said Committee was held on 9th March 2006 at Jammu wherein the following recommendations were made:

70% of Rs.260 lacs will be contributed by Commercial Banks having network of 7 or more branches in the State. The rest 30% will be contributed by Commercial Banks having branch network of less than 7 branches in the state. The contribution of each bank proposed is as given under:

S. No.	Name of the Bank	Amt. Proposed to be contributed (Amt. In lacs of Rs.)
01	J&K Bank Ltd.	22.75
02	P. N. B.	22.75
03	S. B.	22.75
04	State Bank	22.75
05	Bank	22.75

06	. I.	22.75
07	. C.	22.75
08	hara Bank	22.75
09	. I.	4.59
10	. I.	4.59
11	. B.	4.59
12	. P.	4.59
13	habad Bank	4.59
14	. F. C. Bank	4.59
15	dicate Bank	4.59
16	ya Bank	4.59
17	a Bank	4.59
18	. B	4.59
19	. M.	4.59
20	ed Bank of India	4.59
21	poration Bank	4.59
22	CI Bank	4.59
23	. P.	4.59
24	. I. Bank	4.59
25	hra Bank	4.59
	AL	260.03

2 SLBC Convenor will write in the matter to CMD's of all the Commercial Banks in the State

In light of above the house is requested to adopt the proposal.

ii) Mid Course correction

In the 68th SLBC meeting a Committee was constituted under the Chairmanship of Commissioner/Secretary, Finance Department for mid-course corrections in Annual Credit Plan (ACP) for the year 2005-06. The Committee met on 4th February 2006 and following recommendations were made for consideration of SLBC.

1) Since the financial year was about to close mid course corrections in targets at this juncture would remain an academic exercise only.

It was suggested that mid course corrections should normally be made every year in the month of September.

- II) The Scheme for Artisans be circulated among the banks by Director Handicrafts to suggest any modifications, which could be considered by the Government so as to increase the flow of Credit to Handicrafts sector.
- III) The Department of Handicrafts in collaboration with Director, Industries & Commerce, KVIB and Handlooms Department should hold a conference at Srinagar with bankers' including branch managers of various banks with participation from key districts, where various schemes sponsored by State and Central Governments would be deliberated.
- IV) The Committee stressed the need of identifying clusters and focus on their development, publicize the success stories to attract farmers, to analyze the number of agriculturists covered under credit structure and defaults block wise by a team employed by the PNB presently working in Madh block.
- V) District level credit committees should be energized .The Annual Credit Plans should be based on the actual credit appetite of the district.
- VI) District level credit committee meetings should be attended by the SLBC members on rotation to ensure actual reflection of requirement.
- VII) OTS Scheme for borrowers of agriculture loans from PACs needs to be conceptualized.
- VIII) Government departments should cooperate with the banks in recovery of loans on account of sponsored schemes, awareness camps be held.
- IX) Credit flow to agriculture needs to be increased for its diversification-floriculture, farm mechanization.

- X) Cooperative Banks be restructured.
- XI) OTS scheme for Government Sponsored Schemes needs to be formulated by the SLBC in consultation with other banks as circulated by RBI 2005-06/241 dated 27.12.2005

The House is requested to deliberate upon the issue.

<u>o.</u>	<u>ision of the 68th SLBC Meeting</u>	<u>on Taken</u>
	<p>order to relieve the individual farmers of burden of obtaining NOC's from all the ks/Fis, it was agreed that the designated cer from the Agriculture Deptt. would ain the NOCs themselves before nsoring the cases to different banks</p>	<p>culture deptt. to inform ether instructions in this regard e been issued to all the cerned.</p>

<p>as decided by the house that through a circular issued by finance deptt., J&K Govt. District Magistrate should be asked to operate for prompt implementation of the FAESI Act.</p>	<p>circular under No.FD/BKG-2005 dt.10.03.2006 issued by Finance Deptt.(Banking) J&K Govt.(Copy closed)</p>
<p>order to overcome the difficulties faced by ill/marginal/landless farmers in getting credit facilities from the Banks, the GOI in collaboration with RBI had suggested certain measures so as to cover these farmers under credit system by issuing some credit card facility like "Bhumiheen Credit Card". After deliberations on the issue the house had decided to set up a small committee comprising representatives from NABARD, J&K Bank, SBI and PNB with Director Agriculture(JAMMU) as the sponsor for suggesting some innovative schemes on the pattern of "Bhumiheen credit card" Scheme that could be considered for implementation in the State.</p>	<p>Director, Agriculture Deptt., Jammu to place the suggestions before the Committee before the session.</p>
<p>house in its 68th meeting of SLBC desired the social welfare deptt., J&K Govt., should catalyze formation of NGOs with active involvement of the Rural Development Deptt., Handicrafts deptt. and culture deptt. J&K Government.</p>	<p>Director Social welfare deptt., Govt. is requested to inform the house about the action taken in the matter.</p>
<p>the house was deliberating on Agenda item No. 68.08 regarding review of progress of credit linked capital subsidy scheme for Technology Upgradation of SSI in the 68th meeting of the house. The principal Secretary, Industries & Commerce Deptt. had desired that SIDBI should organize at least 3-4 interactive sessions/awareness programmes not only for officials of the Industries deptt. but also for the SSI Association Presidents as well as for the entrepreneurs both at Jammu & Srinagar and first such seminar be organized at Jammu before the Darbar move.</p>	<p>Assistant General Manager, SIDBI informed vide letter JMBO.NO.883/R.38 dated 13.03.2006 that he has requested Director Industries Deptt. for organizing the seminar. He has further informed that the scheme is being explained to all the entrepreneurs visiting his office as well as during their visit to various departments and EDPs conducted by EDI,SISI,JKITCO.</p>

