

**CONFIRMATION OF THE MINUTES OF 76TH MEETING OF J&K SLBC
HELD ON 30TH July, 2009 AT SRINAGAR**

The minutes of 76th meeting of J&K SLBC held on 30th July 2009 at Srinagar to review the performance / achievements of the banks / financial institutions operating in the State for the quarter ended March 2009 were uploaded on the website of J&K SLBC www.jkslbc.com and were also circulated among the members vide J&K SLBC office letter No. JKB/SLBC-76/2009-245 dated 25.08.2009. 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 70th 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 71st and 72nd SLBC meetings regarding the issue.

The issue was again deliberated in 73rd 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 74th 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 76th SLBC meeting the Commissioner/ Secretary Finance, J&K Government informed that the issue was referred to the Law Department who have examined and recommended that the Act can be extended to all other areas of the J&K State. He stated that the necessary amendment in the Transfer of property Act had already been made and simply the notification was required in the matter. Accordingly, the Chief Secretary, J&K Government assured the house that the necessary action in the matter will be got done soon.

The Government may kindly inform the progress in the matter.

Special Package for SMEs and Trade:

In 73rd SLBC meeting the Chairman highlighted the fact that the Gol 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 74th 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 2009.

In the 75th 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.

In the 76th SLBC meeting, the Commissioner/ Secretary Finance, J&K Government stated that this issue at the moment appears to be a little complex one - not within the resources of the State Government. He, however, informed the house that the matter has been taken up with the Central Government and the State Government was trying to see what kind of assistance the Government could get from Gol.

Government may inform the progress.

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

In the 76th SLBC meeting all the 22 districts of J&K State were allocated between the two lead banks in the State, viz. J&K Bank 12 districts and SBI 10 districts.

It was however, decided that this year J&K Bank will establish the RSETIs in Srinagar, Baramulla, Anantnag, Pulwama and Poonch districts and the State Bank of India will establish two such institutes in Udhampur and Samba districts. Both the banks were advised to go ahead with taking necessary measures for constituting societies and signing of MOUs as per the Gol guidelines.

Accordingly, J&K Bank has initiated the process of formation of Society for the purpose in terms of the guidelines issued by Government of India and seeking its registration and also to get the MOU signed inter-se stakeholder parties.

As also decided in the 76th SLBC meeting the existing State Level Steering Committee (SLSC) has been reconstituted strictly as per the Gol guidelines and shall be co-chaired by Principal / Commissioner Secretary, Rural Development Department, J&K Government and SLBC Convenor Bank with Chief General Manager NABARD, J&K Bank and SBI as its members. The composition of the SLSC has been circulated vide Ref. No. LB/SLBC/SLSC/2009-285 dated 10.10.2009, (copy enclosed for ready reference).

Encl: 01

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

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 73rd SLBC meeting to examine and suggest if the State should come up with its own legislation along the 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 74th 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 75th 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. He assured the house that Government would introduce the bill in the State legislature in the next session.

In the 76th SLBC meeting the Commissioner/ Secretary Finance assured that the issue would be discussed with the Hon'ble Law Minister soon and expressed his optimism that the requisite legislation would be worked out during the ensuing session of the State Legislature.

Government may report progress in the matter.

The house may advise further course of action.

AGENDA ITEM: 77.01**CREDIT TO PRIORITY SECTOR:****Bank-wise/Sector-wise, Region-wise/Sector-wise achievements in lending to Priority Sector under Annual Credit Plan 2009-10 as at end of June 2009****(1) BANK-WISE / SECTOR-WISE POSITION:**

The Bank-wise/ Sector-wise achievements as at the end of June 2009 vis-à-vis commitments for lending to priority sector under Annual Credit Plan 2009-10 are given as [Annexures-A & B](#).

It is manifest from the figures as shown in the Annexures that banks by the end of June 2009 have provided total credit of Rs.558.71 Crore in favour of 45,737 beneficiaries against a target of Rs.2304.86 Crore for 1,82,958 beneficiaries to the Priority Sector under Annual Action Plan 2009-10, thereby registering achievement of 24% in financial terms and 25% in physical terms of the annual target during Q1 of the financial year 2009-10.

