

**CONFIRMATION OF THE MINUTES OF 70<sup>th</sup> J&K SLBC MEETING HELD ON 26<sup>th</sup> FEBRUARY 2007**

The minutes of the 70<sup>th</sup> meeting of J&K SLBC held on 26<sup>th</sup> February 2007 to review the performance / achievements of the banks/ FIs operating in the State for the two quarters ended on 30.09.2006 and 31.12.2006 were circulated among the members vide this office covering letter No. JKB/LB/70<sup>th</sup> SLBC/2007-660 dated 20 March 2007 for needful action. No amendments to the same have been advised by or received from members so far.

The house is requested to confirm the said already circulated Minutes.

**FOLLOW-UP ACTION ON THE DECISIONS TAKEN IN THE EARLIER SLBC MEETINGS:**

1) **CONTRIBUTION TOWARDS J&K EDI:**

The house is informed that the following banks have not so far contributed their shares as decided and allocated by the Sub-Committee of 68th SLBC to be contributed by the member banks operating in the State despite the decisions in the forum and repeated reminders from this office:

<b>No.</b>	<b>Name of the Bank</b>	<b>Amount to be contributed (Rs. In Lakhs)</b>
	State Bank of India	22.75
	Co-operative Bank	22.75
	Central Bank	22.75
	Central Bank of India	22.75
	Uttarakhand Bank	4.59
	Uttarakhand Bank	4.59
	Uttarakhand Bank	4.59
	Uttarakhand Bank	4.59
	Uttarakhand Bank of India	4.59
	Uttarakhand Bank	4.59

2) **DOUBLING OF AGRICULTURE CREDIT BY AUGMENTING FLOW OF CREDIT TO AGRICULTURE:**

As per the directives of GOI the flow of credit to agriculture have to be doubled during a period of 3 years from 2004-05 to 2006-07. Accordingly as per the directives of NABARD a Sub- Committee of J&K SLBC was constituted in 63<sup>rd</sup> SLBC held on 28<sup>th</sup> June 2004 to chalk out the strategy and fix the bank wise/ district wise targets for doubling of Agriculture Credit in three years. The Sub-Committee in its first meeting held on August 9 2004 decided that Lead District Managers should affect an across-the -board increase of 30% for each year based on actuals of Rs.160.42 Crore for the PY 2003-04 in the credit allocation to Agriculture under ACP for the 3 years beginning from 2004-05 and distribute the increased allocations to individual banks. The progress was to be monitored by the Sub-Committee for the purpose

constituted at the instance of NABARD. The actual achievements during the said 3 years have been recorded as under:

Year	(Rs. In Crores)		
	Required Target	Allocated Target	Actual Achievement
2004-05	212.36	284.02	219.68
2005-06	265.30	352.48	238.34
2006-07	320.84	457.25	225.72

As is evident from above despite ambitious annual targets fixed for achieving doubling of credit to agriculture the actual achievement has fallen considerably short by Rs.95.12 Crore (about 60%) of reaching the desired level of achieving doubling of credit to agriculture during the relevant 3 years.

The house is requested to review the position and deliberate on the issue and decide the future course of action whether the programme and Sub-Committee have to be continued further or not.

3) The house in 70<sup>th</sup> SLBC had decided to form a group comprising of representatives from RBI, NABARD, J&K Government Agriculture Department, JKBL and PNB who will look into the matter of bundling of subsidies and sort out the issue. No meeting of the group has been convened so far.

4) The house in 70<sup>th</sup> SLBC had decided to form a group to be headed by Secretary Industries, J&K Government for fixing the bank-wise and region-wise targets under Handicrafts sector for the current year. We have not been informed of any progress made in this regard.

5) Regarding the route of equitable mortgage for facilitating securitization of loans, it was decided in 70<sup>th</sup> SLBC that Law and Revenue departments of J&K Government were examining the issue and precise position in this regard shall be shared in next SLBC. Hence the progress in this regard may be submitted by the concerned quarters for information of the house.

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## **REPORT ON THE MATTERS REFERRED TO AND HANDLED BY VARIOUS SPECIAL PURPOSE SUB-COMMITTEES CONSTITUTED BY J&K SLBC**

### **1) General Purpose Sub-Committee of SLBC-**

There were no referral issues to this Sub-Committee and no need was also felt for holding any meetings of this Sub-Committee during the intervening period.

### **2) Sub-Committee of SLBC formed in 68<sup>th</sup> SLBC for deciding and allocation of Contributions of member banks to J&K EDI-**

This Sub-Committee constituted in 69<sup>th</sup> SLBC decided and allocated the shares to the member banks operating in J&K State in its meeting held on 9<sup>th</sup> March 2006 for raising contribution for J&K EDI as per the terms of reference which were advised to the member banks through the minutes for raising the contribution.

This Sub-Committee has therefore, served its specific purpose and the house may decide to dissolve this Sub-Committee.

### **3) Sub-Committee of SLBC on Doubling of Agriculture Credit-**

A Sub-Committee of J&K SLBC was constituted in 63<sup>rd</sup> SLBC held on 28<sup>th</sup> June 2004 to chalk out the strategy and fix the bank wise/ district wise targets for doubling of Agriculture Credit in three years. The Sub-Committee in its first meeting held on August 9 2004 decided that Lead District Managers should affect an across-the-board increase of 30% for each year based on actuals of Rs.160.42 Crore for the PY 2003-04 in the credit allocation to Agriculture under ACP for the 3 years beginning from 2004-05 and distribute the increased allocations to individual banks.

