

**CONFIRMATION OF THE MINUTES OF 75<sup>TH</sup> MEETING OF J&K SLBC  
HELD ON 22<sup>ND</sup> APRIL 2009 AT JAMMU**

The minutes of 75<sup>th</sup> meeting of J&K SLBC held on 22<sup>nd</sup> April 2009 at Jammu to review the performance / achievements of the banks / financial institutions operating in the State for the quarter ended December 2008 were uploaded on the website of J&K SLBC [www.jkslbc.com](http://www.jkslbc.com) and were also circulated among the members vide J&K SLBC office letter No. JKB/SLBC-75/2009-68 dated May 11, 2009. The action points were indicated to the concerned for desired action.

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

**The house is requested to confirm the said minutes.**

## **FOLLOWUP ACTION ON THE DECISIONS TAKEN IN THE EARLIER SLBC MEETINGS (OUTSTANDING ISSUES)**

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

The issue of Equitable Mortgage and registration of charge therefor with a view to prevent frauds was initially deliberated in the 70<sup>th</sup> SLBC meeting at the behest of Indian Banks Association (IBA) and the Commissioner Secretary, Finance, J&K Govt. 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.

No progress was reported to the house in 71<sup>st</sup> and 72<sup>nd</sup> SLBC meetings regarding the issue.

The issue was again deliberated in 73<sup>rd</sup> SLBC meeting in the context of further communication of IBA suggesting that arrangements for registering of equitable mortgage transactions with nominal charges can be the most effective measure to prevent frauds of multiple loans against a property.

In the 74<sup>th</sup> SLBC meeting the Commissioner/Secretary Finance informed the house that he had held two meetings with the Revenue authorities on the issue and that the next such meeting was slated in the month of January 2009 where-after progress will be submitted to the house.

In the 75th SLBC meeting the Commissioner/ Secretary Finance, J&K Government assured that Government would report final progress to the house in the next meeting.

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

**The house may advise further course of action.**

**Special Package for SMEs and Trade:**

In 73<sup>rd</sup> SLBC meeting the Chairman highlighted the fact that the GoI has withdrawn the basic exemptions to industry causing grief, suffering and uncertainty among the SMEs sector, which is likely to impair the investment climate in the State. He stated that a sizeable number of units in Jammu were promoted on the assumption of having excise duty exemptions, income tax rebates, concessional packages, etc. and the banks have lent money to the industry sector and as such would not wish these accounts getting impaired. It was desired that the matter be reviewed on understanding the implications and the arising situation and a package be worked out.

**Recommendation was made to the State Government to have a re-look of the exemption policy the State had prior to 2004 to ensure that the impact on industry could be minimized.**

In the 74<sup>th</sup> meeting of J&K SLBC the Commissioner/Secretary, Finance, had informed the house that State Government is contemplating to make available some relaxations equivalent to the differential between the value of output to the new value-added frame work as a part of the package for which the Govt. was likely to make some announcement towards the end of December or beginning of the 2009.

In the 75<sup>th</sup> SLBC meeting, the Commissioner / Secretary Finance, J&K Govt. informed the house that the package could be conceived of only after elections as and when the budget for the CFY is finalized.

**Government may inform the progress.**

### **Setting up of Rural Self Employment Training Institutes- R-SETIs:**

The issue has been on the agenda of J&K SLBC since long but previously it was replication of a model by banks on the basis of experience of some banks. The whole concept was revised and a new model was evolved regarding which guidelines have been issued by Gol, Ministry of Rural Development on 07.01.2009, which were thoroughly deliberated upon in the 75<sup>th</sup> SLBC meeting. Keeping in view that Gol has given a target of setting up 22 R-SETIs in all the districts of the State the Chief Secretary, J&K Government asked for a concrete action plan by major banks. He desired that J&K Bank, which is having lead bank responsibility in 12 districts in the State, should take the major initiative whereas SBI having lead bank responsibilities in 10 districts and some other PSBs like PNB and Canara Bank would also identify and decide how many R-SETIs they would like to set up in the State. The Chief Secretary had pointed out that one of the major responsibilities of the State Government is allotment of land free of cost for the purpose of setting up of these RSETIs, but that would be considered only subsequent to the decision by the banks to set up the RSETIs in the opted districts and identifying the locations.

It was resolved in the said SLBC meeting that the Steering Committee in conformity with the guidelines of MoRD should be immediately set up. The Chief Secretary, J&K State also desired that a Committee comprising of bankers and the State Government representatives lead by the J&K Bank should immediately hold a separate meeting to formalize the concept and prepare an Action Plan and ensure that districts are allocated to the banks so that R-SETIs are established with utmost sincerity and realism.

Accordingly, a Sub-Committee of J&K SLBC comprising of the stakeholder members from banks and State Government (**as per enclosure**) has been constituted which will hold its first meeting very soon wherein districts shall be assigned to the banks for setting up RSETIs. The said Sub-Committee will thereafter function as the State Level Steering Committee (SLSC) with the following terms of reference as envisaged in the Gol guidelines:

1. To monitor the progress and review the performance of each of the R-SETIs;
2. To conduct evaluations of functioning of R-SETIs to be done by agencies as decided by the Committee.
3. Any other matter related to the functioning of RSETIs.

**This is for information of the house.**

**Encl: 1**

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

### **Meetings of Sub-Committee of J&K SLBC for Export Promotion:**

A meeting of the Sub-Committee of SLBC for Export Promotion was held on 14.05.2009 at J&K Bank, Corporate Headquarters, Srinagar. During the deliberations the representative Organizations of exporters pleaded that liberal flow of credit and various concessions be provided to the exporting community in the State in view of the acute impact of global economic slow down crippling sales and realizations. Recommendations have been accordingly made to the concerned quarters. The minutes of the said meeting have been web cast on website [www.jkslbc.com](http://www.jkslbc.com) and also circulated vide No.FEBD/1234/09-125 dated 17.06.2009 to all the concerned for desired action. A copy of the same is enclosed for information of the house.