The comparison of the achievement of banks under Priority Sector vis-à-vis their respective annual targets at the end of Q1 of FY 2009-10 with Q1 of PY 2008-09 (YoY) is given hereunder:

(Amount In Crores of Rs.)

Name of Bank	FY 2008-09			CFY 2009-10		
	Target	Achievement (30.6.2008)	%age of Achiev.	Target	Achievement (30.06.2009)	%age of Achiev
J&K Bank	835.41	255.23	31	905.91	351.43	39
SBI	274.45	66.26	24	305.42	54.61	18
PNB	174.41	45.03	26	195.25	29.58	15
Other Comm. Bks.	164.46	26.28	16	364.68	38.06	10
Coop. Bks.	225.19	46.59	21	259.16	44.69	17
RRBs	230.45	36.57	16	270.24	40.14	15
Other FIs	5.47	0.72	13	4.20	0.20	5
TOTAL	1909.87	476.68	25	2304.86	558.71	24

(2) BANK-WISE / SECTOR-WISE ANALYSIS:

I) AGRICULTURE SECTOR:

Against the annual target of Rs.545.24 Crore for 1,11,317 beneficiaries, banks have disbursed a total amount of Rs.130.05 Crore in favour of 24,128 beneficiaries under this sector by the end of June 2009 thereby registering an achievement of 24% and 22% in financial and physical terms respectively.

Out of this, an amount of Rs.44.80 Crore against a target of Rs.236.42 Crore has been disbursed under Crop Loan in favour of 6,223 agriculturists. The achievement of banks under this segment is of the order of 19% 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 quantum-wise disbursement based on absolute terms, the major contributors have been the JKBL (Rs.80.97 Crore), J&K Grameen Bank (Rs. 18.63 Crore), PNB (Rs.10.92 Crore). SBI (5.25 Crore), JCC Bank (Rs.4.32 Crore), ACCB (Rs 2.82 Crore) and BCC Bank (Rs.2.46 Crore). Although percentage-wise the leading performers have been BOB, UBI, JKBL, PNB, J&K Grameen Bank, ACCB, EDB and SBI who have achieved 367%, 89%, 34%, 33%, 23%, 22%, 20% and 8%, respectively, of their respective individual targets but the high percentage of achievement by banks is however, driven by small allocation of targets.

(II) SMALL ENTERPRISES SECTOR:

As against the annual target of Rs.770.28 Crore for 18,811 beneficiaries, banks have disbursed an amount of Rs.123.82 Crore in favour of 4,630 beneficiaries by the end of June 2009, thereby registering 16% and 25% of the target in financial and physical terms respectively.

While analyzing Bank-wise achievements (quantum-wise), the major contributors have been JKBL (Rs.80.60 Crore), State Bank of India (Rs.10.53 Crore), Punjab National Bank (Rs.6.91 Crore) and JCC Bank (4.78 Crore).

(III) MICRO CREDIT:

As against the annual target of Rs.347.33 Crore in favour of 20,224 beneficiaries banks have disbursed total amount of Rs.51.77 Crore in favour of 4,128 beneficiaries

by the end of June 2009. This works out to 15% and 20% achievement in financial and physical terms respectively.

(IV) RETAIL TRADE:

As against the annual target of Rs.461.54 Crore in favour of 26,051 beneficiaries banks have disbursed total amount of Rs.110.63 Crore in favour of 5,535 beneficiaries by the end of June 2009. This works out to 24% and 21% achievement in financial and physical terms respectively.

(V) EDUCATION:

As against the annual target of Rs.68.12 Crore in favour of 2,948 beneficiaries banks have disbursed total amount of Rs.15.54 Crore in favour of 955 beneficiaries by the end of June 2009. This works out to 23% and 32% achievement in financial and physical terms respectively.

(VI) HOUSING:

As against the annual target of Rs.112.35 Crore in favour of 3,607 beneficiaries banks have disbursed total amount of Rs.126.90 Crore in favour of 6,361 beneficiaries by the end of June 2009. This works out to over achievement of 113% and 176% in financial and physical terms.