This Sub-Committee has therefore, served its one time purpose and stands since dissolved.

The progress for augmenting flow of credit to agriculture to double it in 3 years was to be further monitored by a separate Sub-Committee for the purpose constituted at the instance of NABARD.

#### **4) Sub-Committee of SLBC on Package of Relaxation/ Concessions to Trade & Industry in the State of J&K-**

A meeting of the Sub-Committee of SLBC constituted for recommending package of Relaxation/Concessions to Trade & Industry in the State of J&K held its last meeting on 27<sup>th</sup> of February 2007 and recommended extension of the package for further period of one year to RBI. The minutes of the meeting of this Sub-Committee already circulated to the members of SLBC are enclosed herewith for being taken on record

**Encl-01**

## **AGENDA ITEM NO: 71.01**

### **CREDIT TO PRIORITY SECTOR:**

#### **Bank-wise/ Region-wise/ Sector-wise achievements under Priority Sector under Annual Credit Plan 2006-07 as at the end of March 2007**

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

The Bank-wise/ Sector-wise achievements as at the end of March 2007 vis-à-vis commitments for lending to priority sector under Annual Credit Plan 2006-07 are given under as [Annexure-"A" & "B"](#)

(2) **REGION-WISE / SECTOR-WISE POSITION:**

The District-wise/ Sector-wise achievements as at the end of March 2007 vis-à-vis commitments for lending to priority sector under Annual Credit Plan 2006-07 is given under as [Annexure-"C"](#).

It is manifest from the figures that banks by the end of March 2007 have provided total credit of Rs.1367.72 Crore in favour of 76,907 beneficiaries against a target of Rs.1444.58 Crore for 1,79,932 beneficiaries to the Priority Sector under Annual Action Plan 2006-07, thereby registering an achievement of 95% and 43% of the annual target for the Financial Year 2006-07 in financial and physical terms respectively.

The achievement vis-à-vis commitment in respect of Crop Loan out of Agriculture Sector has been incorporated separately in the Bank-wise/ Sector-wise and District- wise/ Sector-wise statements [\(Annexures B & C\)](#).

The comparison of the achievement of banks under Priority Sector vis-à-vis their respective annual targets at the end of Q4 of FY 2006-07 with Q4 of PY 2005-06 (YoY) is given hereunder:

(Amount In Crores of Rs.)

Name of Bank	Financial year 2005-06 (31.03.2006)		No. of Banks	Financial year 2006-07 (31.03.2007)		No. of Banks
	Target	Ach.		Target	Ach.	
Bank	500.72	524.37	105	602.24	577.22	96
	155.11	208.15	134	224.53	208.77	93
	80.42	125.35	156	135.71	176.82	130
Co-op. Banks.	108.89	132.07	121	127.05	179.75	141
Other Banks	149.32	102.70	69	180.59	125.71	70
Other FIs	66.37	70.41	106	163.33	96.98	59
Other FIs	15.89	4.89	31	11.13	2.49	22
TOTAL	1076.73	1167.94	108	1444.58	1367.72	95

**(3) CREDIT TO NON-PRIORITY SECTOR:**

Under non-priority sector the banks have disbursed an amount of Rs.731.99 Crore to 73,000 beneficiaries at the end of March 2007 as compared to total disbursements of Rs.296.13 Crore to 36,047 beneficiaries at the end of previous quarter ended on 31.12.2006 thereby recording growth of 147% during the quarter under review.

The position of disbursements made in Non-Priority Sector have not been reported by the districts of Kupwara, Udhampur and Kathua thereby not enabling to comment on its composition in relation to priority sector.

**(4) BANK-WISE SECTOR-WISE ANALYSIS:**

**I) AGRICULTURE SECTOR:**

Against the annual Target of Rs.457.25 Crore for 1,15,928 beneficiaries, banks have disbursed a total amount of Rs.225.72 Crore in favour of 32,135 beneficiaries under this sector at the end of March 2007 thereby registering an achievement of 49% and 28% in financial and physical terms respectively.

Out of this, an amount of Rs.112.59 Crore against a target of Rs.258.65 Crore has been disbursed under Crop Loan in favour of 18,992 agriculturists. The achievement of Banks under this segment is of the order of 44% of the target.

While analyzing the Bank-wise achievements under this sector, it will be observed that leading performers have been J&K SFC (achieving paltry target of Rs.18 lakhs), Canara Bank, P&S Bank, JKBL, KRB, PNB, JCCB, SBI, BCCB who have achieved 100%, 84%, 63%, 57%, 55%, 52%, 48%, 47% and 47% respectively, of their respective individual targets. While analyzing the quantum-wise disbursement, the major contributors have been the JKBL

(Rs.120.24 Crore), SBI (Rs.26.07 Crore), KRB (Rs.19.39 Crore), JCC Bank (Rs.14.11 Crore), JRB (Rs.12.83 Crore), PNB (Rs.12.45 Crore), BCC Bank (Rs.8.97 Crore), ACC Bank (Rs.3.51 Crore), EDB (Rs.1.80 Crore), P&S Bank (Rs.1.47 Crore), CBI (Rs.1.31 Crore) and Canara Bank (Rs.1.10 Crore).

## II) INDUSTRIES SECTOR:

As against the annual target of Rs.334.36 Crore for 21,192 beneficiaries, banks have disbursed an amount of Rs.352.20 Crore in favour of 6,352 beneficiaries at the end of March 2007, thereby registering 105% and 30% of the target in financial and physical terms respectively.

