

**CONFIRMATION OF THE MINUTES OF 72<sup>ND</sup> MEETING OF SLBC (J&K) HELD ON  
14<sup>TH</sup> OF JANUARY 2008 AT JAMMU**

The minutes of 72<sup>nd</sup> meeting of SLBC (J&K State) held on 14<sup>th</sup> of January, 2008 at Jammu to review the performance / achievements of the banks / FIs operating in the State for the quarter ended 30<sup>th</sup> September, 2007 were circulated among the members vide SLBC office letter No.JKB/SLBC/72/2008-758 date 30/01/2008 for desired action.

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

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

## FOLLOWUP ACTION ON THE DECISIONS TAKEN IN THE EARLIER SLBC MEETINGS

### Group on Bundling of Subsidies:

In 70<sup>th</sup> SLBC meeting the house had decided to form a group under the Convenorship of Financial Commissioner, Agriculture Production Department, Government of Jammu and Kashmir State, 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.

Subsequently, in 71<sup>st</sup> SLBC meeting Financial Commissioner, Agriculture Production Department had assured the house that this group would meet very soon and will submit its report in this regard.

In 72<sup>nd</sup> SLBC meeting the Department was not represented hence, no action taken report was submitted to the house.

**The house may be informed about the progress made in the matter.**

**The house may deliberate on the issue and decide further course of action.**

### Bank-wise/ Region-wise targets under Handicrafts sector:

The house in 70<sup>th</sup> SLBC meeting 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 year 2006-07. As no meeting of the group had been convened to decide the issue of fixing targets up till 72<sup>nd</sup> SLBC meeting for September 2007, the issue was

again taken for follow up action thereafter the house was assured of desired action.

It may be reminded that this agenda item is related to an earlier decision taken in the meeting held by Development Commissioner Handicrafts, Government of India, Ministry of Textiles on 29/01/2004, regarding extension of Credit Guarantee Scheme for handicrafts in J&K State under CGSTI when J&K Bank was designated as MLI/ Nodal Agency for the purpose and a group to be headed by Principal Secretary Industries, J&K Government was also formed 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.**

**The house may deliberate on the issue and decide further course of action.**

### **Registration of Equitable Mortgage:**

At the behest of Indian Banks Association (IBA) the issue of registration of Equitable Mortgage with a view to prevent frauds was deliberated in the **70<sup>th</sup> SLBC meeting (Agenda item No.70.09)** and the Commissioner Secretary, Finance, J&K Govt. had stated that the Government had realized in principle that equitable mortgage is a better route to follow as far as securitization of debt is concerned. He had assured that the suggestion of making it obligatory to register equitable mortgage at a nominal stamp duty amount was being examined by the Law and Revenue Departments.

In 71<sup>st</sup> SLBC meeting no progress was reported to the house regarding the route of equitable Mortgage for facilitating securitization of debts.

In 72<sup>nd</sup> SLBC meeting again no progress was reported to the house regarding the issue.

In the meantime India Banks Association vide letter No.RB-II/MVP/1736 dated 24/12/2007 (copy enclosed for ready reference) have stated that banks have entered into retail housing finance business in a big way so with growth in mortgage loans, banks have come across large number of fraudulent transactions and fake documents of title were submitted for availing loans. Absence of centralized arrangements for registering of equitable mortgage transactions made it difficult to verify prior charges resulting in multiple loans against a property. At the instance of the State Level Bankers' Committee (SLBC) Tamil Nadu Government initiated measures to prevent recurrence of such frauds and **registration of equitable mortgages with nominal charges** has proved to be the most effective measure. IBA has therefore, again persuaded all SLBC Convenor Banks to take up with respective State Governments for setting up similar arrangements in all the States on the lines of measures taken by Tamil Nadu Government. Subsequently, State Governments of Andhra Pradesh, Gujarat, Karnataka, Madhya Pradesh and Himachal Pradesh have also made arrangements for noting banks' lien by registering authority under equitable mortgage in revenue records.

**The Government may kindly inform the progress.**

**The house is requested to deliberate on the issue.**

**Encl: 3**

### **Reforming of Lead Bank Scheme and Restructuring of SLBC forum:**

The suggested review and reforms of the Lead Bank Scheme and restructuring of SLBC forum is reportedly still under consideration of HLC constituted by RBI. The recommendations and the revised scheme are therefore, still awaited.