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

The Region-wise/ District-wise/ Sector-wise achievements as at the end of June 2009 vis-à-vis commitments for lending to priority sector under Annual Credit Plan 2009-10 are given as **Annexure-C**.

(Amount in Crores of Rupees)

Region	Targets	Achievements	Achievement %
Kashmir	1026.73	288.81	28
Jammu	1223.10	258.96	21
Ladakh	55.03	10.94	20
TOTAL	2304.86	558.71	24

I) KASHMIR REGION:

In the Kashmir region an amount of Rs.288.81 Crore against the target of Rs.1026.73 Crores (28% achievement) has been disbursed by the end of June 2009 with a distribution of Rs.80.83 Crore for the Agriculture Sector, Rs.54.87 Crore in the Retail

Trade, in the Small Enterprises Rs.54.54 Crore in the Housing Rs.58.25 Crore, in the Micro Credit Rs.30.87 Crore and Education Sector Rs. 9.44.

The sector-wise credit flow-sharing pattern has been Agriculture 28%, Housing 20% Retail Trade 19%, Small Enterprises 19%, Micro Credit 11%, and Education 3%.

II) JAMMU REGION:

In the Jammu region an amount Of Rs. 258.96 Crore has been disbursed by the end of Q1 of FY 2009-10 against the target of Rs.1223.10 Crore (21% achievement) with a distribution of Rs.48.94 Crore for the Agriculture Sector, in Housing sector Rs.68.46 Crore, in Small Enterprises Rs.66.05 Crore, Rs.52.40 Crore for the Retail Trade, in the Micro Credit Rs.17.02 Crore and Education Sector Rs.6.09.

The sector-wise credit flow-sharing pattern has been Small Enterprises 26%, Housing 26%, Retail Trade 20%, Agriculture 19%, Micro Credit 7%, and Education 2%.

III) LADAKH REGION:

In the Ladakh region an amount of Rs.10.94 Crore has been disbursed by the end of Q1 of the CFY 09-10 against the target of Rs.55.03 Crore (20%) with a distribution of Rs.0.28 Crore for the Agriculture Sector, Micro Credit Rs.3.88 Crore, Rs.3.35 Crore for the Retail Trade, in the in the Small Enterprises Rs.3.24 Crore, in the Housing Rs.0.19 Crore but no disbursement in Education Sector.

The sector-wise credit flow-sharing pattern has been Agriculture 3%, Micro Credit 35%, Retail Trade 30%, Small Enterprises 30%, Housing 2% and Education 0%.

(4) CREDIT TO NON-PRIORITY SECTOR:

Under non-priority sector the banks have disbursed an amount of Rs.257.52 Crore to 15,024 beneficiaries by the end of June 2009.

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

Encls-07

AGENDA ITEM: 77.02

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 30th June 2009:

Against the Annual Action Plan 2009-10 for all banks operating in the State of Rs.303.21 Crore for 26,917 beneficiaries the achievement of banks at the end of June 2009 under five major Government Sponsored Schemes, viz. SGSY, PMEGP, JKSES, SJSRY and SC/ST/OBC is of the order of Rs.26.30 Crore spread over 2,247 beneficiaries in all the three regions of the State thereby registering a performance of 9% (Financial) and 8% (Physical) of the target. The position is not encouraging as compared to disbursement of Rs.30.71 Crore to 2,785 beneficiaries made during the corresponding period of the previous year. The position is given in [Annexures D & D1](#).

1) REGION-WISE ANALYSIS OF ACHIEVEMENTS:

i) KASHMIR REGION:

Banks have disbursed a total amount of Rs.15.17 Crore to 1,257 beneficiaries by the end of Q1 of FY 2009-10 under these five major Government Sponsored Schemes, thereby achieving 8% in financial as well as physical terms as against 10% achievement at Rs.16.66 Crore to 1,734 beneficiaries for the corresponding period of the previous year.

ii) JAMMU REGION:

Banks have disbursed an amount of Rs.9.62 Crore by the end of Q1 of FY 2009-10 under these schemes, which accounts for 9% achievement of the target of Rs.103.50 Crore as also against 9% achievement of banks at Rs.11.11 Crore as on 30th June 2008.

iii) LADAKH REGION:

Banks have disbursed a total amount of Rs.1.51 Crore by the end of Q1 of FY 2009-10 under these five major Government Sponsored Schemes, which works out to 31%

achievement of the annual target of Rs.4.82 Crore as against 14% achievement of banks at Rs.2.94 Crore for the corresponding period of the last year.