While analyzing Bank-wise achievements (quantum-wise), the major contributors have been JKBL (Rs.119.16 Crore), Punjab National Bank (Rs.111.13 Crore) State Bank of India (Rs.52.31 Crore), Syndicate Bank (Rs.15.28 Crore), CBI (Rs.13.45 Crore), Bank of India (Rs.5.53 Crore), UCO Bank (Rs.4.90 Crore), P&S Bank (Rs.4.15 Crore), Allahabad Bank (Rs.3.72 Crore), JRB (Rs.2.77 Crore) and Citizens Coop. Bank (Rs.2.64 Crore).

## III) SERVICES SECTOR:

As against the annual target of Rs.652.97 Crore in favour of 42,812 beneficiaries banks have disbursed total amount of Rs.789.80 Crore in favour of 38,420 beneficiaries at the end of March 2007. This works out to 121% and 90% achievement in financial and physical terms respectively.

### (5) REGION-WISE/ SECTOR-WISE ANALYSIS:

(Amount in Crores of Rupees)

Region	Targets	Achievements	Achievement %
Kashmir	734.47	636.51	87
Jammu	683.62	712.19	104
Delhi	26.49	19.02	72
<b>ALL</b>	<b>1444.58</b>	<b>1367.72</b>	<b>95</b>

### I) KASHMIR REGION:

In the Kashmir region an amount of Rs.636.51 Crore has been disbursed during the FY 06-07 with a distribution of Rs.392.16 Crore (61%) for the Services Sector, Rs.157.58 Crore (25%) in the Agriculture and Rs.86.77 Crore (14%) in the Industries Sector. The target achievement in case of Agriculture, Industries and Services in this region is 55%, 74% and 120% respectively.

### II) JAMMU REGION:

Jammu gives a different picture of credit disbursement to various sectors. The region has the highest credit disbursement (Rs.382.72 Crore) to Services Sector making it 54% of the total credit. While Industries has



received a credit of Rs.261.83 Crore (37%) the disbursement to Agriculture Sector is abysmally low at Rs.67.64 Crore (i.e.9% only). The target achievement in case of Agriculture, Industries and Services in this region is 41%, 122% and 125% respectively.

### **III) LADAKH REGION:**

In terms of meeting the overall annual targets, this region has done exceedingly well even though the scale of finance is obviously very small. An intra Sectoral analysis reveals that the services sector is being financed at the cost of other sectors, while as the achievement percentage in services has been 79%, the same in the agriculture and industries sectors has been 10% and 132% respectively. The disbursement under Agriculture, Industries and Services sectors is Rs.0.50 Crore, Rs.3.60 Crore and Rs.14.92 Crore against the annual targets of Rs.4.75 Crore, Rs.2.74 Crore and Rs.18.99 Crore, respectively. The agriculture is the worst hit sector in the region.

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

**Encls-05**

### **AGENDA ITEM NO:71.02**

#### **CREDIT UNDER GOVERNMENT SPONSORED SCHEMES:**

#### **Region-wise/ District-wise/ Scheme-wise and Bank-wise/ Scheme-wise performance of various Banks under Government Sponsored Schemes upto 31<sup>st</sup> March 2007.**

Against the Annual Action Plan 2006-07 for all banks operating in the State of Rs.231.05 Crore for 25,331 beneficiaries the achievement of banks as at the end of March 2007, under six major Government Sponsored Schemes, viz. SGSY, PMRY, JKSES, SJSRY, SC/ST/OBC and KVIC/ B is of the order of Rs.114.23 Crore spread over 11,811 beneficiaries in all the three regions of the State thereby registering a performance of 49% (Financial) and 47% (Physical) of the target. The position is marginally better as compared to disbursement of Rs.100.31 Crore to 11,981 beneficiaries made during the corresponding period of the previous year

#### **1) REGION-WISE ANALYSIS OF ACHIEVEMENTS:**

##### **i) KASHMIR REGION:**

Banks have disbursed a total amount of Rs.62.99 Crore to 6,426 beneficiaries as on 31<sup>st</sup> March 2007 under these six major Government Sponsored Schemes, thereby achieving 50% and 49% in financial and physical terms respectively as against 44% achievement at Rs.53.65 Crore to 6,168` beneficiaries for the corresponding quarter of the previous year.

ii) **JAMMU REGION:**

Banks have disbursed an amount of Rs.45.84 Crore as on 31<sup>st</sup> March 2007 under these schemes, which accounts for 48% achievement of the target of Rs.95.03 Crore as against 44% achievement of Banks at Rs.41.63 Crore as on 31<sup>st</sup> March 2006.

iii) **LADAKH REGION:**

Banks have disbursed a total amount of Rs.5.41Crore as on 31<sup>st</sup> March 2007 under these six major Government Sponsored Schemes, which works out to 49% achievement of the annual target of Rs.11.03 Crore as against 45% achievement of Banks at Rs.5.02 Crore as on 31<sup>st</sup> March 2006.

The statement of Region-wise/ Scheme- wise and District-wise/ Scheme-wise achievements vis-à-vis commitments of all Banks under six major Govt. Sponsored Schemes as on 31<sup>st</sup> March 2007, is attached as [Annexure-“D” and “D1”](#).