Agenda Item No: 69.01

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

BANK-WISE ANALYSIS:

The Bank-wise/ Sector-wise and District-wise/Sector-wise achievements as on March 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.1167.94 Crore in favour of 80,125 beneficiaries against a target of Rs.1076.73 Crore for 2,30,905 beneficiaries to the priority sector under Annual Action Plan 2005-06, thus, registering an achievement of 108% and 35% of the target in financial and physical terms respectively as at the end of March 2006.

Under non-priority sector the Banks have advanced an amount of Rs.910.38 Crore to 89,529 beneficiaries during the year 2005-06

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

(Amt. In

Crores of Rs.)

Name of Bank	Financial year 2004-05(31.03.2005)		No. of ..	Financial year 2005-06(31.03.2006)		No. of ..
	Target	Ach.		Target	Ach.	
Bank	425.06	580.35	137	500.72	524.37	105
	137.27	149.11	109	155.11	208.15	134
	76.26	120.36	158	80.42	125.35	156

er Comm. Bks.	86.65	86.00	99	108.89	132.07	121
op. Bks.	141.73	85.44	60	149.32	102.70	69
s	54.41	57.19	105	66.37	70.41	106
er Fls	18.41	5.44	30	15.89	4.89	31
AL	939.79	1083.89	115	1076.73	1167.94	108

2) SECTOR-WISE ANALYSIS:

I) Agriculture Sector:

Against the Annual Target of Rs.352.48 Crore for 1,70,705 beneficiaries, Banks have disbursed a total amount of Rs.238.34 Crore in favour of 41,723 beneficiaries under this sector, thus, registering an achievement of 68% and 24.44% in financial and physical terms respectively. Out of this, an amount of Rs.123.76 Crore against a target of Rs.124.05 Crore has been disbursed under Crop Loan in favour of 30,986 agriculturists. The achievement of Banks under this segment is of the order of 100% 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, Jammu Rural bank, Kamraz Rural Bank, J&K Bank, PNB, JCC Bank, CBI, BCC Bank and SBI who have achieved 370%, 168%, 110%, 103%, 80%, 80%, 71%, 69%, 67%, 56% and 50% respectively, of their respective individual targets. While analyzing the quantum-wise disbursement, the major contributors have been the Jammu & Kashmir Bank Ltd. (Rs.137.89Crore), State Bank of India (Rs.18.46 Crore), Kamraz Rural Bank (Rs.15.24 Crore), Punjab National Bank (Rs.14.90 Crore), JRB (Rs.14.85 Crore), Jammu Central Cooperative Bank (Rs.13.63 Crore), Baramulla Central Cooperative Bank (Rs.10.34 Crore), Anantnag Central Cooperative Bank (Rs.4.79 Crore) J& K

State Cooperative Bank (Rs.1.69 Crore) , Central bank of India(Rs.1.50 Crore) and EDB(Rs.1.17 Crore).

II) Industries Sector:

As against the target of Rs.232.92 Crore for 22,218 beneficiaries, Banks have disbursed an amount of Rs.350.22 Crore in favour of 5,016 beneficiaries as on ending March 2006, thereby registering 150% and 23% of the target in financial and physical terms respectively. While analyzing Bank-wise achievements (quantum-wise), the major contributors have been, J&K Bank (Rs.145.38 Crore), Punjab National Bank (Rs.77.93 Crore), State Bank of India (Rs.45.61 Crore), Syndicate Bank (Rs.28.38 Crore), JCC Bank (Rs.9.18 Crore), UCO Bank (Rs.8.55 Crore), Bank of India (Rs.6.72 Crore), Vijaya Bank (Rs.5.25 Crore) IOB (Rs.4.07 Crore), OBC (Rs.3.43 Crore), Canara Bank (Rs.3.16 Crore), Central Bank of India (Rs.2.05 Crore), JRB (Rs.1.95 Crore) Kamraz Rural bank (Rs.1.15 Crore), State Financial Corporation(Rs.1.17 Crore) and Union bank of India (Rs.1.10 Crore).