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

The Bank-wise achievements under five major Central/ State Government Sponsored Schemes as on 30th June 2009 are discussed below in light of the figures annexed Scheme-wise as **Annexure E, E1, E2, E3 and E4.**

SGSY: Under SGSY against a target of Rs.56.99 Crore for 10,431 beneficiaries, banks have disbursed an amount of Rs.5.16 Crore to 1,111 beneficiaries by the end of Q1 of FY 2009-10, which works out to achievement of 9% and 11% in financial and physical terms respectively. Out of the total achievement of Rs.5.16 Crore the major contributors are J&K Bank (Rs.1.80 Crore), J&K Grameen bank (Rs.1.03 Crore), State Bank of India (Rs.0.77 Crore), Jammu Central Cooperative Bank (Rs.0.53 Crore), Baramulla Central Cooperative Bank (Rs.0.47 Crore) and Punjab National Bank (Rs.0.18 Crore).

PMEGP: Under PMEGP Scheme against the target of Rs.123.17 Crore for 5,344 beneficiaries for the FY 2009-10, banks have disbursed an amount of Rs.13.10 Crore to 555 beneficiaries at the end of June 2009 for setting up of employment generating units thereby achieving 10% of the physical target and 11% of the financial target. Out of the total achievement (physical targets) of all banks operating in J&K State at 555 units the major contributors are J&K Bank (365 units), SBI (92 units), J&K Grameen Bank (27 units) & PNB (20 units).

JKSES: Under JKSES, banks have disbursed an amount of Rs.6.51 Crore to 314 beneficiaries by the end of Q1 of FY 2009-10 against the annual target of Rs.98.70 Crore for 5,765 beneficiaries, thus registering an achievement of 7% in financial terms and 5% of the physical target. Out of the total achievement of all banks operating in J&K State at Rs.6.51 Crore the contribution of J&K Bank, SBI & PNB is of the order of Rs.3.97 Crore, Rs.0.97 Crore and 0.55 Crore, respectively. Similarly, out of the total achievement (physical targets) of all banks operating in J&K State at 314 units the major contributors are J&K Bank (183 units), SBI (53 units) & PNB (38 units).

SJSRY: Under SJSRY, banks have disbursed an amount of Rs.0.98 Crore to 157 beneficiaries by the end of Q1 of FY 2009-10 against the target of Rs.12.09 Crore for 2,332 beneficiaries, thus registering an achievement of 8% in financial terms. From the data available it is been observed that only 411 cases were sponsored to banks against the target of 2,332 cases out of which 82 cases were sanctioned, 48 cases were rejected/ returned and 281 Cases are pending for sanction with banks. Out of the total achievement of Rs.0.98 Crore the contribution of three major banks i.e., J&K Bank, SBI and PNB has been Rs.0.60 Crore (88 units), Rs.0.14 Crore (25 units) and Rs.0.08 Crore (17 units) respectively.

SC/ST/OBC: Under SC/ST/OBC banks have disbursed an amount of Rs.0.55 Crore to 110 beneficiaries by the end of Q1 of FY 2009-10 against the target of Rs.12.26 Crore for 3,045 beneficiaries thereby registering an achievement of 5% in financial and 4% in physical terms. Against the physical target of 3,045 units, only 384 cases have been sponsored, out of which 148 cases were sanctioned by Banks, 22 cases were rejected and 214 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: 77.03

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

The Bank-wise achievement as on 30.06.2009 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.20.21 Crore for 3,304 beneficiaries had been set for banks under this sector for the FY 2009-10. Banks have disbursed a total amount of Rs.0.59 Crore to 107 beneficiaries by the end of Q1 of FY 2009-10, which includes 48 sanctioned cases of previous year. Against the physical target of 3,304 cases 696 cases have been sponsored to various Banks, out of which 106 cases were sanctioned, 23 cases were rejected and 567 cases are lying pending with the banks for sanction.

