

**CONFIRMATION OF THE MINUTES OF 71st MEETING OF SLBC (J & K) HELD
ON 25th JULY 2007**

The minutes of the 71st meeting of SLBC (J&K State) held on 25th July, 2007 to review the performance / achievements of the banks / FIs operating in the State for the quarter / year ended on 31.03.2007 were circulated among the members vide SLBC office covering letter No. JKB/SLBC/71/2007-520 dated 9th August, 2007 for desired action.

No amendments to the minutes have been received from the members.

The house is requested to confirm the said 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 there has been no progress regarding this long outstanding issue since 71st SLBC meeting. No contributions of the shares allocated as per the decision of the SLBC have been received from the 11 member banks (out of 25 member banks that had been allocated shares for contribution) even till now. An amount aggregating to Rs.141.29 lacs has been therefore, defaulted despite persuasion by raising the issue again and again in several previous meetings. The remaining 14 member banks have contributed an aggregate amount of Rs.118.69 lacs thereby resulting in a deficit of over 54.34% to finance the J&K EDI project that was estimated to cost Rs.260 lacs.

The part amount received could not be released to J&K EDI as the same is insufficient to meet the estimated cost of their projected requirement. They have to explore and arrange alternative source of finance for meeting the deficit for enabling to release the collected portion of the amount in their favour for utilization.

It is pertinent to mention for reminding the house that the issue of setting up of Training Institute for entrepreneurship development in J&K State was initially deliberated upon in 60th and 61st SLBC meetings on the advice of Reserve Bank of India when the house had strongly supported the same 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 had been set up in the State and sought suitable contribution from Banks/ FIs for supporting it. In the 66th SLBC meeting it was decided that EDI should identify utilization of funds to be raised from banks/ FIs in the areas like equipment, libraries, sponsorship of training programmes, software, etc. Accordingly EDI demanded an amount of about Rs.260.00 lacs for purchase of audio/ video equipments, establishment of two computer labs, strengthening of library facilities, etc. which was envisaged to be sufficient for their requirements for next 10 to 15 years. It was decided in 68th SLBC meeting to set up a Committee with representatives from State Bank of India, Punjab National Bank, J&K Bank, Industries & Commerce Department and Director (EDI) to allocate shares for contribution by banks. Consequent to the recommendations of the Committee shares were allocated to the member banks for contribution in 69th SLBC meeting.

In this perspective the house is requested to deliberate on the issue and decide the disposal of the amount contributed by banks in a conclusive manner.

2) **GROUP FOR BUNDLING OF SUBSIDIES:**

The house in 70th SLBC for December 2006, had decided to form a group under FC Govt. Agriculture Production Department 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. As no meeting of the group had been convened to decide the issue up till 71st SLBC meeting for March 2007, the outstanding matter was again raised for follow up. The house was assured of desired action without any further delay.

The house may be apprised of the action taken and progress made in this regard.

3) **BANK-WISE/ REGION-WISE TARGETS UNDER HANDICRAFTS**

SECTOR:

The house in 70th SLBC meeting for December 2006, 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. As no meeting of the group had been convened to decide the issue up till 71st SLBC meeting for March 2007, the issue was again raised for follow up action and the house was assured of desired action.

It may be reminded that this agenda item related to an earlier decision taken in the meeting held by Development Commissioner Handicrafts, Govt. of India, Ministry of Textiles on 29.01.2004, regarding extension of Credit Guarantee Scheme for handicrafts in J&K State under CGSTI and designating J & K Bank as MLI/ Nodal Agency for the purpose and also forming a group to be headed by Principal Secretary Industries, J&K Government to finalize procedural/ operational modalities for implementing the Scheme and allocating targets to various banks.

Action taken and progress made may be reported to the house.

4) **ROUTE OF EQUITABLE MORTGAGE FOR FACILITATING SECURITIZATION OF LOANS:**

Regarding the route of equitable mortgage for simplification of procedure and facilitating securitization of loans, it was stated in 70th 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. The issue came up for follow up action in 71st SLBC also but progress could not be ascertained as the concerned departments were not represented.

Action taken and progress made in this regard may be submitted for information of the house.