Further as per the decision taken in a meeting of the Standing Advisory Committee held on 20.02.2006 at RBI Mumbai to review flow of credit to SSI sector a minimum of 20% credit growth to SME sector is to be achieved by all the banks. Accordingly, the banks are requested to issue suitable instructions to all their branches operating in the State, not only to achieve the targets allocated to them under Industries Sector but also to surpass the same so as to ensure that there is at least 20% credit growth to this sector. **The representatives of Banks are also requested to inform the house about the action taken in implementation of the decisions taken in the said meeting as already conveyed by RBI vide their circular letter No.RPCD.PLNFS.NO.3099/06.02.28(i)2005-06 dated March 20, 2006(Copy**

enclosed).

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.579.37 Crore in favour of 33,386 beneficiaries. This works out to 118% and 88% achievement in physical and financial terms respectively.

3) **Non Priority Sector Advances:**

The disbursement under Non-priority sector has been to the tune of Rs.910.38 Crore to 89,529 beneficiaries in respect of eight districts of the State only as the achievements under this sector have not been received from Districts of Udhampur, Kathua, Doda and Kargil. However, the achievement of J&K Bank is in respect of all the districts of the State.

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

Encls: (7).

Agenda Item No:69.02

Region-wise /District-wise/ Bank-wise / Scheme-wise performance of various Banks under Government Sponsored Schemes upto March 2006.

Against the Annual Action Plan 2005-06 for all Banks in the State at Rs.227.26 Crore for 25,055 beneficiaries the achievement of Banks as on ending March 2006, under six major Government Sponsored Schemes, viz. SGSY, PMRY, JKSES, SJSRY, SC/ST/OBC and KVIC/B is of the order of Rs.100.31 Crore

spread over 11,981 beneficiaries in all the three regions of the State thereby registering a performance of 44%(Financial) and 48%(Physical) of the target against disbursement of Rs.95.54 Crore to 12,356 beneficiaries made during the corresponding period of the previous year

1) Region-wise Achievements.

i) Kashmir Region: As against 34% achievement of Banks at Rs.48.95 Crore as on 31st March 2005, Banks have disbursed a total amount of Rs.53.65 Crore to 6,168 beneficiaries as on 31st March 2006 under these six major Government Sponsored Schemes, thereby achieving 44% and 51% of financial and physical targets respectively.

ii) Jammu Region: As against 45% achievement of Banks at Rs.40.60 Crore as on 31st March 2005, Banks have disbursed an amount of Rs.41.63 Crore as on 31st March 2006, under these schemes, which accounts for 44% achievement of the target of Rs.94.37 Crore.

iii) Ladakh Region: As against 58% achievement of Banks at Rs.5.99 Crore as on 31st March 2005, Banks have disbursed a total amount of Rs.5.02 Crore as on 31st March 2006, under these six major Government Sponsored Schemes, which works out to 45% achievement of the annual target of Rs.11.09 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 31st March 2006, is attached as **Annexure-“D” and “D1”.**

2) Bank-wise/Scheme-wise achievements.

The Bank-wise achievements under Six major Central/ State Government Sponsored Schemes as on 31st March 2006 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.43.49 Crore, Banks have disbursed an amount of Rs.23.50 Crore to 5,092 beneficiaries during the period under review, which works out to achievement of 54% in financial terms and 63% in physical terms.. Out of the total achievement of Rs.23.50 Crore the major contributors are J&K Bank (Rs.8.92 Crore), State Bank of India (Rs.4.07 Crore), Jammu Central Cooperative Bank (Rs.2.75Crore), Jammu Rural Bank(Rs.2.18 Crore), Punjab National Bank(Rs.1.34 Crore), Baramulla Central Cooperative Bank (Rs.1.24 Crore), ACC Bank(Rs.1.10 Crore), Kamraz Rural Bank (Rs.0.78 Crore) and J&K State Cooperative Bank(Rs.0.56 Crore)

PMRY: Under PMRY Scheme against the physical target of 3,181 units for the financial year 2005-06, Banks have disbursed an amount of Rs.18.65 Crore to 1,759 beneficiaries as on ending March 2006 for setting up of employment generating units thereby achieving 55% of the physical target. Out of the total achievement (physical targets) of all Banks operating in J&K State at 1,759 units the major contributors are J&K Bank(988 units), SBI(467 units) & PNB(183 units).