**Encls: 02**

### **Legislating SARFASEI Act:**

The Sub-group under the chairmanship of Principal Secretary Law with Commissioner Secretary (Revenue) and President / CRO, J&K Bank as its members was formed in 73<sup>rd</sup> SLBC meeting to examine and suggest if the State should come up with its own legislation along lines of SARFASEI Act or allow the Act to apply in the State, because impaired assets is a concern for every bank and that uncertainty in this regard is also preventing other banks from lending. The basic draft on such legislation was to be prepared and provided by the J&K Bank on the pattern of SARFASEI Act.

In the 74<sup>th</sup> meeting of J&K SLBC the Commissioner Secretary Finance, J&K Government had assured that soon after the new legislature is constituted, the Government will make a request to the new house to take a position on the issue.

In the 75<sup>th</sup> SLBC meeting the Commissioner/ Secretary Finance Department, J&K Government informed that the draft legislation prepared by J&K Bank has been examined and certain suggestions have been made for improvement regarding which comments of J&K Bank have also been sought. He assured the house that government would introduce the bill in the State legislature in the next session.

**Government may report progress in the matter.**

**The house may advise further course of action.**

**AGENDA ITEM: 76.01****CREDIT TO PRIORITY SECTOR:****Bank-wise/ Sector-wise, Region-wise/ Sector-wise achievements under Priority Sector under Annual Credit Plan 2008-09 as at end of March 2009****(1) BANK-WISE / SECTOR-WISE POSITION:**

The Bank-wise/ Sector-wise achievements as at the end of March 2009 vis-à-vis commitments for lending to priority sector under Annual Credit Plan 2008-09 are given as [Annexures-A & B](#).

It is manifest from the figures as shown in the [Annexures](#) that banks by the end of March 2009 have provided total credit of Rs.1938.37 Crore in favour of 1,00,934 beneficiaries against a target of Rs.1911.41 Crore for 1, 73,428 beneficiaries to the Priority Sector under Annual Action Plan 2008-09, thereby registering achievement of 101% in financial terms and 58% in physical terms of the annual target for the Financial Year 2008-09.

The comparison of the achievement of banks under Priority Sector vis-à-vis their respective annual targets at the end of Q4 of FY 2008-09 with Q4 of PY 2007-08 (YoY) is given hereunder:

**(Amount In Crores of Rs.)**

Name of Bank	PFY 2007-08			CFY 2008-09		
	Target FY07-08	Ach. FY07-08	%age of Ach	Target FY08-09	Ach. FY08-09	%age of Achiev.
<b>J&amp;K Bank</b>	638.96	810.85	127	836.13	1198.18	143
<b>SBI</b>	235.77	220.29	93	274.46	223.46	81
<b>PNB</b>	258.59	337.01	130	174.43	140.23	80
<b>Other Comm. Bks.</b>	107.11	362.49	338	164.46	124.90	76
<b>Coop. Bks.</b>	179.29	140.56	78	226.22	128.48	57
<b>RRBs</b>	199.64	128.28	64	229.68	120.42	52
<b>Other FIs</b>	4.33	1.30	30	6.03	2.70	45
<b>TOTAL</b>	1623.69	2000.78	123	1911.41	1938.37	101

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

The District-wise/ Sector-wise achievements as at the end of March 2009 vis-à-vis commitments for lending to priority sector under Annual Credit Plan 2008-09 are given as [Annexure-C](#).

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

Under non-priority sector the banks have disbursed an amount of Rs.1635.84 Crore to 67,067 beneficiaries by the end of March 2009 out of which disbursement of Rs. 1297.37 Crore to 50,050 beneficiaries had been made up to Q3 i.e previous quarter ended on 31.12.2008 thereby reflecting disbursement of Rs. 338.47 Crore during Q4 to record a growth of 26% as compared to disbursement up to Q3.

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

**I) AGRICULTURE SECTOR:**

Against the annual Target of Rs.493.78 Crore for 1,07,319 beneficiaries, banks have disbursed a total amount of Rs.391.57 Crore in favour of 39,743 beneficiaries under this sector by the end of March 2009 thereby registering an achievement of 79% and 37% in financial and physical terms respectively.

Out of this, an amount of Rs.96.58 Crore against a target of Rs.205.92 Crore has been disbursed under Crop Loan in favour of 14,128 agriculturists. The achievement of banks under this segment is of the order of 47% 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 BOI, JKBL, PNB, KRB, EDB, JRB and SBI who have achieved 294%, 123%, 89%, 51%, 50%, 39% and 29%, 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.276.33 Crore), PNB (Rs.24.75 Crore). KRB (Rs.21.06 Crore),SBI (16.91 Crore) JRB (Rs.14.97 Crore), JCC Bank (Rs.11.53 Crore), BCC Bank (Rs10.20 Crore) and ACC Bank (Rs.3.35 Crore).

**(II) SMALL ENTERPRISES SECTOR:**

As against the annual target of Rs.449.44 Crore for 15,398 beneficiaries, banks have disbursed an amount of Rs.511.49 Crore in favour of 14,049 beneficiaries by the end of March 2009, thereby registering 114% and 91% of the target in financial and physical terms respectively.