5) **SUGGESTIONS OF CHAIRMAN CONVENOR BANK IN 71ST SLBC FOR RESTRUCTURING AND REFORMING OF SLBC:**

The Chairman of the Convenor Bank while pointing out the deficiencies and shortcomings in the overall functioning of SLBC thereby reflecting on the achievements had suggested **complete restructuring, reform and system revamping by bringing drastic changes in basic framework in terms of organization, approach and methodology for enabling the forum to perform and deliver results with a definite Vision and a definite Mission**. So he had offered a well designed framework for empowering SLBC and making it purpose oriented and thematic outlining the following 4 sets of change process;

1. Structural change

2. Organizational Change
3. Change in approach, and
4. Change in the methodology of functioning.

Regional Director RBI had reacted that SLBC was a national concept with a national framework and nationwide uniform design for functions. So he desired that sometime has to be given for giving a thought to the idea of reform and giving it a final shape. He observed that it was not advisable for J&K SLBC to adopt the reforms in isolation. He assured that he would escalate these good suggestions offered by J&K SLBC to RBI Head Office for being examined by the apex regulator for implementation on all India basis.

Senior functionaries of J & K Government had also desired circulation of the suggestions for invoking purposeful discussions and generating responses in next SLBC for further refining the suggested reform and restructuring scheme. Hence, comprehensive details were incorporated in the text of circulated minutes for this objective.

No reform, restructuring, revision or modification in SLBC design has been advised so far and the conventional scheme/ model adopted pan India is continuing and being followed as yet. However, we have been advised by RBI J&K Regional Office that RBI has already set up a High Level Committee (HLC) under the chairpersonship of Deputy Governor (Mrs. Usha Thorat) to review the Lead Bank Scheme (LBS) and various fora including SLBC. Hence, SLBC office has been advised to continue with the present SLBC format till further instructions are conveyed by RBI in this regard.

Moreover, suggestions of the concerned quarters for further refining and improving the idea are awaited, which may be offered for deliberations.

The house may be informed of the suggestions to further refine the reform idea. The house may deliberate on the issue and decide to improve the suggested reforms to SLBC.

6) **LOW ACHIEVEMENTS UNDER GSS:**

The house in 71st SLBC meeting for March 2007, had decided to form a core group under the convenorship of Principal Secretary Labour and Employment, J&K Government comprising of Government, RBI, SBI, PNB and JKBL to do some research study within a month and come with a report to next SLBC recommending a new system and suggest an efficient alternative route in place of the Government constructed mechanism so that the theme of financing GSS more innovatively and in banker friendly manner is debated in next SLBC. The group should also formulate the procedure for implementing the decisions taken during the interactions with Union Secretary (Financial Sector) on 24.05.2007 regarding identification of reasons of poor credit off take and addressing the same, introducing certain amount of accountability within the Government system so as to ensure that the field agencies sponsor cases of proper nature and prescribe mechanism of accountability within the banking system to ensure prompt disposal of sponsored cases.

The action taken/ progress may be placed before the house.

7) **ACHIEVEMENT UNDER SHGs (SHARING PNB EXPERIENCE):**

The house in 71st SLBC meeting for March 2007, had asked PNB to share the experience of their awareness programmes for the benefit of other

member banks. PNB has submitted some reports about holding of Mass Awareness Camps/ Bank Chopals in Jammu/ Kathua/ Samba districts of Jammu division in which other member banks were also invited for actively participating in the programme. It is evident from the reports and media coverage the programmes generated good response and have remained effective.

SBI also reported having conducted various Training camps in their Lead districts (Jammu division specific) under their RUDSETI programme which have yielded positive results. J&K Bank has also conducted various Awareness Camps in Kashmir valley for generating response to various banking schemes and financial products.

The information is submitted to the house as desired.

8) DRIVE FOR FINANCIAL INCLUSION IN SC/ ST/ MINORITY

DISTRICTS:

The house in the 71st SLBC meeting unanimously decided to adopt district Samba in Jammu division for 100% Financial Inclusion as there is sizable population of SC/ ST in the district where Lead Bank responsibility is assigned to SBI. Instructions were issued accordingly in this regard.

SBI (Lead Bank in Samba) may apprise the house of the progress made.

9) SETTING UP OF CREDIT COUSELING AND FINANCIAL LITERACY

CENTRES:

JKBL and SBI were advised to set up these centres on pilot basis one each in two districts (SBI in Jammu and JKBL in Kashmir) for

experimentation. JKBL identified district Anantnag for the purpose and approval has been accorded for setting up the centre. The centre has not however, started functioning so far.

SBI has not reported the progress to SLBC office for having identified a district and establishing the centre in Jammu.

Hence, the desired objective has not been accomplished as yet.