JKSES: Under JKSES, Banks have disbursed an amount of Rs.32.49 Crore to 2,004 beneficiaries against the annual target of Rs.73.52 Crore for 5,363 beneficiaries, thus registering an achievement of 44% in financial terms and 37% of the physical target. Out of the total achievement of all Banks operating in J&K State at Rs.32.49 Crore the contribution of J&K Bank, SBI & PNB, viz a viz their respective financial targets is of the order of 47%, 46% and 47% respectively. Against a physical target of 5,363 units only 5,130 cases have been sponsored

to various banks, out of which 2,351 cases were sanctioned, 2,267 have been rejected/returned and 512 cases are lying pending for sanction with banks.

SJSRY: Under SJSRY, Banks have disbursed an amount of Rs.5.42 Crore to 1,184 beneficiaries against the target of Rs.16.45 Crore for 3,246 beneficiaries, thus registering an achievement of 33%. From the data available it is been observed that only 2,658 cases were sponsored to Banks against the target of 3246 case out of which 1245 cases were sanctioned, 1136 cases rejected/returned and 277 cases are pending for sanction with banks. Out of the total achievement of Rs.5.41 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 38%, 32% and 42% respectively.

SC/ST/OBC: Under SC/ST/OBC Banks have disbursed an amount of Rs.2.46 Crore to 883 beneficiaries against the target of Rs.8.00 Crore for 2,646 beneficiaries thereby registering an achievement of 31%.Against the target of 2646 units, only 1,802 cases have been sponsored, out of which 739 cases were rejected by the banks.

KVIC/B: Under KVIC/B, Banks have disbursed an amount of Rs.17.79 Crore to 1059 beneficiaries against the target of Rs.48.13 Crore for 2,520 beneficiaries thereby registering an achievement of 37% in financial terms. Against the target of 2520 cases, 2257 cases were sponsored to various banks out of which 1096 cases were sanctioned, 933 cases were rejected/returned and 228 cases are lying pending.

It is thus seen that in almost all the sponsored cases the rejection level is comparatively higher for which measures are required to be taken to keep it at the minimum level.

Further, State Bank of India has informed that although Dy. Director Employment has been vested with Revenue powers for recovery of loans, yet

there is not much headway in this direction and the issue still remains of grave concern in view of mounting NPAs & poor recovery. The follow-up job in respect of the recovery Certificates filed with the Tehsildars earlier and now transferred to the Dy. Director Employment having been designated as recovery Officer, remains totally neglected. **Action on such cases need to be expedited to have some tangible results.**

In light of above and the figures submitted as per the [annexures](#), the house is requested to deliberate upon the issue.

Encls: (9).

Agenda Item No: 69.03

Performance under Handicrafts / Handloom / Credit-cum-Subsidy Scheme for Rural Housing Schemes as on 31st March 2006

The Bank-wise achievement as on 31.03.2006 under these Schemes is discussed below in light of the figures given in the [Annexures-F, G & H](#)

a) **Handicrafts/ACC:**

A target of Rs.29.37 Crore for 7,464 beneficiaries had 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.2.83 Crore to 599 beneficiaries, which includes 97 sanctioned cases of previous year. It will be seen that Sponsorship has been low as only 3,400 cases have been sponsored to various Banks against an annual target of 7,464 cases. Out of this Banks have sanctioned 731 cases, returned/rejected 1986 cases and 683 cases are lying pending with them.

b) **Handlooms:**

Under this sector a target of Rs.10.13 Crore for 1,517 beneficiaries had

been set for the Banks for the financial year 2005-06. During the period under review Banks have disbursed a total amount of Rs.64 lacs to 126 beneficiaries, which include 26 sanctioned cases of previous year. The Sponsorship has been low i. e. only 757 cases sponsored against yearly target of 1517 cases and the banks have sanctioned only 133 cases with 144 cases pending for sanction and 480 cases rejected/returned due to various reasons.

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

Under this Sector against the target of Rs.2.01 Crore to 481 beneficiaries only 182 cases have been sponsored to various banks out of which 98 cases have been sanctioned, 2 cases are pending for sanction and 82 cases have been rejected/returned. The Banks have disbursed 93 cases to the tune of Rs.40.67 lacs, which include 19 cases of previous year.

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

Encls: (3)

Agenda Item No:69.04

Statistical data of various Banks in J&K State as of 31st March 2006

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 March 2005 & March 2006. **Annexure-“I”**
2. Comparative statement of Bank-wise /Sector-wise advances Outstanding against priority sector/ weaker sections of Society as on March 2005 & March 2006 **Annexure-“J”**

From the Annexure, it will be observed that while the J&K Bank alone has made total advances of Rs.5941.02 Crore in J&K State as on 31.03.2006 as

against its total deposits of Rs.12,236.98 Crore, thereby achieving a C. D. Ratio of 48.55%, the other major Public Sector Banks, viz. SBI & PNB have made advances of Rs.878.36 Crore and Rs.491.29 Crore only as against their deposits of Rs.3,208.22 Crore and Rs.1,474.13 Crore, achieving a C.D. Ratio of 27.38% and 33.33%, respectively, as on 31st March 2006. The remaining 18 Public Sector Banks put together have advanced Rs.617.38 Crore as against their total deposits of Rs.1,460.05 Crore, which works out to a C. D. Ratio of 42.28% as on that date.