**RBI may update the house with the latest status.**

### **Group to suggest systemic reforms and alternative mechanism for financing GSS:**

In 71<sup>st</sup> SLBC meeting (Agenda item NO.71.02) the house has decided to form a core group under the Convenorship of Principal Secretary, Labour and Employment Department, Jammu and Kashmir Government, comprising of RBI, SBI, PNB and JKBL to identify and appropriately address the reasons of poor credit off take and suggest certain amount of accountability and an alternative route by reforming the existing Government constructed mechanism for doing financing under GSS whereby selection process is different and submit the recommendations so that the same would become a theme for a debate in next SLBC meeting for deciding financing of GSS more innovatively and in banker friendly manner for improving performance.

Subsequently in 72<sup>nd</sup> SLBC meeting the representative from the department assured the house that the group will submit the report within a month.

The group has met and the minutes of the meeting held on 13.03.2008 circulated by Govt. of J&K Labour and Employment Department and decisions taken are enclosed and placed before the house for deliberation.

**Encl: 2**

**Setting up of Credit Counseling/ Financial Literacy Centres:**

In 71<sup>st</sup> SLBC meeting (Agenda item No.71.12) the house has decided to set up two Financial Literacy cum Credit Counseling Centres on pilot basis one each in Kashmir and Jammu divisions to be set up by the two Lead Banks in the State. The State Bank of India vide letter No.S.L.No.LBS/8/300 dated 12/01/2008 while reporting the progress in the matter has informed that they have started two credit counseling Centres in two districts of Jammu Division, i.e. district Kathua and district Doda.

The Jammu and Kashmir Bank Ltd. has already taken steps for setting up of Credit Counseling Centre on pilot basis in District Anantnag, which is expected to operational in near future.

**The progress is accordingly submitted for the information of the house.**

**Encl: 1**

**REPORT ON THE MATTERS REFERRED TO VARIOUS SUB-COMMITTEES OF J&K  
SLBC**

**SLBC Sub Committee on Relaxation to Trade and Industry:**

A meeting of the Sub-Committee of J&K State Level Bankers' Committee on Relaxation/ Concessions to Trade and Industry in J&K State was held on 25<sup>th</sup> of February 2008 at the Zonal Office (Jammu Central) of J&K Bank Limited, Rail Head Complex Jammu to consider the extension or otherwise in the period of package of Concessions/ Relaxations granted to Trade and Industry in the State in view of disturbed conditions which was expiring on 31/03/2008. The Stub-Committee unanimously decided to recommend to the Reserve Bank of India that the special package of concessions/ relaxations allowed to trade and industry in the J&K State be continued for further period of one year till 31.03.2009.

RBI vide their Circular No. DBOD. No. BP.BC.89/21.04.012/2007-08 dated 03/06/2008 addressed to the Chairmen/ MDs/ CEOs of all Commercial Banks (Excluding RRBs') has conveyed their approval for continuance of the said package of concessions and credit relaxation to trade and industry in the State for further period of one year, i.e. up to March 31, 2009 (letter enclosed for ready reference).

**The Minutes of SLBC Sub-Committee meeting are submitted for information and ratification of the house.**

Encl: 2

AGENDA ITEM: 73.01

CREDIT TO PRIORITY SECTOR:

Bank-wise/ Sector-wise, Region-wise/ Sector-wise achievements under Priority Sector under Annual Credit Plan 2007-08 as at end of March 2008

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

The Bank-wise/ Sector-wise achievements as at the end of March 2008 vis-à-vis commitments for lending to priority sector under Annual Credit Plan 2007-08 are given as [Annexures-A & B](#).

It is manifest from the figures as shown in the Annexures that banks by the end of March 2008 have provided total credit of Rs.2000.78 Crore in favour of 91,111 beneficiaries against a target of Rs.1623.69 Crore for 1,62,112 beneficiaries to the Priority Sector under Annual Action Plan 2007-08, thereby registering achievement of 123% in financial terms and 56% in physical terms of the annual target for the Financial Year 2007-08.

**Such impressive overall achievement in financial terms has been recorded for the first time ever.**



The comparison of the achievement of banks under Priority Sector vis-à-vis their respective annual targets at the end of Q4 of FY 2007-08 with Q4 of PY 2006-07 (YoY) is given hereunder:

(Amount In Crores of Rs.)

Name of Bank	PFY 2006-07			CFY 2007-08		
	Target 2006-07	Ch. 2007-08	% of Ach.	Target 2007-08	Ch. 2007-08	% of Achiev.
Bank	602.24	577.22	96	638.96	810.85	127
	224.53	208.76	93	235.77	220.29	93
	135.71	176.82	130	258.59	337.01	130
<b>Comm. Bks.</b>	127.05	179.75	141	107.11	362.49	338
<b>Bks.</b>	180.59	125.70	70	179.29	140.56	78
	163.33	96.98	59	199.64	128.28	64
<b>FIs</b>	11.13	2.49	22	4.33	1.30	30
	<b>1444.58</b>	<b>1367.72</b>	<b>95</b>	<b>1623.69</b>	<b>2000.78</b>	<b>123</b>

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

The District-wise/ Sector-wise achievements as at the end of March 2008 vis-à-vis commitments for lending to priority sector under Annual Credit Plan 2007-08 are given as [Annexure-C](#).