2) **BANK-WISE/ SCHEME-WISE ANALYSIS OF ACHIEVEMENTS:**

The Bank-wise achievements under Six major Central/ State Government Sponsored Schemes as on 31<sup>st</sup> March 2007 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.43.04 Crore for 8,185 beneficiaries, Banks have disbursed an amount of Rs.23.40 Crore to 4,924 beneficiaries during the year ended 31.03.2007, which works out to achievement of 54% in financial terms and 60% in physical terms. Out of the total achievement of Rs.23.40 Crore the major contributors are J&K Bank (Rs.8.94 Crore), State Bank of India (Rs.3.76 Crore), Jammu Central Cooperative Bank (Rs.2.44 Crore) Jammu Rural Bank (Rs.2.41 Crore), Baramulla Central Cooperative Bank (Rs.1.81 Crore) Punjab National Bank (Rs.1.45 Crore) and Kamraz Rural Bank (Rs.1.11 Crore).

**PMRY:** Under PMRY Scheme against the target of Rs.38.04 Crore for 3,371 beneficiaries for the financial year 2006-07, Banks have disbursed an amount of Rs.21.66 Crore to 1,832 beneficiaries as on ending March 2007 for setting up of employment generating units thereby achieving 54% of the physical target and 57% of the financial target. Out of the total achievement (physical targets) of all Banks operating in J&K State at 1,832 units the major contributors are J&K Bank (1,086 units), SBI (420 units) & PNB (225 units).

**JKSES:** Under JKSES, Banks have disbursed an amount of Rs.38.29 Crore to 2,180 beneficiaries against the annual target of Rs.77.72 Crore for 5,476 beneficiaries, thus registering an achievement of 49% in financial terms and 40% of the physical target. Out of the total achievement of all Banks operating in J&K State at Rs.38.29 Crore the contribution of J&K Bank, SBI & PNB, vis-à-vis their respective financial targets is of the order of 55%, 47% and 51% respectively. Against a physical target of 5,476 units only 5,695 cases have been sponsored to various banks, out of which 2,623 cases were sanctioned, 2,339 have been rejected/ returned and 733 Cases are lying pending for sanction with banks.

**SJSRY:** Under SJSRY, Banks have disbursed an amount of Rs.4.52 Crore to 816 beneficiaries against the target of Rs.20.29 Crore for 3,210 beneficiaries, thus registering an achievement of 25%. From the data available it is been observed that only 3195 cases were sponsored to Banks against the target of 3,210 case out of which 1,502 cases were sanctioned, 1,134 cases were rejected/ returned and 559 Cases are pending for sanction with banks. Out of the total achievement of Rs.4.52 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 26%, 28% and 27% respectively.

**SC/ST/OBC:** Under SC/ST/OBC Banks have disbursed an amount of Rs.2.09 Crore to 682 beneficiaries against the target of Rs.8.17 Crore for 2,693 beneficiaries thereby registering an achievement of 26%. Against the target of 2,693 units, only 1,822 cases have been sponsored, out of which 881 cases were sanctioned by Banks, 763 cases were rejected and 178 case are pending for sanction with the banks.

**KVIC/B:** Under KVIC/ B, Banks have disbursed an amount of Rs.24.28 Crore to 1,377 beneficiaries against the target of Rs.43.79 Crore for 2,396 beneficiaries thereby registering an achievement of 55% in financial terms. Against the target of 2,396 cases, 3,282 cases were sponsored to various banks out of

which 1,756 cases were sanctioned, 1,238 cases were rejected/ returned and 288 cases are lying pending with the banks.

**It is thus seen that the achievement under Government Sponsored Schemes is discouraging and rejection level is comparatively higher for which measures are required to be taken to keep it at the minimum level.**

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

**Encls-09**

### **AGENDA ITEM NO:71.03**

#### **Performance under Handicrafts / Handloom / Credit-cum-Subsidy Scheme for Rural Housing Schemes as at the end of 31<sup>st</sup> March 2007**

The Bank-wise achievement as on 31.03. 2007 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.14.98 Crore for 3,090 beneficiaries had been set for Banks under this sector for the financial year 2006-07. Banks have disbursed a total amount of Rs.2.71 Crore to 526 beneficiaries during the year ended 31.03.2007, which includes 71 sanctioned cases of previous year. Against the physical target of 3,090 cases 2,149 cases have been sponsored to various Banks, out of which 539 cases were sanctioned, 1,138 cases were rejected and 472 cases are lying pending with the banks for sanction.

##### **B) Handlooms:**

Under this sector a target of Rs.6.91 Crore for 1,035 beneficiaries had been set for the Banks for the financial year 2006-07. Banks have disbursed a total amount of Rs.60.64 lacs to 118 beneficiaries during the year ended 31.03.2007, which include 15 sanctioned cases of previous year. Even the

Sponsorship has been low i. e. only 603 cases sponsored against yearly target of 1,035 cases, the banks have sanctioned 134 cases with 178 cases pending for sanction and 291 cases rejected/ returned due to various reasons.

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

Under this Sector against the target of Rs.52.60 lacs to 112 beneficiaries, banks have disbursed Rs.9.37 lacs to 20 beneficiaries during the year ended 31.03.2007, which include 1 sanctioned case of the previous year. Against the target of 112 cases, 26 cases have been sponsored to various banks, out of which 20 cases have been sanctioned , 5 cases have been rejected/ returned by the banks and 1 cases is lying pending with the banks.

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

**Encls-03**

**AGENDA ITEM NO:71.04**

**A) BANK CREDIT AT A GLANCE (A GLIMPSE OF AGGREGATIVE ANALYSIS):**

**Statistical data of various Banks in J&K State as at the end of March 2007**

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 2006 & March 2007.