The three Regional Rural Banks operating in the State have advanced a total amount of Rs.283.10 Crore against their total deposits of Rs.1164.08 Crore, which works out a C. D. Ratio of 24.32% as on 31st March 2006.

The seven Cooperative Banks i. e. JCC Bank, BCC Bank, ACC Bank, Citizen's Coop. Bank, JKSC Bank and BMC Bank together have advanced Rs.517.93 Crore as against their total deposits of Rs.1350.87 Crore, thereby achieving C. D. Ratio of 38.34% as on 31st March 2006.

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

Encls: (4).

Agenda Item No: 69.05

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 March 2006 is furnished as **Annexure-“K”**.

As is evident from the figures the performance of banks in issuing Cards in the State is not satisfactory and is being attributed to the following major factors:

- i) Land records not updated by revenue authorities
- ii) Lack of coordination on the part of implementing agencies/banks to propagate and encourage use of KCCs among farmers
- iii) Shrinkage of Agriculture land in the State

Further, NABARD has desired to know about the action taken by Agriculture Department regarding waiving off stamp duty and registration fee on agriculture loans and Self Help Group loans.

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

Encl: 1

Agenda item No. 69.06

Achievement under Self Help Group (SHG) and Swarozgar Credit Card (SCC) Scheme

i) 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.

It is an alternative loan delivering system, which minimizes the cost of operation for the banks. The banks/implementing agencies should, therefore, propagate this concept by holding joint awareness camps.

The house is requested to deliberate on the issue in light of the figures provided in **Annexure "L"**

Encl: 1

ii) Swarozgar Credit Card (SCC) Scheme

Swarozgar Credit Card Scheme 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. However, the progress under this scheme has been dismal in the state and it was decided in the 68th SLBC meeting that the Scheme be propagated and popularized in the State through electronic or print media so as to explain the scheme and its benefits to the people.

Accordingly, the features of SCC Scheme were broadcasted on 5th March 2006 through the J&K Bank Radio programme. Also an article about the Scheme was published in the newspaper Greater Kashmir on 27.02.2006.

Agenda Item No.69.07

Scheme for Development/strengthening of Agricultural Marketing infrastructure grading and standardization

“Development/strengthening of Agricultural Marketing infrastructure grading and standardization” scheme has been introduced by Government of India with a view to induce large investment from private and cooperative sectors in the development of marketing infrastructure for agricultural and allied commodities in the country by providing credit linked back-ended subsidy on capital investment for setting up/ strengthening of agricultural markets, marketing infrastructure and support services such as grading standardization and quality certification. This scheme is being implemented through NABARD in those States which amend their APMC (Agriculture Produce Marketing Cooperative) Acts, wherever required to allow direct marketing and contract farming and to permit setting up of markets in private and cooperative sectors. The Scheme would provide increased access to small and marginal farmers to agricultural marketing infrastructure for better price realization and to open greater market opportunities to growth, employment and poverty reduction.

The captioned scheme can be implemented in the State if only the APMC Act is amended. NABARD, Jammu have informed vide their letter No.3604/ICD-10(B)/2005-06 dated 13.03.2006 that the issue has been taken up with the APC(Agriculture Production Commissioner), Government of Jammu & Kashmir in March 2005 and the response is awaited.

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

Agenda Item No.69.08

One Time Settlement Scheme for Government Sponsored Schemes.

In order to provide small borrowers an opportunity under various Government Sponsored schemes to settle their NPA accounts with banks and become eligible for fresh finance, Reserve Bank of India vide circular No. RPCD.PLNFS.BC.NO.56/06.02.31/2005-06 dated 27.12.2005 has advised SLBCs to evolve a State specific simplified mechanism for One Time settlement of loans, which have become doubtful or loss assets as on September 30, 2005.

Accordingly, the following Scheme is being suggested salient features of which are as under:

1) **Coverage**

The Scheme will cover all borrowal accounts under Government sponsored Schemes viz PMRY, SGSY, JKSES, SJSRY, SC/ST/OBC, Handicrafts, Handlooms etc. which have become doubtful or loss assets as on 30th September 2005.

The Scheme will also cover suit filed and decreed accounts.

Cases of fraud and malfeasance will not be covered under the Scheme.

2) **Settlement formula**

i) The minimum 100% of balance outstanding as on the date of NPA or present balance outstanding whichever is less.

3) Payment Schedule

- i) The amount of settlement arrived at should be preferably paid in one lump sum
- ii) Normally, the lump sum payment should be received within 30 days from the date of settlement.
- iii) In deserving cases ,where the borrowers are unable to pay the entire amount in one lump sum, at least 25% of the settlement amount should be paid upfront and balance amount of 75% should be recovered in installments within a period of one year. Interest at PLR should be recovered for the overdue period if the upfront payment installment is not received within 30 days from the due date.