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

Under non-priority sector the banks have disbursed an amount of Rs.2355.65 Crore to 1,20,388 beneficiaries by the end of March 2008 out of which disbursement of Rs. 1625.36 Crore to 88,170 beneficiaries had been made up to Q3 i.e previous quarter ended on 31.12.2007 thereby reflecting disbursement of Rs. 730.29 Crore during Q4 to record a growth of 45% as compared to disbursement up to Q3.

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

##### **I) AGRICULTURE SECTOR:**

Against the annual Target of Rs.472.39 Crore for 1,05,965 beneficiaries, banks have disbursed a total amount of Rs.370.44 Crore in favour of 37,168 beneficiaries under this sector by the end of March 2008 thereby registering an achievement of 78% and 35% in financial and physical terms respectively.

Out of this, an amount of Rs.112.14 Crore against a target of Rs.259.71 Crore has been disbursed under Crop Loan in favour of 17,276 agriculturists. The achievement of banks under this segment is of the order of 43% of the target.

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.](#)

While analyzing the Bank-wise achievements under Agriculture sector, it will be observed that leading performers have been Canara Bank, BOB, UBI, BOI, CBI, PNB and JKBL who have achieved 1670%, 1232%, 590%, 379%, 166%, 105 and 86%, respectively, of their respective individual targets. The high percentage of achievement by banks 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.195.96 Crore), Canara Bank (Rs.29.17 Crore). SBI (26.07 Crore) KRB (Rs.24.98 Crore), PNB (Rs.21.77 Crore), JCC Bank (Rs.16.13 Crore), JRB (Rs.15.13 Crore) BCC Bank (Rs10.90 Crore), ACC Bank (Rs.8.42 Crore and CBI (RS.4.73 Crore).

##### **(II) SMALL ENTERPRISES SECTOR:**

As against the annual target of Rs.525.40 Crore for 17,840 beneficiaries, banks have disbursed an amount of Rs.579.73 Crore in favour of 12,905 beneficiaries by the end of March 2008, thereby registering 110% and 72% of the target in financial and physical terms respectively.

While analyzing Bank-wise achievements (quantum-wise), the major contributors have been JKBL (Rs.242.13 Crore), Punjab National Bank (Rs.106.87 Crore) State Bank of India (Rs74.49 Crore), and Syndicate Bank (39.58 Crore).

**(III) MICRO CREDIT:**

As against the annual target of Rs.53.93 Crore in favour of 6,667 beneficiaries banks have disbursed total amount of Rs.261.38 Crore in favour of 7,867 beneficiaries by the end of March 2008. This works out to 485% and 118% achievement in financial and physical terms respectively.

**(IV) RETAIL TRADE:**

As against the annual target of Rs.435.21 Crore in favour of 26,963 beneficiaries banks have disbursed total amount of Rs.581.77 Crore in favour of 26,053 beneficiaries by the end of March 2008. This works out to 134% and 97% achievement in financial and physical terms respectively.

**(V) EDUCATION:**

As against the annual target of Rs.47.14 Crore in favour of 1,717 beneficiaries banks have disbursed total amount of Rs.58.26 Crore in favour of 2,678 beneficiaries by the end of March 2008. This works out to 124% and 156% achievement in financial and physical terms respectively.

**(VI) HOUSING:**

As against the annual target of Rs.89.64 Crore in favour of 2,960 beneficiaries banks have disbursed total amount of Rs.149.18 Crore in favour of 4,439 beneficiaries by the end of March 2008. This works out to 166% and 150% achievement in financial and physical terms respectively.

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

**(Amount in Crores of Rupees)**

	Disbursements	Target	Achievement %
Kashmir	831.77	794.75	96
Jammu	765.18	1161.47	152
Other	26.74	44.56	167
<b>TOTAL</b>	<b>1623.69</b>	<b>2000.78</b>	<b>123</b>

**I) KASHMIR REGION:**

In the Kashmir region an amount of Rs.794.75 Crore has been disbursed by the end of March 2008 of the FY 07-08 with a distribution of Rs.216.30 Crore (69%) for the Agriculture Sector, Rs.209.86 Crore for the Small Enterprises (114%), in the Retail Trade Rs. 208.62 Crore (89%), in the Micro Credit Rs.88.07 Crore (277%) in the Housing Rs 54.29 Crore (119%) and Education Sector Rs. 17.60 (80%).