**[Annexure-"I"](#)**

2. Comparative Statement of Bank-wise /Sector-wise advances Outstanding against Priority Sector/ Weaker Sections of Society and NPAs outstanding as on March 2007

[Annexure-“J”](#)

**Credit Sharing of Major Players**

As is manifest from the Comparative Statement of Bank-wise Deposits and Advances ([Annexure “I”](#)) J&K Bank has the largest share of Rs. 6827.90 Crore in the aggregate outstanding credit of banking sector of Rs.10420.12 Crore in the State at the end of March 2007 (comprising 65.52% marginally declining from previous year’s 66.83%). The share of SBI is Rs.1129.78 Crore comprising 10.84% and that of PNB is Rs.643.47 Crore comprising 6.17%

The NPAs position of the major banks as reflected in [Annexure “I”](#) reveals that the total NPAs in the State of J&K Bank at the end of March 2007 are to the tune of Rs.127.63 Crore, that of SBI Rs.52.85 Crore and PNB Rs.42.76 Crore

It is also evident from the [Annexure “J”](#) that J&K Bank has the largest share of Rs.1967.83 Crore aggregate outstanding credit under Priority Sector at the end of March 2007 out of the total Priority Sector Bank Credit of Rs.4031.51 Crore in the State (Comprising 48.81%). The shares of SBI and PNB in outstanding credit to Priority Sector are Rs.713.69 Crore (17.70%) and Rs.321.40 Crore (7.97 %)

From the Annexure, it will be observed that while the J&K Bank alone has made total advances of Rs.6,827.90 Crore in J&K State as on 31.03.2007 as against its total deposits of Rs.14,201.43 Crore, thereby achieving a C. D. Ratio of 48.08%, the other major Public Sector Banks, viz. SBI & PNB have made advances of Rs.1,129.78 Crore and Rs.643.47 Crore only as against their deposits of Rs.3,528.87 Crore and Rs.1,785.47 Crore, achieving a C.D. Ratio of 32.02% and 36.04%, respectively, as on 31<sup>st</sup> March 2007. The remaining 18 Public Sector Banks put together have advanced Rs.747.58 Crore as against their total deposits of Rs.1,531.89 Crore, which works out to a C. D. Ratio of 49% as on that date.

The three Regional Rural Banks operating in the State have advanced a total amount of Rs.334.54 Crore against their total deposits of Rs.1,225.70 Crore, which works out a C. D. Ratio of 27.29% as on 31<sup>st</sup> March 2007.

The seven Cooperative Banks i. e. JCC Bank, BCC Bank, ACC Bank, Citizen’s Coop. Bank, JKSC Bank, DUCO Bank and BMC Bank together have

advanced Rs.554.58 Crore as against their total deposits of Rs.1,439.46 Crore, thereby achieving C. D. Ratio of 38.53% as on 31<sup>st</sup> March 2007.

Out of the aggregate advances of Rs.10,420 Crore outstanding as on 31<sup>st</sup> March 2007 an amount of Rs.4032 Crore has gone to Priority Sector and Rs.733.63 Crore out of the priority sector has gone to weaker sections of the society.

While analyzing the Priority Sector advances it has been observed that the services sector dominates other sectors by absorbing major share of Rs.2420 Crore followed by Industries sector with an amount of Rs.868 Crore and the least share has gone to Agriculture sector with Rs.745 Crore.

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

**Encls-03**

**B) NON-SUBMISSION / DELAYED SUBMISSION OF STATISTICAL DATA:**

It has been observed that some of the member banks default/ delay the submission of the quarterly/ periodical data/ information to the Convenor SLBC without respecting the prescribed calendar of returns/ statements and despite repeated reminders in this regard thereby hampering the preparation, processing and consolidation of the prescribed data. Given below is the illustrative list of the banks who are the defaulters in submitting the statistical data for whom the Convenor Bank had no alternative but to revert to and repeat the last available figures

o.	Name of the defaulter Bank	Last statement received (for the quarter ended)
	Allahabad bank	December 2003
	U.T.I. Bank	December 2004
	Oriental Bank of Commerce	September 2005
	Punjab & Sindh Bank	March 2006
	Union Bank of India	June 2006
	Syndicate Bank	June 2006
	Vijaya Bank	June 2006
	Ellaquahi Dehati Bank	June 2006
	Andhra bank	September 2006
	Bank of Baroda	December 2006
	State Bank of Patiala	December 2006
	Corporation Bank	December 2006
	HDFC Bank	December 2006
	Centurion Bank of Punjab	December 2006
	Anantnag Central Cooperative Bank	December 2006



**AGENDA ITEM NO:71.05**

**ACHIEVEMENT UNDER 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 vis-à-vis Annual credit Plan 2006-07 under KCC scheme as at the end of March 2007 is furnished as [Annexure-“K”](#).

From the annexure it is observed that as against the annual target of Rs.120.48 Crore for 66,799 beneficiaries, banks have provided credit of Rs.23.75 Crore to 4,599 beneficiaries under the scheme up to the end of the March 2007 thereby registering an achievement of 20% and 7% in financial and physical terms respectively.