4) Sanctioning authority

- i) The branch incharge should be empowered to permit the settlement as per the scheme.

5) Eligibility for fresh loans.

- i) All the borrowers, who settle their dues under the scheme will be eligible for fresh loans
- ii) Requests received from the borrowers under the subject scheme should be disposed off within a maximum period of one month from the date of receipt.

The house is requested to deliberate/adopt the scheme for implementation in the State.

Agenda item No.69.09

Points forwarded by Reserve Bank of India

The Reserve Bank of India, Jammu vide its communication No.RPCD(JMU)No.1687/03.01.17/2005-06 dated 9.5.2006 have forwarded following points for inclusion as agenda item for discussions in the meeting.

i) Review of the decision taken in the 64th SLBC Meeting.

In the 64th SLBC meeting held on 24th January 2005, it was decided that on pilot basis in two districts of Srinagar and Jammu, in respect of DIC/SSI cases, the sponsoring agencies, whosoever handling the cases, shall sponsor the cases directly to the banks bypassing the district level committees and position thereof would be reviewed after six months.

The representatives of banks, concerned sponsoring agencies and Lead District Managers of Srinagar and Jammu are requested to inform the house about the progress achieved, so that if found feasible same could be implemented in other districts of the State.

ii) Financial Inclusion by Extension of Banking services with “No Frills” account issue of General Purpose Credit Card and One Time Settlement Scheme for loans upto Rs.25000/-

As per RBI directions the performance (a) on opening of “No Frill accounts” (b) One Time Settlement Scheme for loans upto Rs.25000/- and eligibility for fresh finance after settlement; and (c) General Credit Card

Scheme (GCC) will be monitored at the State level in all future SLBC meetings.

Accordingly, all the member banks are requested to forward the requisite information to Convenor SLBC/Lead District Managers on monthly basis, so that the same is reviewed in the SLBC Meetings.

Further, as per RBI guidelines, the SLBC is to identify at least one district in the State for achieving 100 percent financial inclusion by providing "No Frills" account and General Purpose Credit Card (GCC). For this purpose a **Sub Committee is required to be constituted** that would 1) Identify a suitable District in the State for the purpose of achieving 100 percent financial inclusion and 2) Allocation of villages to various banks operating in the State for taking on responsibility for ensuring 100 percent financial inclusion.

On the basis of the experience gained, the scope for providing 100 percent financial inclusion could be considered by the house to cover other districts in the State.

iii) Participation of private Banks in various fora under Lead Bank Scheme

Reserve Bank of India vide their circular letter No.RPCD.LBS.BC.No.50/02.01.01/2005-06 dated 5.12.2005 have advised all Private Sector Banks to take active part in various meetings called under Lead Bank Scheme, Cooperate with the Lead Bank concerned in the district and take appropriate steps to improve flow of credit to the priority sector/weaker sections of the society.

A copy of the aforesaid RBI Circular is enclosed for information of the members.

Encl:1

Agenda item No.69.10

NAIS-Compulsory coverage of eligible Crop Loan

Agriculture Insurance Company (AIC) of India Ltd., vide letter no. SLBC: J&K: 1177:2005 dated 11th April 2006 have informed that as per the provisions of NAIS, all the eligible crop loans are to be compulsorily covered by banks with AIC. Further, in case a farmer is deprived of any benefit under the Scheme due to errors/omissions/commissions of the Nodal Bank/Branch/PACS, the concerned institutions only shall make good all such losses. In many instances, courts have given award against the Banks for non-compliance of provisions of NAIS.

Further, it has been informed that in the past seasons not a single declaration (Proposal) was received in respect of some notified areas where claim arose. Hence, in order to avoid any legal complications and also keeping in view the compulsory coverage aspect of the scheme, the agriculture Insurance Co. of India has desired that SLBC advise all the banks

operating in the State to insure all the eligible Crop loans with AIC, so that the farmers would not be deprived of crop insurance Benefits, if any claim arises in due course.

Agenda item No.69.11

Recommendations of Standing Forum to review credit and Industrial Development in Jammu & Kashmir.

In pursuance of the decision taken during the deliberations held between the Governor RBI, the Chief Minister of J&K State and a select SSI Associations on 5th May, 2005, a standing forum" to review credit and other issues relating to Industrial Development in J&K" headed by the Regional Director, RBI, was constituted. The Forum held three meetings to make concrete proposals/suggestions on the terms of reference for effective deliberations and recommendations to the SLBC.

As suggested in the 68th SLBC meeting the recommendations of Standing Forum to review Credit and Industrial development were circulated among all the members for their comments.