**II) JAMMU REGION:**

Jammu gives a different picture of credit disbursement to various sectors. The region has the highest credit disbursement by the end of Q4 of FY 07-08 of Rs.1161.46 Crore with a distribution of Rs.152.76 Crore (99%) for the Agriculture Sector, Rs.357.13 Crore for the Retail Trade (184%), in the Small Enterprises Rs. 348.19 Crore (105%), in the Micro Credit Rs.169.46 Crore

(909%) in the Housing Rs 93.37 Crore (218%) and Education Sector Rs. 40.55 (170%).

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

In the Ladakh region an amount of Rs.44.56 Crore has been disbursed by the end of Q4 of the CFY 07-08 with a distribution of Rs.1.38 Crore (36%) for the Agriculture Sector, Rs.16.02 Crore for the Retail Trade (271%), in the Micro Credit Rs. 3.85 Crore (112%), in the Small Enterprises Rs. 21.69 Crore (197%), in the Housing Rs 1.53 Crore (114%) and Education Sector Rs. 0.11 (9%).

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

**Encls-07**

**AGENDA ITEM: 73.02**

## **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 2008:**

Against the Annual Action Plan 2007-08 for all banks operating in the State of Rs.261.25 Crore for 28,530 beneficiaries the achievement of banks at the end of March 2008, under six major Government Sponsored Schemes, viz. SGSY, PMRY, JKSES, SJSRY, SC/ST/OBC and KVIC/ B is of the order of Rs.153.27 Crore spread over 14,552 beneficiaries in all the three regions of the State thereby registering a performance of 59% (Financial) and 51% (Physical) of the target. The position is better as compared to disbursement of Rs.114.23 Crore to 11,811 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.86.84 Crore to 8,536 beneficiaries by the end of Q4 of FY 2007-08 under these six major Government Sponsored Schemes, thereby achieving 61% and 55% in financial and physical terms respectively as against 50% achievement at Rs.62.99 Crore to 6,426 beneficiaries for the corresponding period of the previous year.

##### **ii) JAMMU REGION:**

Banks have disbursed an amount of Rs.55.82 Crore by the end of Q4 of FY 2007-08 under these schemes, which accounts for 56% achievement of

the target of Rs.99.63 Crore as against 48% achievement of banks at Rs.45.84 Crore as on 31<sup>st</sup> March 2007.

**iii) LADAKH REGION:**

Banks have disbursed a total amount of Rs.10.62 Crore by the end of FY 2007-08 under these six major Government Sponsored Schemes, which works out to 52% achievement of the annual target of Rs.20.40 Crore as against 49% achievement of banks at Rs.5.41 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 31<sup>st</sup> March 2008, is attached as [Annexure-D & 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 2008 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.50.44 Crore for 9,945 beneficiaries, banks have disbursed an amount of Rs.28.73 Crore to 6,061 beneficiaries by the end of FY 2007-08, which works out to achievement of 57% and 61% in financial and physical terms respectively. Out of the total achievement of Rs.28.73 Crore the major contributors are J&K Bank (Rs.11.49 Crore), State Bank of India (Rs.4.21 Crore), Baramulla Central Cooperative Bank (Rs.3.17 Crore), Kamraz Rural Bank (Rs.2.89 Crore), Jammu Rural Bank (Rs.2.23 Crore), Jammu Central Cooperative Bank (Rs.1.67 Crore) and Punjab National Bank (Rs.1.25 Crore).

**PMRY:** Under PMRY Scheme against the target of Rs.35.85 Crore for 3,244 beneficiaries for the FY 2007-08, banks have disbursed an amount of Rs.27.97 Crore to 1,995 beneficiaries at the end of March 2008 for setting up of employment generating units thereby achieving 61% of the physical target and 78% of the financial target. Out of the total achievement (physical targets) of all banks operating in J&K State at 1,995 units the major contributors are J&K Bank (1400 units), SBI (348units) & PNB (158 units).

**JKSES:** Under JKSES, banks have disbursed an amount of Rs.48.40 Crore to 2,663 beneficiaries by the end of FY 2007-08 against the annual target of Rs.84.75 Crore for 5,563 beneficiaries, thus registering an achievement of 57% in financial terms and 48% of the physical target. Out of the total achievement of all banks operating in J&K State at Rs.48.40 Crore the contribution of J&K Bank, SBI & PNB, vis-à-vis their respective financial targets is of the order of 65%, 52% and 48% respectively. Against a physical target of 5,563 units only, 7,426 cases have been sponsored to various banks, out of which 3,460 cases were sanctioned, 2,995 have been rejected/ returned and 971 Cases are lying pending for sanction with banks.