While analyzing Bank-wise achievements (quantum-wise), the major contributors have been JKBL (Rs.322.42 Crore), Punjab National Bank (Rs.59.00 Crore) State Bank of India (Rs 47.37 Crore), and Citizen Co-op Bank (7.90 Crore).

**(III) MICRO CREDIT:**

As against the annual target of Rs.438.60 Crore in favour of 18,568 beneficiaries banks have disbursed total amount of Rs.144.07 Crore in favour of 11,722 beneficiaries by the end of March 2009. This works out to 33% and 63% achievement in financial and physical terms respectively.

**(IV) RETAIL TRADE:**

As against the annual target of Rs.368.56 Crore in favour of 26,069 beneficiaries banks have disbursed total amount of Rs.557.48 Crore in favour of 18,914 beneficiaries by the end of March 2009. This works out to 151% and 73% achievement in financial and physical terms respectively.

**(V) EDUCATION:**

As against the annual target of Rs.65.07 Crore in favour of 2,772 beneficiaries banks have disbursed total amount of Rs.52.13 Crore in favour of 2,639 beneficiaries by the end of March 2009. This works out to 80% and 95% achievement in financial and physical terms respectively.

**(VI) HOUSING:**

As against the annual target of Rs.95.96 Crore in favour of 3,302 beneficiaries banks have disbursed total amount of Rs.281.63 Crore in favour of 13,867 beneficiaries by the end of March 2009. This works out to 294% and 419% achievement in financial and physical terms respectively.

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

(Amount in Crores of Rupees)

Region	Targets	Achievements	Achievement %
Kashmir	937.67	796.37	85
Jammu	938.39	1106.97	118
Ladakh	35.35	35.03	99
<b>TOTAL</b>	<b>1911.41</b>	<b>1938.37</b>	<b>101</b>



**I) KASHMIR REGION:**

In the Kashmir region an amount of Rs.796.37 Crore against the target of Rs.937.67 Crores (85% achievement) has been disbursed by the end of March 2009 with a distribution of Rs.213.56 Crore for the Agriculture Sector, Rs.215.56 Crore in the Retail Trade, in the Small Enterprises Rs.176.43 Crore in the Housing Rs.99.91 Crore, in the Micro Credit Rs.68.03 Crore and Education Sector Rs. 22.88.

The sector-wise credit flow-sharing pattern has been Agriculture 27%, Retail Trade 27%, Small Enterprises 22%, Micro Credit 9.92%, Housing 12% and Education 3%.

**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 08-09 of Rs.1106.97 Crore against the target of Rs.938.39 Crore (118% achievement) with a distribution of Rs.177.01 Crore for the Agriculture Sector, Rs.324.82 Crore for the Retail Trade, in the Small Enterprises Rs. 324.86 Crore, in the Micro Credit Rs.71.52 Crore, in the Housing Rs 179.68 Crore and Education Sector Rs.29.08.

The sector-wise credit flow-sharing pattern has been Agriculture 16%, Retail Trade 29%, Small Enterprises 29%, Micro Credit 7%, Housing 16% and Education 3%.

**III) LADAKH REGION:**

In the Ladakh region an amount of Rs.35.03 Crore has been disbursed by the end of Q4 of the CFY 08-09 against the target of Rs.35.35 Crore (99%) with a distribution of Rs.1.00 Crore for the Agriculture Sector, Rs.17.09 Crore for the Retail Trade, in the Micro Credit Rs. 4.52 Crore, in the Small Enterprises Rs. 10.21 Crore, in the Housing Rs.2.03 Crore and Education Sector Rs. 0.18 Crore.

The sector-wise credit flow-sharing pattern has been Agriculture 3%, Retail Trade 48%, Small Enterprises 29%, Micro Credit 13%, Housing 6% and Education 1%.

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

**Encls-07**

**AGENDA ITEM: 76.02**

**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 2009:**

Against the Annual Action Plan 2008-09 for all banks operating in the State of Rs.201.07 Crore for 23,523 beneficiaries the achievement of banks at the end of March 2009 under five major Government Sponsored Schemes, viz. SGSY, PMEGP, JKSES, SJSRY and SC/ST/OBC is of the order of Rs.88.94 Crore spread over 10,198 beneficiaries in all the three regions of the State thereby registering a performance of 44% (Financial) and 43% (Physical) of the target. The position is not encouraging as compared to disbursement of Rs.153.27 Crore to 14,552 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.51.46 Crore to 6,207 beneficiaries by the end of Q4 of FY 2008-09 under these five major Government Sponsored Schemes, thereby achieving 46% and 48% in financial and physical terms respectively as against 61% achievement at Rs.86.84 Crore to 8,536 beneficiaries for the corresponding period of the previous year.

**ii) JAMMU REGION:**

Banks have disbursed an amount of Rs.30.89 Crore by the end of Q4 of FY 2008-09 under these schemes, which accounts for 39% achievement of the target of Rs.79.44 Crore as against 56% achievement of banks at Rs.55.82 Crore as on 31<sup>st</sup> March 2008.

**iii) LADAKH REGION:**

Banks have disbursed a total amount of Rs.6.59 Crore by the end of FY 2008-09 under these five major Government Sponsored Schemes, which works out to 60% achievement of the annual target of Rs.10.94 Crore as against 52% achievement of banks at Rs.10.62 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 2009, is attached as [Annexure-D & D1](#).

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

The Bank-wise achievements under five major Central/ State Government Sponsored Schemes as on 31<sup>st</sup> March 2009 are discussed below in light of the figures annexed Scheme-wise as [Annexure E, E1, E2, E3, E4](#).