RBI vide letter No. RPCD(SGR)70/05.001.02/2005-06 dated 26.05.2006 has informed that they have not received any suggestion/comments in the matter from any of the members of SLBC and have desired that the recommendations of the Standing Forum(Copy enclosed) be deliberated/discussed thoroughly.

The house is requested to deliberate/adopt the said recommendations.

Encl :2

Agenda item No.69.12

Annual Credit Plan 2006-07

On the basis of approved District Credit Plans received from all the Lead District offices the Annual credit Plan 2006-07 for Banks in the State has been fixed at Rs.1416.92 Crore for 1,79,881 beneficiaries under priority sector as against the previous years plan of Rs.1076.73 Crores for 2,30, 905 beneficiaries. Thus, the plan is Rs.340.19 Crore higher than the previous year's plan in financial terms.

The targets under Non-priority sector have been received in respect of Districts of Srinagar, Baramulla, Anantnag, Pulwama, Budgam and Doda only and the same are fixed at Rs.535.91 Crore for 15,156 beneficiaries for the

current financial year.

The Bankwise/sectorwise/Districtwise/schemewise allocation of approved Credit Plan 2006-07 is enclosed as Annexure "M" and "M1" for information of the House.

Encl:8

Agenda item No.S-69.01

Financing of Rural Tourism

Considering the vast diversity and heritage, the rural areas of the country offer tremendous potential for tourism. To tap such potential the National Bank of Agriculture & Rural Development (NABARD) have devised a scheme to increase the flow of tourist to rural areas. The objectives of the scheme are:

Promote sustainable livelihood in rural areas by way of providing credit support for construction of new structures for the purpose of accommodation of tourists.

→ Credit support for expansion and repair/renovation of existing accommodation.

→ Credit and promotional support for creating additional employment opportunities through other tourism related service based activities like tour/transport operators, entertainment, catering, photography etc.in rural areas.

For successful implementation of the scheme, there is a specific role of State Government and Tourism Department. The State Government has to provide necessary infrastructure like roads, regular electricity supply, water, telephone facilities, licenses for certain activities like guest houses and restaurants.

The role of the Tourism Department is to recognize the areas as potential area for rural tourism and designing package tours, work for overall development of the area, liaison with tour operators etc.

In our State there are number of places where there are little amenities available for the tourists and in such places, if the above activities are undertaken it shall provide ample employment opportunities to the rural youth and also help the people residing in such areas to supplement their income.

The house is requested to discuss/adopt the scheme for implementation in the State.

It is pertinent to mention here that J&K Bank has already adopted the scheme for implementation in the state under the name and style of "**J & K Help Tourism-Financing of Rural Tourism**".

Agenda item No.S-69.02

Points forwarded by NABARD.

NABARD, Jammu vide its communication No. NB(J&K RO)CPD/319/PL-2/2006-07 dated 02.06.2006 have forwarded following points for inclusion as agenda item for discussions in the meeting.

1) Review of progress of Agriclincs & Agribusiness centers (ACABCs)

Providing training support to 500 Agricultural Graduates for establishment of Agri-clinics formed a part of J&K Reconstruction Plan announced by Hon'ble Prime Minister and as per data available only 133 graduates have been trained in two State Nodal Institutes upto June 2005 out of which none have established Agri-Clinics yet. As on date only 8 Agriclinics have been established in the State, all in Kathua District and none of these agripreneurs have been trained in any of the training Institutes.

On the basis of the field visit conducted by NABARD to some of the ACABCs in Kathua District, following suggestions were provided to Agriculture Production Department, J&K Government on the difficulties faced by the Agripreneurs for consideration:

- i) State Government may think of providing "soil Testing Kits" at subsidized rates to the agripreneurs alongwith a few days training to help them in this venture.
- ii) Since the agripreneurs were facing difficulty in procuring licenses for supply of pesticides, the State Government may issue the norms for issue of such licenses to the agripreneurs as also devise a suitable mechanism for monitoring the issue of the license at departmental level.
- iii) State Government may provide suitable training to the agripreneurs by deputing them to "MANAGE" Hyderabad so as to increase their competency in managing the ACABCs.

The representative of the Agriculture production department is requested to inform the house about the action taken on the said suggestions.

2) Implementation of recommendations of Expert Group on CD Ratio.

As per the recommendations of the Expert Group, a special sub-Committee (SSC) of District Level Coordination Committee (DLCC) was to be constituted in Districts having CDR of less than 40% in order to monitor the CDR and draw up Monitorable Action Plans(MAPs) to increase the CD Ratio. In our State, Districts of Poonch, Rajouri, Budgam, Kupwara, Doda, Jammu, Kathua, Udhampur, Kargil and Leh were having CDR of less than 40% as on ending September 2005.

Lead District Managers of the said Districts having CDR of less than 40% may appraise the house about the formation of the Sub-Committee and further developments in this regard.