**SJSRY:** Under SJSRY, banks have disbursed an amount of Rs.9.64 Crore to 1,332 beneficiaries by the end of FY 2007-08 against the target of Rs.26.00 Crore for 3,699 beneficiaries, thus registering an achievement of 37%. From the data available it is been observed that only 1,789 cases were sponsored to banks against the target of 3,699 cases out of which 949 cases were sanctioned, 657 cases were rejected/ returned and 183 Cases are pending for sanction with banks. Out of the total achievement of Rs.9.64 Crore the performance of three major banks i.e., J&K Bank, PNB



and SBI vis-à-vis their respective targets is of the order of 45%, 43% and 26% respectively.

**SC/ST/OBC:** Under SC/ST/OBC banks have disbursed an amount of Rs.2.04 Crore to 558 beneficiaries by the end of FY 2007-08 against the target of Rs.7.59 Crore for 2,817 beneficiaries thereby registering an achievement of 27%. Against the target of 2,817 units, only 1,502 cases have been sponsored, out of which 819 cases were sanctioned by Banks, 502 cases were rejected and 181 cases are pending for sanction with the banks.

**KVIC/B:** Under KVIC/ B, banks have disbursed an amount of Rs.36.49 Crore to 1,943 beneficiaries by the end of FY 2007-08 against the target of Rs.56.62 Crore for 3,262 beneficiaries thereby registering an achievement of 64% in financial terms. Out of 4,533 sponsored cases, 2,567 cases were sanctioned, 1,566 cases were rejected/ returned and 400 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: 73.03**

**Performance under Handicrafts / Handloom / Credit-cum-Subsidy Scheme for Rural Housing Schemes as at the end of March 2008:**

The Bank-wise achievement as on 31.03.2008 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.15.76 Crore for 3,471 beneficiaries had been set for banks under this sector for the FY 2007-08. Banks have disbursed a total amount of Rs.4.33 Crore to 817 beneficiaries by the end of FY 2007-08, which includes 43 sanctioned cases of previous year. Against the physical target of 3,471 cases 2238 cases have been sponsored to various Banks, out of which 939 cases were sanctioned, 962 cases were rejected and 337 cases are lying pending with the banks for sanction.

**B) Handlooms:**

Under this sector a target of Rs.7.80 Crore for 1,102 beneficiaries had been set for the banks for the FY 2007-08. Banks have disbursed a total amount of Rs.1.03 Crore to 200 beneficiaries by the end of FY 2007-08, which include 19 sanctioned cases of previous year. Against the physical target of 1,102 cases 679 cases have been sponsored to various Banks, out of which the banks have sanctioned 227 cases with 153 cases pending for sanction and 299 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.6.87 lacs to 15 beneficiaries by the end of financial year 2007-08. Against the target of 110 cases, 14 cases have been sponsored to various banks, all those 14 cases have been sanctioned, no case has been rejected/ returned by the banks and nothing is lying pending with the banks.

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

Encls-04

**AGENDA ITEM: 73.04**

## **BANK CREDIT AT A GLANCE (A GLIMPSE OF AGGREGATIVE**

### **ANALYSIS):**

#### **Statistical data of various Banks in J&K State at the end of March 2008:**

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 March 2007 and March 2008.

#### **[Annexure-J](#)**

2. Comparative Statement of Bank-wise /Sector-wise advances Outstanding against Priority Sector/ Weaker Sections of the society at the end of March 2008.

#### **[Annexure-K](#)**

## **CREDIT SHARING OF MAJOR PLAYERS IN J&K STATE:**

As is manifest from the Comparative Statement of Bank-wise Deposits and Advances ([Annexure-J](#)) J&K Bank has the largest share of Rs. 8982.43 Crore (66.47%) in the aggregate outstanding credit of banking sector of Rs.13513.29 Crore in the State at the end of March 2008. The share of SBI is Rs.1373.91 Crore comprising 10.16% and that of PNB is Rs.804.45 Crore comprising 6%.

The NPAs position of the major banks as reflected in [Annexure-J](#) reveals that in the total NPAs of Rs.491.22 Crore in the State at the end of March 2008 the share of J&K Bank is to the tune of Rs.207.43 Crore, that of SBI Rs.85.14 Crore and PNB Rs.47.88 Crore.