**SGSY:** Under SGSY against a target of Rs.55.73 Crore for 11,342 beneficiaries, banks have disbursed an amount of Rs.28.07 Crore to 5,913 beneficiaries by the end of FY 2008-09, which works out to achievement of 50% and 52% in financial and physical terms respectively. Out of the total achievement of Rs.28.07 Crore the major contributors are J&K Bank (Rs.11.90 Crore), State Bank of India (Rs.3.34 Crore), Baramulla Central Cooperative Bank (Rs.3.27 Crore), Kamraz Rural Bank (Rs.2.27 Crore), Jammu Central Cooperative Bank (Rs.2.14 Crore), Jammu Rural Bank (Rs.1.69 Crore), and Punjab National Bank (Rs.0.79 Crore).

**PMEGP:** Under PMEGP Scheme against the target of Rs.16.61 Crore for 695 beneficiaries for the FY 2008-09, banks have disbursed an amount of Rs.3.18 Crore to 155 beneficiaries at the end of March 2009 for setting up of employment generating units thereby achieving 22% of the physical target and 19% of the financial target. Out of the total achievement (physical targets) of all banks operating in J&K State at 155 units the major contributors are J&K Bank (86 units), SBI (20 units), JRB (14 units) & PNB (13 units).

**JKSES:** Under JKSES, banks have disbursed an amount of Rs.50.64 Crore to 2,693 beneficiaries by the end of FY 2008-09 against the annual target of Rs.104.67 Crore for 6,363 beneficiaries, thus registering an achievement of 48% in financial terms and 42% of the physical target. Out of the total achievement of all banks operating in J&K State at Rs.50.64 Crore the contribution of J&K Bank, SBI & PNB, vis-à-vis their respective financial targets is of the order of 54%, 46% and 48% respectively. Out of the total achievement (physical targets) of all banks operating in J&K State at 2,693 units the major contributors are J&K Bank (1803 units), SBI (519 units) & PNB (245 units).

**SJSRY:** Under SJSRY, banks have disbursed an amount of Rs.4.66 Crore to 772 beneficiaries by the end of FY 2008-09 against the target of Rs.14.77 Crore for 2,211 beneficiaries, thus registering an achievement of 32%. From the data available it is been observed that only 1,627 cases were sponsored to banks against the target of 2,211 cases out of which 816 cases were sanctioned, 564 cases were rejected/ returned and 247 Cases are pending for sanction with banks. Out of the total achievement of Rs.4.66 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 36%, 27% and 12% respectively.

**SC/ST/OBC:** Under SC/ST/OBC banks have disbursed an amount of Rs.2.38 Crore to 665 beneficiaries by the end of FY 2008-09 against the target of Rs.9.29 Crore for 2,912 beneficiaries thereby registering an achievement of 26%. Against the physical target of 2,912 units, only 1,470 cases have been sponsored, out of which 793 cases were sanctioned by Banks, 428 cases were rejected and 249 cases are pending for sanction 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-08**

## **AGENDA ITEM: 76.03**

### **Performance under Handicrafts / Handloom / Credit-cum-Subsidy Scheme for Rural Housing Schemes as at the end of March 2009:**

The Bank-wise achievement as on 31.03.2009 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.19.29 Crore for 3,516 beneficiaries had been set for banks under this sector for the FY 2008-09. Banks have disbursed a total amount of Rs.5.31 Crore to 931 beneficiaries by the end of FY 2008-09, which includes 87 sanctioned cases of previous year. Against the physical target of 3,516 cases 2,149 cases have been sponsored to various Banks, out of which 968 cases were sanctioned, 694 cases were rejected and 487 cases are lying pending with the banks for sanction.

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

Under this sector a target of Rs.9.05 Crore for 1,251 beneficiaries had been set for the banks for the FY 2008-09. Banks have disbursed a total amount of Rs.0.92 Crore to 173 beneficiaries by the end of FY 2008-09, which include 12 sanctioned cases of previous year. Against the physical target of 1,251 cases 559 cases have been sponsored to various Banks, out of which the banks have sanctioned 201 cases with 149 cases pending for sanction and 209 cases rejected/ returned due to various reasons.

#### **C) Credit-cum-Subsidy Scheme for Rural Housing:**

Under this Sector against the target of Rs.62.00 Lacs to 100 beneficiaries, banks have disbursed Rs.6.37 Lacs to 14 beneficiaries by the end of financial year 2008-09. Against the target of 100 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: 76.04**

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

#### **Statistical data of various Banks in J&K State at the end of March 2009:**

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 2008 and March 2009. [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 2009. [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. 10256.24 Crore comprising 68.45% (PY 66.47%) in the aggregate outstanding credit of banking sector of Rs.14982.65 Crore in the State at the end of March 2009. The share of SBI is Rs.1458.21 Crore comprising 9.73% (PY 10.17%) and that of PNB is Rs.777.07 Crore comprising 5.19% (PY 5.95%).

The NPAs position of the major banks as reflected in [Annexure-J](#) reveals that in the total NPAs of Rs.596.77 Crore in the State at the end of March 2009 the share of J&K Bank is to the tune of Rs.229.11 Crore, that of SBI Rs.45.44 Crore and PNB Rs.79.85 Crore.

It is also evident from the [Annexure-K](#) that J&K Bank has the largest share of Rs.4345.18 Crore aggregate outstanding credit under Priority Sector comprising 60%

at the end of March 2009 out of the total Priority Sector Bank Credit of Rs.7291.37 Crore in the State. The shares of SBI and PNB in outstanding credit to Priority Sector are Rs.943.86 Crore (13%) and Rs.444.08 Crore (6 %) respectively.