The action taken/ progress may be placed before the house.

**REPORT ON THE MATTERS REFERRED TO AND HANDLED BY VARIOUS
SPECIAL PURPOSE SUB-COMMITTEES**

There were no referral issues to any of the Sub-Committees constituted by the SLBC to be attended to during the intervening period.

AGENDA ITEM NO: 72.01

CREDIT TO PRIORITY SECTOR:

Bank-wise/ Region-wise/ Sector-wise achievements under Priority Sector under Annual Credit Plan 2007-08 for H1 as at end of September 2007

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

The Bank-wise/ Sector-wise achievements for H1 as at the end of September 2007 vis-à-vis commitments for lending to priority sector under Annual Credit Plan 2007-08 are given as [Annexures-A & B](#).

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

The District-wise/ Sector-wise achievements for H1 as at the end of September 2007 vis-à-vis commitments for lending to priority sector under Annual Credit Plan 2007-08 are given as [Annexure-C](#).

It is manifest from the figures that banks during H1 under review till end of September 2007 have provided total credit of Rs.1016.78 Crore in favour of 51,922 beneficiaries against a target of Rs.1528.80 Crore for 1,62,299 beneficiaries to the Priority Sector under Annual Action Plan

2007-08, thereby registering an achievement of 67% and 32% of the annual target for the Financial Year 2007-08 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 as given in [Annexures-B & C.](#)

The comparison of the achievement of banks under Priority Sector vis-à-vis their respective annual targets at the end of Q2/ H1 of FY 2007-08 with Q2/ H1 of PY 2006-07 (YoY) is given hereunder:

(Amount In Crores of Rs.)

Name of Bank	PFY 2006-07			CFY 2007-08		
	Target FY06-07	Actual H1-07	Percentage of Ach	Target FY07-08	Actual H1-08	Percentage of Achiev.
Co-operative Bank	602.24	267.51	44	628.28	490.21	78
State Bank	224.53	90.79	40	230.92	110.78	48
Private Banks	135.71	117.52	87	169.31	129.45	76
Other Comm.	127.05	79.25	62	111.62	147.07	132
Co-op. Bks.	180.59	50.37	28	185.06	77.70	42
State Banks	163.33	49.76	30	199.45	61.29	31
Other FIs	11.13	0.62	6	4.15	0.28	7
TOTAL	1444.58	655.82	45	1528.79	1016.78	67

(3) CREDIT TO NON-PRIORITY SECTOR:

Under non-priority sector the banks have disbursed an amount of Rs.900.43 Crore to 56,171 beneficiaries for H1 till end of September 2007 out of which disbursement of Rs. 265.66 Crore to 17,676 beneficiaries had been made during Q1 i.e previous quarter ended on 30.06.2007

thereby reflecting disbursement of Rs. 634.77 Crore during Q2 to record a growth of 239% as compared to Q1.

The position of disbursements made in Non-Priority Sector have not been reported by the districts of Udhampur and Reasi despite repeated reminders thereby not enabling to comment on its composition in relation to priority sector with reasonable accuracy.

(4) BANK-WISE SECTOR-WISE ANALYSIS:

I) AGRICULTURE SECTOR:

Against the annual Target of Rs.479.30 Crore for 1,07,714 beneficiaries, banks have disbursed a total amount of Rs.239.34 Crore in favour of 23,235 beneficiaries under this sector during H1 till the end of September 2007 thereby registering an achievement of 50% and 22% in financial and physical terms respectively.

Out of this, an amount of Rs.95.30 Crore against a target of Rs.287.37 Crore has been disbursed under Crop Loan in favour of 12,245 agriculturists. The achievement of banks under this segment is of the order of 33% of the target.

While analyzing the Bank-wise achievements under this sector, it will be observed that leading performers have been UBI, Canara Bank, JKBL, KRB, PNB & SBI who have achieved 590%, 90%, 68%, 54%, 48%, and 25%, respectively, of their respective individual targets. The high achievement is however, driven by small allocation of targets in absolute terms. While analyzing the quantum-wise disbursement based on absolute terms, the major contributors have been the JKBL (Rs.154.59 Crore), KRB (Rs.20.66 Crore), SBI (13.50 Crore) PNB (Rs.12.96 Crore), JRB (Rs.7.74 Crore) BCC

Bank (Rs.7.69 Crore), JCC Bank (Rs.7.64 Crore), ACC Bank (Rs.5.34 Crore), UBI (2.21 Crore) and Canara Bank (Rs.1.57 Crore).