It is also evident from the [Annexure-K](#) that J&K Bank has the largest share of Rs.2819.84 Crore aggregate outstanding credit under Priority Sector (Comprising 50%) at the end of March 2008 out of the total Priority Sector Bank Credit of Rs.5680.64 Crore in the State. The shares of SBI and PNB in outstanding credit to Priority Sector are Rs.789.10 Crore (14%) and Rs.427.15 Crore (8 %) respectively.

From the Annexure, it will be observed that while the J&K Bank alone has made total advances of Rs.8982.43 Crore in J&K State as on 31.03.2008 as against its total deposits of Rs.16, 996.89 Crore, thereby achieving a C. D. Ratio of 52.85%.. The other major Public Sector Banks, viz. SBI & PNB have made advances of Rs.1,373.91 Crore and Rs.804.45 Crore respectively as against their deposits of Rs.4, 075.68 Crore and Rs.1, 911.15 Crore, achieving a C.D. Ratio of 33.71% and 42.09%, respectively, as on 31<sup>st</sup> March 2008. The remaining 18 Public Sector Banks put together have advanced Rs.1012.15 Crore as against their total deposits of Rs.2, 030.46 Crore, which works out to a C. D. Ratio of 50% as on that date.

The three Regional Rural Banks operating in the State have advanced a total amount of Rs.455.29 Crore against their total deposits of Rs.1, 382.98 Crore, which works out a C. D. Ratio of 32.92% as on 31<sup>st</sup> March 2008.

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.652.74 Crore as against their total deposits of Rs.1,576.24 Crore, thereby achieving C. D. Ratio of 41.41% as on 31<sup>st</sup> March 2008.

Out of the aggregate advances of Rs.13513.29 Crore outstanding as on 31<sup>st</sup> March 2008 an amount of Rs.5680.64 Crore has gone to Priority Sector and Rs.1043.35 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.1833.39 Crore followed by Retail Trade, Agriculture, Housing and Education sector with an amount of Rs.1693.46, Rs.989.32, Rs.966.65, and Rs.113.82 Crore respectively and the lowest share of Rs.83.99 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.**

Encls-04

#### **NON-SUBMISSION OF STATISTICAL DATA BY BANKS**

**Allahabad Bank, HDFC Bank and Anantnag Central Co-operative Bank** have not submitted the statistical data for the period under review. Hence, last available figures have been repeated in their case.

#### **AGENDA ITEM: 73.05**

## **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 FY 2007-08 is furnished as [Annexure-L](#).

From the annexure it is observed that as against the annual target of Rs.178.44 Crore for 46,648 beneficiaries, banks have provided credit of Rs.20.25 Crore to 3,725 beneficiaries under the scheme at the end of March 2008 thereby registering an achievement of 11% and 8% 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 72<sup>nd</sup> 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: 73.06**

## **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 15 banks amongst the banks operating in the State have reported disbursement of a aggregate amount of Rs. 12.41 Crore to the 1,837 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 73.07**

#### **Branch expansion / coverage of districts by RRBs:**

We are in receipt of minutes of meeting of the Union Finance Minister with the Chairmen of Regional Rural Banks and General Managers of sponsor



banks held on 16<sup>th</sup> July, 2007 at Vigyan Bhavan, New Delhi, circulated vide letter No.F.No.3/10/2007-RRB dated 16/08/2007 wherein Agenda item No.3 regarding Branch expansion / coverage of districts by RRBs has been referred to SLBCs for action. The relevant extract of the said minutes is reproduced as under:

Quote-

**3.1 For the 45 uncovered districts in States covered by RRBs the SLBCs are to identify the sponsor bank / RRB that shall cover the district. The decision taken in the SLBCs be conveyed to the sponsor banks / NABARD and the Government of India 31.102007.**

Unquote

J&K State has **7** uncovered districts as of now namely; **Leh, Kargil, Udhampur, Reasi, Ramban, Doda & Kishtwar** and **3 RRBs** are operating in the State viz. **JRB, KRB & EDB.**

**The house is requested to make the allocation of the 7 uncovered districts to the RRBs operating in the State as advised by GOI.**

Encl. 3

### **AGENDA ITEM 73.08**

#### **Venture Capital Fund for Poultry & Dairy Sectors:**

NABARD, Head Office, Mumbai vide letter No. NB.TSD/VCP-3/2007-08 dated 18/01/2008 addressed to the Convenor SLBC Jammu & Kashmir has informed that Department of Animal Husbandry, Dairying and Fisheries, Ministry of Agriculture, Government of India has launched the

captioned scheme during 2004-05 with a view to provide interest free loan/ interest subsidy to the entrepreneurs for undertaking identified activities in these sectors. Operational guidelines were issued to all the banks on the modalities of the scheme (copy has been enclosed for ready reference).