From the Annexure, it will be observed that while the J&K Bank alone has made total advances of Rs.10256.24 Crore in J&K State as on 31.03.2009 as against its total deposits of Rs.19,420.59 Crore, thereby achieving a C. D. Ratio of 52.81%. The other major Public Sector Banks, viz. SBI & PNB have made advances of Rs.1,458.21 Crore and Rs.777.07 Crore respectively as against their deposits of Rs.4,902.24 Crore and Rs.2,180.92 Crore, achieving a C.D. Ratio of 29.75% and 35.63%, respectively, as on 31<sup>st</sup> March 2009. The remaining 18 Public Sector Banks put together have advanced Rs.1,082.37 Crore as against their total deposits of Rs.2,288.63 Crore, which works out to a C. D. Ratio of 47% as on that date.

The three Regional Rural Banks operating in the State have advanced a total amount of Rs.505.39 Crore against their total deposits of Rs.1,542.26 Crore, which works out a C. D. Ratio of 32.77% as on 31<sup>st</sup> March 2009.

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.698.99 Crore as against their total deposits of Rs.1,779.23 Crore, thereby achieving C. D. Ratio of 39.29% as on 31<sup>st</sup> March 2009.

Out of the aggregate advances of Rs.14,982.65 Crore outstanding as on 31<sup>st</sup> March 2009 an amount of Rs.7291.37 Crore has gone to Priority Sector and Rs.1868.44 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.2,213.60 Crore followed by Retail Trade, Agriculture, Housing and Micro Credit sector with an amount of Rs.1,763.63, Rs.1,648.36, Rs.1,294.52, and Rs.218.11 Crore respectively and the lowest share of Rs.153.14 Crore has gone to Education 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**

**AGENDA ITEM: 76.05****ACHIEVEMENT UNDER KISSAN CREDIT CARD (KCC) SCHEME:**

The performance of Banks under KCC scheme vis-à-vis Annual Credit Plan 2008-09 as at the end of FY 2008-09 is given in [Annexure-L](#). It is observed that as against the annual target of Rs.104.70 Crore for 34,534 beneficiaries, banks in the State have provided credit of Rs.16.07 Crore to 2,734 beneficiaries at the end of March 2009 thereby registering an achievement of 15% and 8% in financial and physical terms respectively.

KCC being an important instrument for enabling farmers to avail hassle-free credit in time, the GoI, Ministry of Agriculture vide D. O. letter No. 6/8/2009-Cr.I dated June 15, 2009 addressed to Chief Secretary, J&K State (copy enclosed) has advised to have a time-bound campaign to cover all the eligible farmers under KCC Scheme. GoI has also advised NABARD to work out a detailed action plan in this regard in consultation with the State Government. This action plan will seek to combine the efforts of State Government, banks, Cooperatives, PRIs and other stakeholders to facilitate launch of branch-level/ village-level campaigns in all the districts to ensure that all the eligible and willing farmers, particularly the small and marginal farmers are provided with an active KCC in a time-bound manner. GoI has also advised that steps be taken to sensitize all concerned to ensure that:

- **Farmers covered under KCC Scheme get the benefit of the inbuilt provision for covering risk of cardholders against accidental death and disability upto a maximum amount of Rs.50,000/- and**
- **Coverage of the Crop loans under National Agriculture Insurance Scheme (NAIS)/ Weather Based Crop Insurance Scheme (WBCIS), as applicable to the State.**

Accordingly, State Government have requested to include the issue in the SLBC meeting in order to chalk out a detailed action plan for launch of a campaign to provide KCCs to all the eligible and willing farmers in a time-bound manner, preferably by 30.09.2009 and the progress reviewed in DLRC/DCC and SLBC meetings from time to time.

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

**Encl-02**



## **AGENDA ITEM: 76.06**

### **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 12 banks amongst the banks operating in the State have reported disbursement of loans under the SHG scheme during the CFY, which aggregate to Rs.4.38 Crore in favour of 794 SHGs. The major contributors have been State Bank of India, J&K Bank and Punjab National Bank having disbursed Rs.2.00 Crores, Rs.1.09 Crore and Rs.0.22 Crores in favour of 335, 251 and 58 SHGs, respectively.

**This is for information of the house.**

**Encl-01**

**AGENDA ITEM NO: 76.07**

**Review of position as per key indicators for monitoring flow of credit in J&K State as of 31<sup>st</sup> march 2009:**

In terms of the Government of India, Ministry of Finance, Department of Financial Services directives the data containing key indicators as per the format prescribed by Gol in respect of the banks operating in J&K as on 31<sup>st</sup> March 2009 is enclosed for information of the house, which indicate as under:

- As against the benchmark of 60%, the C. D. Ratio of all banks operating in the State stood at 45.85% as on 31<sup>st</sup> March 2009. C. D. Ratio needs to be improved further.
- Total advances of all banks operating in the State as on 31<sup>st</sup> March, 2009 stood at 14982.65 Crore and the share of priority sector advances to total advances stood at 48.67% against the benchmark of 40%, which is encouraging.
- Share of Agriculture advances to total advances in the State stands at 11% as on 31.03.2009, against the benchmark of 18% which needs to be improved.
- Advances to weaker sections of society out of the total priority sector advances as on 31<sup>st</sup> March 2009 stands at 12.47% as against the benchmark of 10%, which is satisfactory;
- Share of lending to SMEs out of the total priority sector advances as on 31<sup>st</sup> March 2009, stands at Rs.2431.73 Crore out of the total priority sector advance of Rs.7291.39 Crore.
- Advances to women stood at Rs.560.25 Crore representing the share of 3.74% out of the total advances as on 31.3.2009 against the benchmark of 5%.
- Total bank credit under DRI Scheme in the State as on 31.03.2009 stood at a meager figure of Rs.0.89 Crore representing the negligible proportion of 0.01%, i.e. much below the benchmark of 1%.