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

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

**Encl-01**

## **AGENDA ITEM NO:71.06**

### **ACHIEVEMENT UNDER 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-01**

**AGENDA ITEM NO:71.07**

**RELAXATIONS TO PRIORITY SECTOR (KVIB/C) AS PRESCRIBE UNDER RBI DIRECTIVES ETC.**

The J&K Khadi & Village Industries Board vide its communication No. KVIB/REGP/12127-28 dated 21.02.2007,( Copy enclosed for ready reference) has informed that the Reserve Bank of India has issued guidelines (Master Circular for lending to Priority Sector) to all Scheduled Commercial Banks including Regional Rural Banks advising not to insist on Collateral security for bank finance below Rs. 5.00 lacs and loans upto Rs. 25.00 lacs may be covered under Credit Guarantee Fund Trust scheme (CGTSI) under SIDBI. Moreover, bank credit under REGP is primarily meant for processing of and value addition to agro based activities the rate of interest charged for loan extended to units under this scheme should be at par with agriculture loans. But Member Lending Institutions are not following these guidelines for extending these relaxations/ benefits to enable availing of credit under REGP including KVIB/C.

The House is requested to deliberate on these issues.

**AGENDA ITEM NO:71.08**

**MEASURES FOR INITIATING DEVELOPMENTAL ACTIVITIES IN RURAL AREAS FOR DEEPENING FINANCIAL INCLUSION:**

Indian Banks' Association has informed vide their letter No. DB/SAMIS/1329 dated 03.01.2007 that Core Group of select commercial banks while reviewing the developmental activities at rural areas arrived at consensus for initiating certain measures for deepening of financial Inclusion. A copy of the said IBA communication is enclosed for ready reference. IBA has desired that the members may take note of the same. The measures include;

1) **Promoting Rural Innovations Fund (RIF)** intended to be utilized in Rural Areas mainly covering farm, non-farm and Micro-credit activities. A detailed note on RIF covering guiding principles, eligible activities, institutions/ persons for RIF support, eligible items of expenditure for funding of projects, quantum of assistance and mode of assistance is enclosed.

2) **Revival of Handloom Sector.** Government of India has recognized the critical problems faced by Handloom Weavers/Cooperatives in accessing credit, viz., higher cost and choking of credit because of debt

overhang and emphasized the need to address these problems on priority. The committee headed by MD, NABARD constituted for the revival of the Handloom Sector has since finalized a ' Financial package' involving Rs. 1295 crores for provision of interest subvention to NABARD & Banks, write-off of overdue interest/principal, funds for cleansing of Balance Sheets of Weavers societies etc. (Government approval is awaited for the same). In the context, Banks were requested to make use of NABARD's short- term refinance scheme for meeting the working capital requirements of SHDCs for production/procurement and marketing of handloom goods. NABARD has also prepared a scheme for financing weavers' groups to be formed by those weavers who are outside the cooperative fold, members of weak PWCSs, traders, master craftsmen, NGOs, entrepreneurs etc., NABARD identified 100 clusters under Handloom Sector for the scheme. (The Scheme has also been forwarded to the Ministry of Textiles for clarification). It has been desired to initiate measures for revival of Handloom Sector by actively involving, identifying and development of Handlooms clusters.

3) **Policy changes in Farmers' Club (FC).** This programme was conceptualized as an experiment in social engineering for reducing the mounting overdues at ground level and aims at instilling better credit discipline among the rural clientele. Therefore it has been desired that banks to come forward for formation of more and more FCs and also nurture them to promote farmers' / producers' associations.

4) **NFDB Scheme for promotion and development of Fisheries.** As there is a large untapped potential in Fisheries and Aquaculture, National Fisheries Development Board (NFDB) is aiming for Blue Revolution to realize the full potential of Indian fisheries through coordination of different agencies and Public-Private partnership arrangements. A budget of Rs 2,100 Crore during 2006-12 is provided for covering various requirements. The Board contemplates to meet the full compliment of funds for training and demonstration as also 20% equity participation. The block capital

requirement is expected to be met through bank finance. The State Government will act as nodal agency. It has been desired that member banks may explore the possibilities of financing fisheries.

5) **Promotion of sustainable livelihood through Village Cluster Development**

**approach.** This project adopted by BAIF for drought prone regions is intended to provide sustainable livelihood opportunities to the poorest of the poor through a need based multi disciplinary development programme so as to improve the quality of life through promotion of grass root level people's organizations and introduction of appropriate technologies and approaches. The project is expected to cover 50 clusters and each cluster will comprise 15-20 village Panchayats located in a block. The project will be jointly implemented by BAIF and NABARD and will facilitate Micro credit through local banks.

**Encl- 03**

**AGENDA ITEM NO:71.09**

**PERMISSION TO SPECIALIZED SME BRANCHES TO ACCEPT GOVERNMENT DUES AS SERVICE TAX, CENTRAL EXCISE, INCOME TAX, ESI, PF, etc.**

Reserve Bank of India vide its letter No. RPCD (JMU) No.1247/03.01.24/2006-07 dated April 02, 2007 has informed that "Secretary, Ministry of Small Scale Industries and Ministry of Agro & Rural Industries, GOI had recently brought to their notice a representation from one of the SSI Associations that branches of banks in SME clusters/ SME branches should be authorized to accept Government dues on account of service tax, central excise etc. from SME to avoid the inconvenience of opening another bank account for the purpose.

As per the extant practice, SME units will not be required to open a bank account with another bank/branch to pay Government taxes except if they want to remit taxes (including service taxes) through e-payment in which case a separate account will have to be opened with the bank concerned."

In this context, Reserve Bank of India has advised to include this an agenda item for SLBC meeting to bring this to the notice of banks.