(II) SMALL ENTERPRISES SECTOR:

As against the annual target of Rs.473.05 Crore for 19,533 beneficiaries, banks have disbursed an amount of Rs.288.73 Crore in favour of 8,250 beneficiaries during H1 by the end of September 2007, thereby registering 61% and 42% of the target in financial and physical terms respectively.

While analyzing Bank-wise achievements (quantum-wise), the major contributors have been JKBL (Rs.123.42 Crore), Punjab National Bank (Rs.62.33 Crore) State Bank of India (Rs.41.52 Crore), and Syndicate Bank (15.33).

(III) MICRO CREDIT:

As against the annual target of Rs.51.28 Crore in favour of 4,766 beneficiaries banks have disbursed total amount of Rs.104.90 Crore in favour of 3,567 beneficiaries during H1 till the end of September 2007. This works out to 205% and 75% achievement in financial and physical terms respectively.

(IV) RETAIL TRADE:

As against the annual target of Rs.417.96 Crore in favour of 26,431 beneficiaries banks have disbursed total amount of Rs.292.69 Crore in favour of 13,689 beneficiaries during H1 till the end of September 2007. This works out to 70% and 52% achievement in financial and physical terms respectively.

(V) EDUCATION:

As against the annual target of Rs.32.08 Crore in favour of 1,360 beneficiaries banks have disbursed total amount of Rs.23.69 Crore in favour of 1,136 beneficiaries during H1 by the end of September 2007. This works out to 74% and 84% achievement in financial and physical terms respectively.

(VI) HOUSING:

As against the annual target of Rs.75.13 Crore in favour of 2,495 beneficiaries banks have disbursed total amount of Rs.67.43 Crore in favour of 2,045 beneficiaries during H1 till the end of September 2007. This works out to 90% and 82% achievement in financial and physical terms respectively.

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

(Amount in Crores of Rupees)

Region	Targets	Achievements	Achievement %
Kashmir	825.06	480.01	58
Uttaranchal	681.35	511.37	75
Delhi	22.39	25.39	113
TOTAL	1528.80	1016.77	67

I) KASHMIR REGION:

In the Kashmir region an amount of Rs.480.01 Crore has been disbursed during the H1 of the FY 07-08 with a distribution of Rs.172.68 Crore (36%) for the Agriculture Sector, Rs.124.66 Crore for the Retail Trade (26%), in the Small Enterprises Rs. 103 Crore (21%), in the Micro Credit Rs.43.57

Crore (9%) in the Housing Rs 27.96 Crore (6%) and Education Sector Rs. 8.14 (2%).

II) JAMMU REGION:

Jammu gives a different picture of credit disbursement to various sectors. The region has the highest credit disbursement during H1 of FY 07-08 of Rs.511.37 Crore with a distribution of Rs.66.44 Crore (13%) for the Agriculture Sector, Rs.164.87 Crore for the Retail Trade (32%), in the Small Enterprises Rs. 164.21 Crore (32%), in the Micro Credit Rs.61.33 Crore (12%) in the Housing Rs 39 Crore (8%) and Education Sector Rs. 15.52 (3%).

III) LADAKH REGION:

In the Ladakh region an amount of Rs.25.39 Crore has been disbursed during the H1 of the CFY 07-08 with a distribution of Rs.0.22 Crore (1%) for the Agriculture Sector, Rs.3.16 Crore for the Retail Trade (12%), in the Small Enterprises Rs. 21.52 Crore (85%), in the Housing Rs 0.47 Crore (2%) and Education Sector Rs. 0.02 (0.07%).

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

Encls-07

AGENDA ITEM NO: 72.02

CREDIT UNDER GOVERNMENT SPONSORED SCHEMES:

Region-wise/ District-wise/ Scheme-wise and Bank-wise/ Scheme-wise performance of various Banks under Government Sponsored Schemes during H1 upto 30th September 2007.