3) Grant of Title Deed to farmers.

As regards the issue of absence/non-availability of title deeds with the farmers who are otherwise in uninterrupted possession of the land, there needs to be a uniform legislation regarding the procedure to be adopted for the grant of title in favour of the person who was in possession of the property. NABARD has desired that the State Government may look into the issue, as this would minimize the legal and administrative impediments in the flow of agriculture credit.

4) Interest Relief to farmers.

NABARD has advised the Cooperative Banks and the Regional Rural Banks (RRBs) to pass on the interest relief @ 2% to farmers for fresh crop loans issued

during Kharief 2005 and Rabi 2005-06 and submit their claim to NABARD. However, only JRB, KRB and JCCB have submitted the claim so far.

NABARD has desired that other banks may submit the claim immediately as the measure is intended to benefit the farmers in the State.

5) **Website of SLBC.**

NABARD has suggested that SLBC consider launching a website of its own which can provide information on, among other things, the details of various developments taking place in the State as also agenda notes/minutes and other action points of SLBC meetings, banking statistics on the performance of Banks in achieving the targets under ACP/Government Sponsored Schemes etc. for information of banks/Government agencies and public at large.

Agenda item No.S-69.03

Prime Minister's Reconstruction Programme of Self Employment under SJSRY.

Chief Executive officer, Urban Development Agency, Kashmir has informed that under the Prime Minister's Reconstruction plan for J&K State, the union Government has approved the action plan under Poverty Alleviation

Scheme, to provide Self Employment ventures to 2500 unemployed BPL youths of Urban areas of the state, who will be provided loan assistance of Rs.1.00 lacs each which includes 30% subsidy from the Government and 5% contribution from the beneficiary. For Self Help Group comprising of 10 beneficiaries each the loan assistance of Rs.10.00 lacs is to be provided including subsidy component. The District-wise targets and the approval of GOI, Ministry of Urban Employment & Poverty Alleviation are enclosed for information of the members.

The House is requested to deliberate/adopt the targets under the said scheme for implementation in the State.

Encl:3

Agenda Item No: S-69.04.

Charging of exorbitant rates of interest by private moneylenders.

The Additional Secretary to Government, Finance Department, J&K Government, vide letter No. FD/Bkg/31/2006 dated 6.6.2006, has informed that the Hon'ble Union Finance Minister in his D.O.letter to Hon'ble Chief Minister of the State has informed that they have been receiving representations from different quarters including members of the Parliament, regarding hardships

being faced by the people in rural areas, especially farmers, due to exorbitant rates of interest charged by private moneylenders operating in these areas. The usurious moneylenders have been charging interest rates ranging from 36% to 50% and even 100% in certain cases, thus aggravating the problems of farmers who are already suffering on account of repeated natural calamities and the resultant failure of crops, as a consequence of which some of the farmers are taking the extreme steps of suicide.

As per the said communication the Government of India is trying to tackle the problem by enhancing outreach of institutional credit to the farmers and the people in rural areas throughout the country. Further, with a view to reduce the burden of high interest rates, the Government of India has released Rs.1700 Crore to the Banks for providing 2% interest relief to the farmers on their loans upto Rs.1.00 lakh in Kharif and Rabi 2005-06 and steps have also been initiated to ensure that crop loans are available to farmers at a rate of interest of 7% per annum. However, it has been desired that Government of India need the support of the State Governments to **invoke the State laws for restraining moneylenders from charging usurious rates of interest on loans in rural areas and from resorting to illegal practices like use of muscle power for enforcing recovery.**

In view of above the house is requested to deliberate upon the issue and **suggest measures for enhancing the outreach of institutional credit to farmers and the people in rural areas and to re-enforce action in the State to control illegal activities of usurious moneylenders.**

Agenda Item No: S-69.05.

Registration of Mortgage of Immoveable Properties to reduce frauds.

Indian Banks' Association has informed vide their letter No. DB/17-93(B)/327 dated 30.05.2006, that the Government of Andhra Pradesh has passed an amendment to the Stamp Duty, which came into force w.e.f. 5.7.2005 making it obligatory to pay stamp duty of 0.1% on the loan amount subject to a maximum of Rs.1000/- on entering into an agreement of Memorandum of Deposit of Title Deeds (Equitable Mortgage) by any legal person. After the amendment, the creation of the charge over a property to a third party will be known to all from the Encumbrance Certificate, which will have deterrent effect against multiple creation of multiple charges over the same property.

IBA has desired that considering the advantages of registration of equitable mortgages in reducing fraudulent misrepresentation by the contracting parties, the State Government should take necessary steps in this direction.

In view of the above, the house is requested to discuss the issue/ advise Revenue and Law Departments of the State to initiate necessary steps for implementation of the system in the State on the pattern of Andhra Pradesh.