The scheme launched in the X plan is likely to continue during XI plan also.

In the 8th Joint Monitoring Committee meeting held on 4<sup>th</sup> January 2008, it was felt by the members that the implementation of the Scheme should be discussed in the SLBC meetings regularly to review the scheme and suggest steps for increased lending under it. Hence, NABARD have requested to include the review of the captioned scheme in the agenda of the SLBC meetings and for monitoring the progress.

**The house is requested to deliberate on the issue and decide if the review under the scheme has to be included in the agenda as requested by NABARD.**

Encl. 12

### **AGENDA ITEM 73.9**

#### **Disbursement of payments to beneficiaries by State Governments- II**

##### **Enabled Financial Inclusion:**

Reserve Bank of India, Zonal Office Jammu, vide letter No.RPCD (JMU). No.1351/03.01.17/2007-08 dated 18/02/2008 (copy enclosed for ready

reference) has informed that with a view to cover bank excluded population RBI have been pursuing the policy of Financial Inclusion (FI) for quite some time. Despite this, a very large chunk of population still remains bank-excluded. For the purpose of extending their outreach several banks are resorting to Information Technology (IT) and Banking Correspondent model. In this connection, a write up on a pilot project undertaken in Andhra Pradesh has been enclosed for information of the House.

RBI are of the view that a boost to FI can be provided if the payments to beneficiaries under various schemes of the State Government are directly credited to bank accounts. Since working towards 100% Financial Inclusion and use of IT enabled solution would entail a concerted effort from the banks and State Government Departments, it has been desired that the IT Enabled Financial Inclusion should be included in the SLBC agenda.

**The house is requested to deliberate on the issue.**

**Encl. 2**

### **AGENDA ITEM 73.10**

#### **Poor performance of banks under SGSY scheme:**

Reserve Bank of India Regional Office Jammu vide letter No. RPCD (JMU) No.1567/03.06.05/2007-08 dated 04/04/2008 has informed that a meeting of Central Level Coordination Committee (CLCC) on SGSY was held on

08/02/2008 at New Delhi. The Committee deliberated on various issues Viz. Credit Mobilization, Poor performance of bank branches, Interest rates, Interest on subsidy, etc. concerning SGSY scheme and advised all concerned to take corrective action. The RBI in above cited letter advised the SLBC to include the poor performance of Banks under SGSY scheme as an agenda item in the next SLBC meeting.

The performance under the scheme is being regularly reviewed by the house under the routine agenda. As can be observed in the relative agenda item the achievement of banks under SGSY Scheme for the Year 2007-08 stands at 65% as at the end of the previous year ended on 31.03.2008 under review.

**The house is requested to deliberate on the issue**

**Encl. 1**

### **AGENDA ITEM 73.11**

#### **Extension / Implementation of Debt-Swap Scheme in J & K State:**

National Bank for Agriculture and Rural Development vide their letter No.NB (J&K) CPD/ 423/PL-8/2008-09 dated 23/05/2008(copy enclosed for ready reference) have informed that Debt Swap Scheme is being implemented on pilot basis in Andhra Pradesh with a view to enable

farmers to redeem their loans from moneylenders by availing credit from formal institutions. It has been advised that the highlights of the model Debt Swap Scheme be included as an agenda item in the ensuing SLBC meeting for extension and implementation of the Debt Swap Scheme to J&K State.

RBI vide their circular No.RPCD.No.Plan.BC.92/04.09.01/2004-05 dated 24/06/2004 (copy enclosed for ready reference) while prescribing the relief measures for farmers indebted to non-institutional lenders have advised that in order to mitigate the acute distress that farmers might be facing due to the heavy burden of debt from non-institutional lenders (e.g. moneylenders) and to provide them relief from such indebtedness, banks may, subject to the guidelines to be approved by their Board of Directors, advance loans to such farmers against appropriate collateral or group security.

The Debt-Swap Scheme is therefore, in accordance with the directives of RBI.

**The house is requested to deliberate on the issue and decide its extension/ implementation in the State.**

Encl: 3

### **AGENDA ITEM 73.12**

#### **Setting up of Training Institutes- RUDSETIs:**

Reserve Bank of India vide their letter No 11455/09.01.01/2007-08 dated 28/04/2008 has informed that in the 11<sup>th</sup> Meeting of Central Coordination

Committee (CLCC) of SGSY held on 8<sup>th</sup> February 2008 representatives of the commercial banks and State Governments had agreed that training institutes like RUDSETIs need to be established for assisting the beneficiaries of SGSY in capacity building and skill upgradation. The issue of allotment of land to these institutions was also discussed in the CLCC meeting and all the States Secretaries had agreed in principle to get the land allotted on priority basis. It is gathered that there are only 97 such training establishments in existence over a period of time.