Against the Annual Action Plan 2007-08 for all banks operating in the State of Rs.259.41 Crore for 29,040 beneficiaries the achievement of banks during H1 of CFY till the end of September 2007, under six major Government Sponsored Schemes, viz. SGSY, PMRY, JKSES, SJSRY, SC/ST/OBC and KVIC/ B is of the order of Rs.61.40 Crore spread over 6,091 beneficiaries in all the three regions of the State thereby registering a performance of 24% (Financial) and 21% (Physical) of the target. The position is marginally better as compared to disbursement of Rs.41.95 Crore to 4,371 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.36.61 Crore to 3,724 beneficiaries during H1 of CFY till 30th September 2007 under these six major Government Sponsored Schemes, thereby achieving 26% and 24% in financial and physical terms respectively as against 19% achievement at Rs.23.68 Crore to 2,366 beneficiaries for the corresponding period of the previous year.

ii) JAMMU REGION:

Banks have disbursed an amount of Rs.19.38 Crore during H1 of CFY till 30th September 2007 under these schemes, which accounts for 20% achievement of the target of Rs.99.06 Crore as against 18% achievement of banks at Rs.17.14 Crore as on 30th September 2006.

iii) LADAKH REGION:

Banks have disbursed a total amount of Rs.5.41 Crore during H1 of CFY till 30th September 2007 under these six major Government Sponsored Schemes, which works out to 31% achievement of the annual target of Rs.17.69 Crore as against 11% achievement of banks at Rs.1.13 Crore for the corresponding period of the last year.

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 30th September 2007, is attached as **Annex.-D & D1**

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

The Bank-wise achievements under Six major Central/ State Government Sponsored Schemes as on 30th September 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.50.91 Crore for 10,506 beneficiaries, banks have disbursed an amount of Rs.11.38 Crore to 2,472 beneficiaries during the H1 of CFY till 30.09.2007, which works out to achievement of 22% and 24% in financial and physical terms respectively. Out of the total achievement of Rs.11.38 Crore the major contributors are J&K Bank (Rs.4.15 Crore), State Bank of India (Rs.1.70 Crore), Kamraz Rural Bank (Rs.1.57 Crore), Baramulla Central Cooperative Bank (Rs.1.16 Crore), Punjab National Bank (Rs.0.92 Crore), Jammu Central Cooperative Bank (Rs.0.65 Crore) and Jammu Rural Bank (Rs.0.61 Crore) and Kamraz Rural Bank (Rs.1.58 Crore).

PMRY: Under PMRY Scheme against the target of Rs.36.35 Crore for 3,260 beneficiaries for the CFY 2007-08, banks have disbursed an amount of Rs.10.39 Crore to 780 beneficiaries during H1 till ending September 2007 for setting up of employment generating units thereby achieving 24% of the physical target and 29% of the financial target. Out of the total achievement (physical targets) of all banks operating in

J&K State at 780 units the major contributors are J&K Bank (477 units), SBI (154 units) & PNB (108 units).

JKSES: Under JKSES, banks have disbursed an amount of Rs.18.56 Crore to 997 beneficiaries during H1 of CFY 2007-08 against the annual target of Rs.83.07 Crore for 5,562 beneficiaries, thus registering an achievement of 22% in financial terms and 18% of the physical target. Out of the total achievement of all banks operating in J&K State at Rs.18.56 Crore the contribution of J&K Bank, SBI & PNB, vis-à-vis their respective financial targets is of the order of 64%, 20, and 10% respectively. Against a physical target of 5,562 units only 4,203 cases have been sponsored to various banks, out of which 1283 cases were sanctioned, 482 have been rejected/ returned and 2438 Cases are lying pending for sanction with banks.

SJSRY: Under SJSRY, banks have disbursed an amount of Rs.4.92 Crore to 690 beneficiaries during H1 of CFY against the target of Rs.23.71 Crore for 3,593 beneficiaries, thus registering an achievement of 21%. From the data available it is been observed that only 1004 cases were sponsored to Banks against the target of 3,593 case out of which 386 cases were sanctioned, 167 cases were rejected/ returned and 451 Cases are pending for sanction with banks. Out of the total achievement of Rs.4.92 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 62%, 13% and 11% respectively.

SC/ST/OBC: Under SC/ST/OBC banks have disbursed an amount of Rs.1.04 Crore to 307 beneficiaries during H1 of CFY against the target of

Rs.7.57 Crore for 2,814 beneficiaries thereby registering an achievement of 14%. Against the target of 2,814 units, only 877 cases have been sponsored, out of which 355 cases were sanctioned by Banks, 98 cases were rejected and 424 case are pending for sanction with the banks.

KVIC/B: Under KVIC/ B, banks have disbursed an amount of Rs.15.10 Crore to 845 beneficiaries during H1 of CFY against the target of Rs.57.78 Crore for 3,305 beneficiaries thereby registering an achievement of 26% in financial terms. Against the target of 3,305 cases, 2,682 cases were sponsored to various banks out of which 1100 cases were sanctioned, 312 cases were rejected/ returned and 1270 cases are lying pending with the banks.