The house is requested to deliberate on the issue.

**Encl-01**

## **AGENDA ITEM NO:71.10**

### **IMPLEMENTATION OF NATIONAL AGRICULTURE INSURANCE SCHEME (NAIS)**

Agriculture Insurance Company of India Ltd. (AIC) vide letter no. SLBC/ JK/ 3358/ 2006-07 dated 30<sup>th</sup> April 2007 have informed that as per the provisions of NAIS, all farmers growing Notified Crops in Notified Areas and availing the eligible crop loans are to be compulsorily covered by banks/ Financial Institutions with AIC. Further, in case a farmer is deprived of any benefit under the Scheme due to error/ omission/ commission of the Banks/ FIs, the concerned institutions are liable under the scheme to make good all such losses.

The AIC has also informed that the banks in J & K State have not been covering all the loans disbursed for notifying crop in notified areas despite persistence. During the past season claims had arisen in many of the Notified Areas but not a single declaration and premium was received from Banks thereby depriving the farmers of their legitimate claims under the scheme or leading to litigation with adverse consequences for banks/ FIs.

The AIC has therefore, desired that SLBC should 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 their legitimate claims under the Scheme.

A copy of the AIC communication is enclosed for ready reference.

The House is requested to deliberate on the issues.



Encl-01

**AGENDA ITEM NO:71.11**

**SPECIAL DRIVE FOR FINANCIAL INCLUSION IN SC/ST AND MINORITIES  
CONCENTRATED DISTRICTS:**

Reserve Bank of India vide its letter: RPCD (JMU)/NO/1818/03.01.27/2006-07 dated 28/05/2007 has informed that since 100% Financial Inclusion has not been so far achieved in the identified district which was adopted on pilot basis i.e. Pulwama , there is a need to have a focused approach for achieving the same. Simultaneously, to accord priority to the most needy it has been decided to arrange for a special drive for Financial Inclusion by identifying the districts with maximum concentration of SC/ST and minorities.

RBI has advised to list this as an agenda item in SLBC. The said RBI communication is enclosed for ready reference.

The house is requested to deliberate on the issue.

Encl-01

## AGENDA ITEM NO:71.12

### SETTING UP OF CREDIT COUNSELLING CENTRES ON PILOT BASIS:

RBI, vide their communication No. RPCD.LBS.CO.No.10506/02.01.01/2006-07 dated May 10, 2007 (copy enclosed for ready reference) have informed that pursuant to Annual Policy Statement for 2007-08 the Working Group constituted by RBI to suggest measures for assisting distressed farmers has recommended that the financial and livelihood counseling are important for increasing viability of credit. Further, another Working Group constituted by RBI to examine procedures and processes for agriculture loans has recommended that banks should actively consider opening of counseling centers, either individually, or with pooled resources, for credit and technical counseling, so that the farmers will get aware of their rights and responsibilities to a great extent. The bank branches should also display as much information as possible for the benefit of farmers and the counseling centers should be equipped with the facility of on-line submission of applications.

RBI, has advised to initiate action urgently to set up a **Financial Literacy-cum-Credit Counseling Centre** on a pilot basis in any one district of

the State. On the basis of experience gained through implementation of Pilot Projects the concerned Lead Banks may set up such centers in other districts.

The House is requested to deliberate on the issue.

**Encl-01**

**AGENDA ITEM NO:71.13**

**CREATION OF AN ADVISORY GROUP:**

Kashmir Chamber of Commerce & Industry has informed vide their communication letter No. KCC&I/CAG/1426-31 dated May 29, 2007 that they had recently held a meeting with Shri Vinod Rai, Union Secretary (Financial Sector), GOI, wherein they have raised the issue of very low Credit Deposit Ratio (CDR) particularly in the Kashmir valley. They have pointed out to him that there is a great potential in different sectors of State's economy particularly Handicrafts, Tourism, Industries, Horticulture, Infrastructure development and General Trade. They have further clarified to him that requirements of finance for Kashmir based businessmen in these sectors are different from rest of India, and have suggested that there should be an **Advisory Group/ Board at the regional level for Kashmir** wherein they could be also associated and finding different models suitable for increasing the Credit to different sectors of economy. A copy of said communication is enclosed for ready reference.

The House is requested to deliberate on the issue.

**AGENDA ITEM NO:71.14**

**ISSUES AND DECISIONS RELATING TO PRIORITY SECTOR WHICH EMERGED DURING THE INTERACTIVE SESSION OF J&K GOVERNMENT WITH UNION SECRETARY (FINANCIAL SECTOR) ON FINANCIAL SECTOR ISSUES HELD ON 24<sup>TH</sup> MAY 2007 AT SRINAGAR**

The Government of Jammu & Kashmir held an interactive session with Union Secretary (Financial Sector) Mr. Vinod Rai, on financial sector issues in J&K State on 24.05.2007 at Srinagar. Besides Chief Secretary J&K State, Mr. C. Phunsog other very senior functionaries of the State Government, Chairmen/ CMDs of major banks and RRBs, MDs of Financial Institutions, HODs of various Government Departments and Developmental Agencies participated in the deliberations.

During the course of deliberations the Commissioner/ Secretary Finance, J & K Government advised that some issues and decisions relating to unsatisfactory performance in Priority Sector, which emerged during the interactions, may be placed before the next SLBC. The minutes of the said meeting as circulated by the J&K Government Finance department vide No. FD/ Bkg/2007/30 dated 27.06.2007 are enclosed herewith for the perusal of the members. The major relevant issues are summed up as under for kind information of the house and desired implementation/ compliance.