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

**Encls: 01**

**AGENDA ITEM NO: 76.08**

**Credit delivery to Micro, Small and Medium Enterprises (MSMEs):**

**I) Holding of monthly Special Meetings of J&K SLBC**

In compliance with the GoI / RBI directives the Special Monthly SLBC meetings to monitor and review flow of credit to MSMEs sector and to oversee the resolution of credit issues are being held regularly as per the prescribed schedule. The 4<sup>th</sup> such meeting for the month of April 2009 was held on 14<sup>th</sup> May, 2009 at Srinagar to review the progress achieved by banks on implementation of IBA package on MSMEs and other productive sectors. The house deliberated on a number of issues regarding credit delivery to MSMEs as well as various other issues raised by the representative organizations of MSMEs, trade and industry in the State. Minutes of the said meeting stand uploaded on the website [www.jkslbc.com](http://www.jkslbc.com) and were also circulated to all members vide SLBC office Ref. No. LBD/Spl.SLBC.MSMEs/2009-93 dated June 7, 2009, for desired action. A copy of the minutes is enclosed for information of the house.

**Encls: 04**

**II) Progress/ status of implementation of IBA package on MSMEs Sector as on 31.05.2009**

- Upto the end of May 2009, banks in the State have so far restructured 4357 MSMEs accounts involving an amount of Rs.234.13 Crores.
- Banks have sanctioned working capital loans (new) to the extent of Rs.316.02 Crores in favour of 3334 beneficiaries and incremental working capital loans of Rs.151.93 Crores in favour of 1122 existing units.
- Housing Loans have been sanctioned by the banks operating in the State to the extent of Rs.228.45 Crores in favour of 7967 beneficiaries
- Auto loans have been sanctioned to the extent of Rs.162.85 Crores in favour of 6149 beneficiaries.

**The house is requested to review the position**

**Encls: 02**

**III) Recommendations of Dr. K. C. Chakrabarty Working Group appointed by RBI**

Reserve Bank of India, Central office, Mumbai, vide Circular No. RBI/2008-09/467 dated May 4, 2009 addressed to all Scheduled Commercial Banks had forwarded a copy of the recommendations of the Dr. K. C. Chakrabarty Working Group constituted by RBI, advising the SLBC Convenor Banks to take up the issue in the SLBC meetings.

The issue has already been deliberated upon in the 4<sup>th</sup> Special Monthly SLBC meeting held on 14<sup>th</sup> May 2009 at Srinagar, wherein the Reserve Bank of India outlined the action points pertaining to all concerned, particularly the Government of J&K.

In this backdrop the Reserve Bank of India, RPCD, R.O. Jammu, vide their communication No.1528/03.01.24/2008-09 dated 30.04.2009 addressed to the Chief Secretary, J&K Government, and a copy endorsed to Convenor, J&K SLBC, have again forwarded the gist of recommendation of the said Working Group forming [Annexure-II containing the action points pertaining to State Government](#) (copy enclosed for ready reference) requesting therein for implementation of the said recommendations by the State Government.

**The government may inform progress in the matter.**

**Encls: 06**

**AGENDA ITEM NO: 76.09**

**Progress in implementation of 100% Financial Inclusion in J&K State:**

Reserve Bank of India vide letter RPCD (JMU) No.1494/03.01.27/2008-09 dated April 30, 2009 addressed to the Convenor, State Level Bankers' Committee (copy enclosed for ready reference) have informed that out of 22 districts in J&K State only one district, viz. Pulwama had earlier been identified by the SLBC for 100% financial inclusion. The district has so far reported 89% achievement in the implementation of 100% financial inclusion.

Reserve Bank of India vide its aforesaid letter has conveyed that in the last meeting of Empowered Committee on RRBs held on 27.4.2009 three more districts, viz. District Jammu, District Anantnag and District Bandipora, have been allocated to JRB, EDB and KRB respectively for the purpose of implementing 100% financial inclusion and it has been desired that in respect of the remaining districts the SLBC should set individual targets for all banks and the progress achieved should be reviewed in the SLBC meetings as a regular agenda item.

It is in place to mention here that J&K SLBC vide letter No.JKB/SLBC/339/2007-45 dated 26.04.2007 has already given instructions to Lead District Managers of all the districts in the State to allocate villages/ blocks in the districts to the banks operating in the areas on the basis of the allocated Service Area, convenience, presence and suitability to ensure implementation of 100% financial inclusion. But none of other districts other than district Pulwama have reported any progress to SLBC despite very clear instructions to implement financial inclusion as a top priority according to national prioritization of the Scheme.

**The house is requested to deliberate upon the issue and impress upon the concerned to take this program seriously.**

**Encl: 01**

**AGENDA ITEM NO: 76.10**

**Reverse Mortgage Loan Scheme:**

Government of India, Ministry of Finance, Department of Financial Services, vide their letter bearing F.No.5/39/2008-Dev. Dated 30<sup>th</sup> April, 2009 addressed to CMDs of all SLBC Convenor Banks (copy enclosed for ready reference), have intimated that the model Reverse Mortgage Loan (FML) Scheme of National Housing Bank was notified by the Government on 30<sup>th</sup> September, 2008 (Copy of notification enclosed). The RML Scheme is meant to serve the needs of the elderly members of the society who possess property but do not have adequate income by way of regular cash flows to afford decent living. The Scheme enables the house owning senior citizens to take loans from banks and HFCs against the mortgage of their own houses through monthly/ lump sum payments while continuing to live in the house. So far 23 banks and 2 Housing Finance Companies (HFCs) have launched the scheme and over 2800 RML cases aggregating to about Rs.552.5 Crore have been sanctioned till the end of December 2008. It has also been conveyed that RBI has already constituted a Working Group for prudential framework for RML scheme and the Gol is also considering proposal regarding review of some of the operational guidelines of the scheme.