It is thus seen that the achievement under Government Sponsored Schemes continues to remain discouraging and rejection level also continues to be comparatively higher for which matter of concern previously suggested measures require to be implemented with sincerity and seriousness.

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: 72.03

Performance under Handicrafts / Handloom / Credit-cum-Subsidy Scheme for Rural Housing Schemes for H1 of CFY ended on 30th September 2007.

The Bank-wise achievement as on 30.09.2007 under these Schemes is discussed below in light of the figures given in the [Annexures-F,G,H, &I.](#)

A) Handicrafts/ ACC:

A target of Rs.15.85 Crore for 3,484 beneficiaries had been set for banks under this sector for the CFY 2007-08. Banks have disbursed a total amount of Rs.1.43 Crore to 284 beneficiaries during H1 of CFY 2007-08,

which includes 41 sanctioned cases of previous year. Against the physical target of 3,484 cases 1333 cases have been sponsored to various Banks, out of which 299 cases were sanctioned, 118 cases were rejected and 916 cases are lying pending with the banks for sanction.

B) Handlooms:

Under this sector a target of Rs.6.81Crore for 1,058 beneficiaries had been set for the banks for the CFY 2007-08. Banks have disbursed a total amount of Rs.0.37 Crore to 76 beneficiaries during H1 of CFY 2007-08, which include 13 sanctioned cases of previous year. Even the sponsorship has been low i.e. only 365 cases sponsored against yearly target of 1,058 cases, the banks have sanctioned 88 cases with 232 cases pending for sanction and 45 cases rejected/ returned due to various reasons.

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

Under this Sector against the target of Rs.51.60 lacs to 110 beneficiaries, banks have disbursed Rs.6.37 lacs to 14 beneficiaries during H1 of current financial year till 30.09.2007. Against the target of 110 cases, 15 cases have been sponsored to various banks, out of which 14 cases have been sanctioned, no case has been rejected/ returned by the banks and 1 cases is lying pending with the banks.

D) Group constituted during the Interactive Session held by Union Secretary (Financial Sector) and J&K Government with CEOs of banks and FIs on 24.05.2007 for stepping up of Credit flow to Handicrafts/ Handlooms sector in J&K.

The Group has since submitted its report to Chief Secretary, J & K Government suggesting and recommending various measures for being operationalised to accomplish the desired objective.

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

Encls-04

AGENDA ITEM NO: 72.04

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

Statistical data of various Banks in J&K State as at the end of H1 2007

Although SLBC is primarily assigned the role of facilitating and monitoring smooth flow of credit to priority sector yet the overall credit scenario in J&K State is revealing some interesting and peculiar behavioural aspects attracting attention like low CDR, low credit appetite, lack of entrepreneurship, etc. Precisely for the purpose of having some idea and understanding of and also to address and resolve such peculiar issues, 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 and NPAs outstanding as on September 2006 & September 2007.

[Annexure-J](#)

2. Comparative Statement of Bank-wise /Sector-wise advances Outstanding against Priority Sector/ Weaker Sections of the society as on ending September 2007.

[Annexure-K](#)

CREDIT SHARING OF MAJOR PLAYERS:

As is manifest from the Comparative Statement of Bank-wise Deposits and Advances ([Annexure-J](#)) J&K Bank has the largest share of Rs. 7700.51 Crore (65.51%) in the aggregate outstanding credit of banking sector of Rs.11754.37 Crore in the State at the end of September 2007. The share of SBI is Rs.1206.24 Crore comprising 10.26% and that of PNB is Rs.728.92 Crore comprising 6.20%.

The NPAs position of the major banks as reflected in [Annexure-J](#) reveals that in the total NPAs of Rs.488.72 Crore in the State at the end of September 2007 the share of J&K Bank is to the tune of Rs.190.64 Crore, that of SBI Rs.60.68 Crore and PNB Rs.47.77 Crore.

It is also evident from the [Annexure-K](#) that J&K Bank has the largest share of Rs.2502.94 Crore aggregate outstanding credit under Priority Sector (Comprising 52.13%) at the end of September 2007 out of the total Priority Sector Bank Credit of Rs.4801.07 Crore in the State. The shares of SBI and PNB in outstanding credit to Priority Sector are Rs.767.01 Crore (15.97%) and Rs.371.86 Crore (7.74 %) respectively.