**1. Improvement in CD Ratio-**

Steps are required to be taken immediately to improve CD ratio. Inter-district and Sectoral variations in CD ratio will also need to be addressed. For achieving this banks/ financial institutions will be required to carry out the following:

- i. To appropriately review the scale of finance and design of schemes so as to make these specific to need and context and suitable region-wise and sector-wise.
- ii. CD ratio be worked out in accordance with the new definition given by the group that was headed by Dr. Y. S. P. Thorat (Chairman NABARD). J&K Bank in particular will rework out their CD ratio.
- iii. Ticket size of loans be improved in some of the areas demanding higher amount of the funding like horticulture where the existing scale of financing is very low.
- iv. It will be also necessary to evolve a new strategy for improving CD ratio including:
  - a) District based approach
  - b) Adequate and close monitoring
  - c) Making the discussions at District Level Committees purposeful and
  - d) Fixing of self-set targets for improving CD ration in each district
- v. NABARD shall organize awareness programmes regarding banking products/ schemes so as to bridge the existing information gap particularly at the district level.
- vi. At macro level the State needs to ensure that some large size industrial projects are set up in the State. Higher investment inflow will lead to increase in CD ratio
- vii. With a view to building on Venture Capital Funding (VCF) and employment mission initiatives of the Government, banks/ financial institutions will devise new strategy for improving project based lending in consultation with NABARD consultancy team visiting Srinagar

## **2. Strengthening Institutional arrangements-**

- i. Specific measures be taken by banks/ financial institutions as a part of the broader strategy to strengthen marketing and create awareness regarding banking products/ schemes.
- ii. Strategies be also worked out to involve local NGOs and institutions like J&K EDI for entrepreneurship development and creating awareness for utilizing the schemes for gainful self employment.

## **3. Priority Sector Advances-**

There is need to make focused efforts at the district level by way of district-level plans and by converging/dovetailing resources of different agencies of the State Government and integrating such resources with those of the banks so that maximum number of farmers are brought into the formal credit system. A large number of farmer loans could also be disbursed through the Kisan Credit Cards (KCCs) route.

## **Enhancing delivery of credit under Government Sponsored Schemes-**

- i. Reasons for poor off-take of Credit in sectors of SGSY, PMRY, JKSES, SJSRY, KVIC/B and SC/ST have to be identified and appropriately addressed at the level of SLBC. Mid-course corrections in target could also be made an imperative.
- ii. There is need to introduce certain element of accountability within the Government System so as to ensure that field agencies sponsor cases of proper nature And quality and not unviable projects specially for activities which are not envisaged.
- iii. Similarly accountability should also be built within the banking System to ensure prompt disposal of sponsored cases and speedy/ immediate disbursement of sanctioned loans.

#### **5. Stepping up credit flow to handicrafts/ handlooms sector-**

- i. A Group of SBI, PNB and JKBL with Director Handicrafts as its Convenor was set up to study the causes of poor credit flow to the handicrafts sector.
- ii. The Group will also recommend specific steps/ measures to provide credit to at least to 270 existing SHGs and 1000 artisans during the current financial year.
- iii. The Group will also suggest ways and means of extending marketing support to this important sector, which has high employment potential.
- iv. The Group will submit its report to the Chief Secretary by 31.08.2007.

#### **6. Addressing defaults in Tourism sector loans-**

The problem could be sorted out by an OTS type of solution between the State Government and J & K Bank. Other banks agreed to extend the same dispensation in respect of their loans.

#### **7. Credit flow to farm sector and handholding (Project finance) to service technology investment in agriculture-**

- i. Banking sector should offer specific products for critical agriculture products like fruits, vegetables, flowers, aromatic herbs, nursery plantation etc. like the product developed by the J&K Bank in respect of Saffron.
- ii. Banks and financial institutions must ensure enhanced credit flow for post harvest infrastructure like Mandies, market-yards, grading/ packing lines, CA storage/ seed storage, processing facilities etc.
- iii. There is a need to work out a viable package of initiatives, in consultation with banks and EDI, for promoting agri-clinics and agri-business in respect of the agricultural graduates.

**AGENDA ITEM NO:71.15**

**ANNUAL CREDIT PLAN (ACP) 2007-08**

The recent creation of eight additional districts by the state Government by carving out the same from the existing districts without issuing relative notification for demarcation inordinately delayed the preparations of District Credit Plans. However, the concerned Lead Banks/ Lead District Managers were advised to prepare and submit tentative District Credit Plans for consolidation of the Annual Credit Plan 2007-08 pending issuance of the said notification by the State Government.

The tentative District Credit Plans have not been received from six districts despite protracted persuasion by the Convenor SLBC namely Jammu, Samba, Doda, Ramban, Kishtwar and Kargil where the Lead Bank responsibilities are entrusted to State Bank of India.

On the basis of tentative District Credit Plans received from sixteen districts (submitted by SBI consolidated for District Udhampur & Reasi) the consolidated Annual Credit Plan 2007-08 for banks in the State has been arrived at Rs.1068.16 Crore for 1,16,577 beneficiaries.

The District-wise/ Sector-wise/ Scheme-wise and Bank-wise/ Sector-wise/ Scheme-wise allocations of the said tentative Annual Action Plan 2007-08 are enclosed as annexures "M" and M1" for information of the House.

**Encl: 08**

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