In order to make the RML Scheme more effective and popular, Government of India has desired the SLBC Convenors to make it a regular agenda item for review in the quarterly SLBC meetings so that the performance under the Scheme could be monitored on regular basis. Gol has also desired that member banks should undertake awareness-building programmes in consultation with National Housing Bank (NHB).

National Housing Bank (NHB) vide their letter NHB (ND)/RML/4033/2009 dated June 10, 2009 addressed to Convenor, J&K SLBC (copy enclosed for ready reference) have informed that NHB has conducted seminars/ workshops at a few locations in the country for building awareness about the scheme and have desired that the scheme needs to be propagated in small/ medium towns as well for which it has been suggested to consider using the FLCC Centers.

**The house may deliberate on the issue and adopt the scheme for implementation in J&K. Progress may be reported on quarterly basis.**

**Encls: 03**

## **AGENDA ITEM NO. 76.11**

### **Interest Subsidy Scheme for Housing the Urban Poor:**

Government of India, Ministry of Housing & Urban Poverty Alleviation has recently launched the Interest Subsidy Scheme for Housing the Urban Poor (ISHUP) to address urban housing shortage in the country. The Scheme provides for interest subsidy of 5% per annum on loan amount of upto Rs.1.00 lakh for the economically weaker section (EWS) and lower income group (LIG) in the urban areas for acquisition/construction of houses. The Scheme will leverage flow of institutional finance for the EWS and LIG segment and is expected to create additional housing stock of 3.10 lakh houses for EWS/LIG segment over the next 4 years (2008-12). This is being done on a pilot basis, which may be scaled up in due course in the light of experience.

The Scheme is proposed to be implemented by the primary lending institutions (PLIs), viz. Scheduled Commercial Banks and Housing Finance Companies. The National Housing Bank (NHB) and HUDCO have been designated as the Nodal Agencies for administration on release of the subsidy. The detailed guidelines on the Scheme are enclosed for ready reference and the main features thereof are mentioned below for information of the members:

- The scheme seeks to provide home loan with Central Govt. subsidy to EWS/ LIG persons for acquisition of house as also for construction of house to such beneficiary who do not own a house;
- The borrowers eligible under the scheme must be persons belonging to the EWS/ LIG categories and must have a plot of land for construction or should have identified a purchasable house;
- The maximum ceiling of loan is Rs.1.00 lac for individuals belonging to ESW and Rs.1.60 lacs for persons belonging to LIG category. But interest subsidy will be available upto Rs.1.00 lac only and any additional loan if needed will be on unsubsidized rate.
- Loan repayment period will be permissible generally from 15-20 years;
- The scheme will close in 2012, the last year of 11<sup>th</sup> Five Year Plan Period;

**This is for information and necessary action of the members.**

**The house may deliberate on the issue and adopt the scheme for implementation in J&K.**

**Progress may be reported on quarterly basis to SLBC for review.**

**Encls: 09**

**AGENDA ITEM NO. 76.12**

**Operationalization of disbursement of wages to NREGA workers through banks:**

Ministry of Rural Development, GoI has recently amended the Schedule II of NREGA Act, as conveyed by National Bank for Agriculture and Rural Development (NABARD) R. O. Jammu vide letter No. NB(J&K)/CPD/332/PL-2/2009-10 dated 29 April 2009, in order to ensure complete transparency and accountability in the disbursement of wages to National Rural Employment Guarantee Act (NREGA) workers, whereby the payment of wages from November 2008 through individual or joint savings account of NREGA workers in a bank or a post office has become a statutory provision. However, it has been pointed out by the Government of India that some major Commercial Banks and Regional Rural Banks in some states are not cooperating towards the same and are reluctant in opening accounts for NREGA job card holders.

NABARD has, therefore, requested for inclusion of the issue in the SLBC meeting so that the banks operating in the State are impressed upon to open the savings accounts of the NREGA beneficiaries and also the position is reviewed.

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

**Encls: 01**



## **AGENDA ITEM NO. 76.13**

### **Points forwarded by Agricultural Insurance Company of India Ltd.**

#### **1) Coverage of farmers under National Agriculture Insurance Scheme (NAIS):**

Regional Manager, Agricultural Insurance Company of India Limited, vide letter No. SLBC/J&K/5165/2009 dated 24 April, 2009 (copy enclosed for ready reference), has intimated that the participation of banks in J&K with regard to coverage of farmers under NAIS during the Rabi season has so far been very less in Jammu division and no coverage in Kashmir division, despite provisions of NAIS formulated by Gol envisaging compulsory coverage of all farmers growing notified crops in notified areas and availing crop loans from financial institutions.