From the Annexure, it will be observed that while the J&K Bank alone has made total advances of Rs.7700.51 Crore in J&K State as on 30.09.2007 as against its total deposits of Rs.14, 877.81 Crore, thereby achieving a C. D. Ratio of 51.76%. The other major Public Sector Banks, viz. SBI & PNB have made advances of Rs.1, 206.24 Crore and Rs.728.92 Crore respectively as against their deposits of Rs.3, 837.82 Crore and Rs.1, 846.89 Crore, achieving a C.D. Ratio of 31.43% and 39.47%, respectively, as on 30th September 2007. The remaining 18 Public Sector Banks put together have advanced Rs.913.50 Crore as against their total

deposits of Rs.1, 852.75 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.397.65 Crore against their total deposits of Rs.1, 251.62 Crore, which works out a C. D. Ratio of 31.77% as on 30th September 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.584.78 Crore as against their total deposits of Rs.1, 463.80 Crore, thereby achieving C. D. Ratio of 39.95% as on 30th September 2007.

Out of the aggregate advances of Rs.11754.37 Crore outstanding as on 30th September 2007 an amount of Rs.4801 Crore has gone to Priority Sector and Rs.870.70 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 Small Enterprises sector dominates other sectors by absorbing major share of Rs.1582 Crore followed by Retail Trade, Agriculture, Housing, and Education sector with an amount of Rs.1562.55, Rs.937.28, Rs.564.22, and Rs.91.10, Crore respectively and the lowest share of Rs.63.99 Crore has gone to Micro Credit sector.

In light of the figures provided in the annexures, the glimpse of credit scenario is presented before the house for deliberation upon the issue.

AGENDA ITEM NO: 72.05

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 2007-08 under KCC scheme as at the end of H1 of CFY 2007-08 is furnished as [Annexure-L](#).

From the annexure it is observed that as against the annual target of Rs.175.78 Crore for 45,700 beneficiaries, banks have provided credit of Rs.14.21 Crore to 2,275 beneficiaries under the scheme during the CFY up to the end of September 2007 thereby registering an achievement of 8% and 5% in financial and physical terms respectively.

As is evident from the figures the performance of banks in issuing KCC in the State is not satisfactory. The poor performance is being attributed to the same old factors and causes which were considered previously in 71st SLBC meeting like;

- 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: 72.06

ACHIEVEMENT UNDER SELF HELP GROUP (SHG)

As advised by Reserve Bank of India 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 and it is an alternative loan delivering system, which minimizes the cost of operation and transaction for the banks, the performance is submitted as per [Annexure-M](#).

As is evidenced by the Annexure only 14 banks amongst the banks operating in the State have reported disbursement of a paltry aggregate amount of Rs. 2.64 Crore to the 488 beneficiaries. 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-M](#)

Encl-01

Agenda Item 72.07

Setting up of a Sub-Group of SLBC to critically analyze the performance under GSS

Reserve Bank of India vide letter No: RPCD (JMU)/No/490/03.01.02/2007-08 dated 20/09/2007 (Copy enclosed for ready reference) has conveyed that the performance of all the banks functioning in the State under Government Sponsor Scheme (GSS) viz, SGSY, PMRY, SJSRY and JKSES had remained unsatisfactory despite these schemes being in vogue for so many years and has requested the J&K SLBC to consider setting up of a Sub-Group of SLBC to critically analyze the performance under GSS, identify reasons for low performance on an ongoing basis and suggest corrective measures that could be taken up for substantial improvement in the performance under GSS.

In this context the house in 71st SLBC has already constituted a Group (kindly refer to Point No. 6 under Follow-up Actions in the pre paras) for the similar objective under the convenorship of Principal Secretary Labour and Employment, J&K Government comprising of Government, RBI, SBI, PNB and JKBL that is expected to apprise the forum about the action taken and progress made in this regard.

The House is requested to deliberate on the issue in this background.

Encl. 1

Agenda Item 72.08

Scheme for Agribusiness Development through Venture Capital and Project Development Facility

Government of India, Ministry of Finance, Department of Financial Services vide their letter No.F.No.21/32/2007-Dev dated 05/09/2007 (Copy enclosed for ready reference) have advised that the Scheme of Small Farmers' Agribusiness Consortium (SFAC) formulated for Agribusiness Development through Venture Capital and Project Development Facility be included as one of the agenda item of SLBC meeting and its implementation be reviewed. The SFAC Scheme under reference is also enclosed for kind perusal.