Looking into the proven usefulness and high success rate of these institutions and consensus between bankers, State Governments and Ministry of Rural Development, **RBI have advised J&K SLBC to discuss the issue in the ensuing SLBC especially in context of the agreement in principle by State Secretaries to allot land on priority basis to these institutions and aim towards setting up one RUDSETI each in all districts under jurisdiction of SLBC possibly in conjunction with other banks.**

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

Encl: 1

### **AGENDA ITEM 73.13**

#### **Total financial Inclusion and Credit requirement of SHGs:**

Reserve Bank of India vide their letter No. RPCD. MFFI. BC. No. 56/12.01.001/ 2007-08 dated 15/04/2008 (copy enclosed for ready reference) has made a reference of RBI Master Circular on Micro Credit

No. RPCD. MFFI. BC. No 08/12.01.001/2007-08 dated 02/07/2007 wherein it has stated, inter alia, that such credit should cover not only consumption and production loans for various farm and non-farm activities of the poor but also include their other credit needs such as housing and shelter improvements. In this connection, we invite your attention to paragraph 93 of the Union Budget announcement made by the Hon'ble Finance Minister for the Year 2008-09 (copy enclosed for ready reference) and advised the commercial banks to meet the entire credit requirement of SHG members as envisaged therein.

**The house is requested to deliberate on the issue and decide.**

**Encl: 1**

### **AGENDA ITEM 73.14**

#### **Credit linked Capital Subsidy Scheme:**

Reserve Bank of India vide their letter No.RPCD. SME&NFS. No.12371/06.02.31 (P)/2007-08 dated 20/05/2008 (copy enclosed for ready reference) has informed that Government of India, Ministry of Micro, Small and Medium Enterprises has conveyed their approval for

**continuation of the Credit Linked Capital Subsidy Scheme (CLCSS) for technology upgradation of Micro and Small Enterprises from X Plan to XI Plan (2007-12) subject to the following conditions:**

1. Ceiling on the loan under the scheme is Rs. Crore
2. The rate of subsidy is 15% for all units of micro and small enterprises upto loan ceiling at Sr. No. (1) above.
3. Calculation of admissible subsidy will be done with reference to the purchase price of plant and machinery instead of the term loan disbursed to the beneficiary units.
4. SIDBI and NABARD will continue to be the implementing agencies for the scheme.

**The RBI communication regarding continuation of the Credit Linked Capital Subsidy Scheme (CLCSS) for technology upgradation of Micro and Small Enterprises from X Plan to XI Plan (2007-12) is submitted to the house for information.**

**Encl.1**

**AGENDA ITEM 73.15**

**Agricultural Debt Wavier and Debt Relief Scheme-2008 (as announced in the Union Budget 2008-09):**

Reserve Bank of India vide their letter No.RPCD (JMU) No.2023/ 03.01.30/ 2007-08 dated 06/06/2008 have advised to include the Agricultural Debt Wavier and Debt Relief Scheme 2008 (formulated by GOI in compliance with the announcement of Union Finance Minister in his Budget 2008-09 speech) as an agenda item to be discussed in the ensuing SLBC meeting.



It has been advised that for monitoring and implementation of the Scheme a Steering Committee/ Sub-Committee of SLBC may be constituted immediately with some major banks in the State, NABARD, Regional Director RBI and DGM RPCD RBI, Jammu be associated with it. The formation of the Committee may be announced in the ensuing SLBC meeting. This body may meet, preferably at weekly intervals, so that relevant issues are appropriately dealt with and the implementation of the scheme is done on desired lines.

All the banks have been advised to form the dedicated cells for the purpose of monitoring of progress in implementation of the Scheme and nominate two nodal officers in these cells and send their contact numbers and e-mail addresses to SLBC to circulate among the banks in the State. These officers will be responsible for dissemination of the progress report to the SLBC Convenor bank.

Similarly, the SLBC Convenor bank will also form a dedicated cell and nominate two nodal officers for handling the assignment.

The SLBC Convenor shall receive, compile and consolidate the position/ data received from the banks in the State in Annex III- A on every Monday and report the position State-Wise and Bank-Wise by the next day i.e. Tuesday to the Regional Office of RBI in Annex III-B.

**The house is requested to deliberate on the issue and decide.**

**Encl: 12**