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

**Member banks are advised to ensure coverage of all eligible crop loans under National Agriculture Insurance Scheme (NAIS) and promote the scheme among non-loanee farmers by creating awareness and extent of coverage.**

**Encl: 01**

#### **2) Procedure for settlement of additional claims arising out of mistakes/ errors /omissions/ commissions financial institutions:**

Regional Manager, Agriculture Insurance Company of India vide their letter dated 8 June 2009 have forwarded the draft procedure for settlement of additional claims which may arise due to mistakes / errors/ omissions/ commissions of financial institutions devised by Gol, Ministry of Agriculture, Deptt. of Agriculture & Cooperation and conveyed vide letter No. 13011/32/1999-Credit-II Vol. I dated 2<sup>nd</sup> June 2009, addressed to CMD of Agriculture Insurance Company of India **seeking view/ comments of banks/ State Government on the same before making changes in the operational modalities of the Scheme.** The draft procedure is given as under:

- a) AIC will collect and consolidate quarterly, the relevant papers/ documents relating to additional claims which may arise due to mistakes/ errors, from banks/ PACS and place them before the State Level Technical Committee (SLTC).
- b) If remittances of premium is delayed (beyond the stipulated cut off date) by banks or due to delay in submission of required clarification/ rectification by banks SLTC, if deemed fit, may recommend acceptance of such declaration subject to payment of premium alongwith interest thereon for the period of delay on the part of concerned bank. The interest charged may be credited to the Sinking Fund.
- c) SLTC after verification (including physical verification) may forward its recommendations through State Govt. to Gol with a copy to AIC.
- d) Deptt. of Agriculture, Gol would obtain comments of AIC on this and place it before the Central Technical Committee (CTC) headed by Joint Secretary (Credit).
- e) In case, it is decided by SLTC to impost liability of additional claims on the concerned bank and the bank is reluctant to bear this liability, under such circumstances, a 50% of the amount of additional claims liability payable may be adjusted out of the Bank Service Charges (BSC) which is payable to bank. The remaining half of the liability would be debited to the sinking Fund till 50% of additional claims liability is recovered from the bank.

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

**Encls: 02**

**AGENDA ITEM NO: 76.14**

**Incentive Scheme for Quicker Adoption of Electronic Benefit Transfer for Government Schemes:**

Gol, MoF, Deptt. of Financial Services, vide their communication bearing F.No.21/9/2009-Dev dated 17 June 2009 have forwarded a copy of the Deputy Governor, RBI's D.O. letter No. RPCD.CO.MFFI.D.O.8555/12.01.19/2008-09 dated 25.2.2009 addressed to State Governments, conveying therein that on the recommendations of the High Level Committee (HLC) RBI has proposed an incentive scheme to quicken the pace of adoption of the smart card based EBT mechanism by banks and roll out the EBT system in the states that are ready to adopt the scheme.

As per the scheme the RBI would partially reimburse the banks the cost of opening accounts with bio-metric access at the rate of Rs.50 per account through which payment of social security benefits, NREGA payments and payments under other government benefit programmes would be routed. Reimbursement would be made on the basis of the data supplied by the State Govt. and the banks on the number of new accounts opened through which Govt. payments have been routed. The incentive package would be dependent on the State Govt. agreeing to pay to the transacting banks, the transaction fee of 2% of the value of government payments effected through these accounts. The reimbursement by RBI would be available for a limited period, which could be decided by mutual consultation.

The scheme is presently being piloted in the State of Andhra Pradesh and RBI has requested all State Governments to consider adopting the above concept for routing government payments to the beneficiaries in the State and desired that the matter be discussed in the SLBC meeting and the participating banks may approach RBI with a concrete proposal.

A copy of the Concept Paper sent by RBI for consideration of the State Government is enclosed herewith for information of the members.

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

**Encls: 04**

**AGENDA ITEM NO: 76.15**

**Conference for Regional offices of FED - Fictitious e-mails:**

Reserve Bank of India, R.O., Jammu, vide their letter No. RPCD (JMU) 1770/03.01.17/2008-09 dated June 26, 2009 (copy enclosed for ready reference) have informed that a conference of Foreign Exchange Department of the Bank was held by them recently in Mumbai and the issue of fictitious e-mails, claims of millions of US dollars etc. emanated in it. RBI has already given wide publicity through print media to caution the public in dealing such fraudulent claims. RBI has also issued a circular to all the chairmen regarding such advertisements and sensitizing their lower staff in the matter. RBI has advised the public not to succumb to the temptation of fictitious offers of large funds through e-mail from unknown entities. They should also not make remittance towards participation in such schemes/ offers.

RBI has desired that the issue be included in the SLBC meeting for sensitizing all the bankers.

**This is for information of the house members.**

**Bankers are impressed upon to exercise caution in this regard.**

**Encls: 01**

**AGENDA ITEM NO: 76.16**

**Loans to De-notified Nomadic Tribes (DNTs):**

The National Commission for De-notified Nomadic and Semi-Nomadic Tribes (NCDNSNT) has interalia recommended that bank loans should reach De-notified Nomadic Tribes (DNTs) to enable them to undertake suitable economic activities and an appropriate percentage be fixed for the group within the overall target of Priority Sector Lending and the sub-target for weaker section. It has also been requested that the progress of disbursement of loans to DNTs may be reviewed and monitored in the DCC / SLBC meetings so as to ensure that the DNTs receive an equitable portion of the bank credit. Besides, the said National Commission has indicated that roughly about 10 percent of country's population (about 150 tribes) is De-notified and (about 500 communities) Nomadic.

RBI, vide their letter No.RPCD.CO.Plan.13708/04.09.01/2008-09 dated June 18, 2009 has requested IBA to identify and examine the operational problems/ issues that the banks may face and the support required from State Governments for identification/ verification of beneficiaries as also other modalities in implementing the recommendations by the National Commission. The RBI has observed that while de-notified tribes are now largely settled, the nomadic communities continue to be largely nomadic in pursuit of their traditional profession.

Indian Bank's Association, Mumbai, vide their letter No. SB/SLBC/652 dated June 22, 2009, has accordingly requested that the issue be examined and placed for discussion at the next SLBC meeting and the outcome conveyed to IBA for onward transmission to RBI. IBA has also sought comments of SLBC in the matter.

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

**Encls: 02**