The House is requested to deliberate on the issue.

Encl.5

Agenda Item 72.09

Concessional Finance to Minorities by National Minorities Development and Finance Corporation (NMDFC)

Commissioner Secretary to Government of J&K, Finance Department vide D.O. letter No. DO: FD /BKG/41/2007 dated 14/09/2007 (Copy enclosed for ready reference) has informed that Managing Director, National Minorities Development and Finance Corporation (NMDFC) in his communication has stated that through State Channelising Agencies (SCAs) term loan and micro credit loan scheme of NMDFC are being implemented for providing concessional finance to the eligible members of minorities in the Country. Since the State level Bankers' Committee (SLBC) of Tamil Nadu has taken encouraging steps in this regard, so he has requested to have the matter placed before the SLBC meeting of J&K for similar initiative with respect to J&K State.

The House is requested to deliberate on the issue.

Encl: 4

Agenda Item 72.10

Crop Seasons/ Duration of Crops grown in J & K State

Punjab National Bank and Canara Bank vide their latter Nos. Zo: DEV: AGRI: 2 dated 06/09/2007 and AF&PCS/JLCO/SLBC-J&/357/07/VKJ dated 21/07/2007 respectively (Copies enclosed for ready reference) have stated that as per RBI guidelines on Assets Classification in agriculture accounts particularly the crop production credit and activity in which income is from crop production, the two crop seasons time is permitted from the due date of classifying the account as NPA. The crop seasons be therefore, decided by SLBC in the State.

The House is requested to deliberate on the issue and decide.

Encl: 1

Agenda Item 72.11

Jansankhya Sthirata Kosh (National Population Stabilization Fund) to achieve population stabilization at a level consistent with sustainable development

Indian Banks Association vide letter No: SB/Govt./17 dated 20/09/2007 has sought cooperation from banks to display posters and publicity material of Jansankhya Sthirata Kosh (JSK) about population issue in their premises and to encourage account holders and visitors to the banks to donate to the Jansankhya Sthirata Kosh (JSK) which has been given 100% tax exemption under section 80G (a)(vii) of the Income-tax Act 1961 as this organization is expected to play a vital role on population control measures..

The House is requested to deliberate on the issue.

Encl: 2

Agenda Item 72.12

Registration of Equitable Mortgage

Indian Banks' Association vide their letter No.RB-II/MSV/1078 dated 17/10/2007 has informed that banks have come across large number of fraudulent transactions where fraudulent title documents were

submitted for availing loans. Absence of a centralized arrangement for registering of equitable mortgage transactions made it difficult to verify prior charges resulting in multiple loans against a property. At the instance of State Level Bankers Committee (SLBC), Tamil Nadu Government initiated measure to prevent recurrence of such events. The measures adopted were found to be effective for registration of equitable mortgage with nominal charges. Following discussions on this issue, they have requested all SLBC Convenors in all States to take up with respective State governments for setting up similar arrangements in all the States on the line of measures taken by Tamil Nadu Government. Subsequently State governments of Andhra Pradesh, Gujarat, Karnataka and Madhya Pradesh have also set up registries for equitable mortgage.

The need for registration of equitable mortgage across the country was also raised at the meeting of the IBA Sub-Committee on "Mortgage and Valuation of Property" held recently. Where-after it was desired that the issue needed to be followed up with other State Governments vigorously. It was also felt appropriate to have online system for registration of mortgages.

The House is requested to deliberate on the issue.

Encl: 3

Agenda Item 72.13

Simplification of the Procedures and Processes for obtaining Agriculture Loans

Reserve Bank of India vide Circular No. RPCD.PLFS.BC.No.85/05.04.02/2006-07 dated 30/04/2007, has informed that at present, one of the hurdles faced by the farmers approaching for bank loans is the 'No Dues' Certificate (NDC) that they have to produce to the bank granting the loan, from various banks/ co-operatives operating in the area. This entails a considerable amount of time and money for the farmers to be spent even to get a small loan. In order to obviate this situation, banks may immediately dispense with the requirement of No Due Certificate for small loans up to Rs. 50000/- to small and marginal farmers, share-croppers and the alike and instead obtain self-declaration from the borrower. The banks have also been advised to accept certificates provided by local administration/ Panchayati Raj institutions regarding the cultivation of crops in case of loans to landless labourers, share-croppers and oral lessees.

The House is requested to deliberate on the issue.

Encl: 1