B) Handlooms:

Under this sector a target of Rs.11.44 Crore for 1,435 beneficiaries had been set for the banks for the FY 2009-10. Banks have disbursed a total amount of Rs.0.07 Crore to 17 beneficiaries by the end of Q1 of FY 2009-10, which include 8 sanctioned cases of previous year. Against the physical target of 1,435 cases 137 cases have been sponsored to various Banks, out of which the banks have sanctioned only 14 cases with 101 cases pending for sanction and 22 cases rejected/ returned due to various reasons.

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

Under this Sector against the target of Rs.52.80 Lacs to 113 beneficiaries, banks have disbursed Rs.6.37 Lacs to 14 beneficiaries by the end of Q1 of financial year 2009-10. Against the target of 113 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: 77.04

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

Statistical data of various Banks in J&K State at the end of June 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 June 2008 and June 2009.
Annexure-J
2. Statement of Bank-wise /Sector-wise advances Outstanding against Priority Sector/ Weaker Sections of the society at the end of June 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.10,106.70 Crore comprising 68.17% in the aggregate outstanding credit of banking sector of Rs.14,825.27 Crore in the State at the end of June 2009. The share of SBI is Rs.1,428.74 Crore comprising 9.63% and that of PNB is Rs.777.23 Crore comprising 5.24%.

The NPAs position of the major banks as reflected in **Annexure-J** reveals that in the total NPAs of Rs.739.20 Crore in the State at the end of June 2009 the share of J&K Bank is to the tune of Rs.288.37 Crore, that of SBI Rs.131.51 Crore and PNB Rs.77.51 Crore.

It is also evident from the **Annexure-K** that J&K Bank has the largest share of Rs.4,429.12 Crore aggregate outstanding credit under Priority Sector comprising 59% at the end of June 2009 out of the total Priority Sector Bank Credit of Rs.7,488.91

Crore in the State. The shares of SBI and PNB in outstanding credit to Priority Sector are Rs.992.01 Crore (13%) and Rs.494.19 Crore (7%) respectively.

From the Annexure, it will be observed that while the J&K Bank alone has made total advances of Rs.10,106.70 Crore in J&K State as on 30.06.2009 as against its total deposits of Rs.18,578.02 Crore, thereby achieving a C. D. Ratio of 54.40%. The other major Public Sector Banks, viz. SBI & PNB have made advances of Rs.1,428.74 Crore and Rs.777.23 Crore respectively as against their deposits of Rs.5,355.56 Crore and Rs.2,211 Crore, achieving a C.D. Ratio of 26.68% and 35.15%, respectively, as on 30th June 2009. The remaining 18 Public Sector Banks put together have advanced Rs.1,099.71 Crore as against their total deposits of Rs.2,293.37 Crore, which works out to a C. D. Ratio of 48%.

The two Regional Rural Banks operating in the State have advanced a total amount of Rs.503.61 Crore against their total deposits of Rs.1,533.51 Crore, which works out to a C.D.Ratio of 32.84% as on 30th June 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.704.89 Crore as against their total deposits of Rs.1,782.41 Crore, thereby achieving C. D. Ratio of 39.55% as on 30th June 2009.

Out of the aggregate advances of Rs.14,825.27 Crore outstanding as on 30th June 2009 an amount of Rs.7488.91 Crore has gone to Priority Sector and Rs.1923.70 Crore out of the priority sector has gone to weaker sections of the society.

While analyzing the Priority Sector advances it has been observed that the Small Enterprises sector dominates other sectors by absorbing major share of Rs.2,263.41 Crore followed by Retail Trade, Agriculture, Housing and Micro Credit sector with an amount of Rs.1,734.02, Rs.1,729.81, Rs.1,327.67 and Rs.271.76 Crore respectively and the lowest share of Rs.158.76 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: 77.05

ACHIEVEMENT UNDER KISSAN CREDIT CARD (KCC) SCHEME:

The performance of Banks under KCC scheme vis-à-vis Annual Credit Plan 2009-10 as at the end of Q1 of FY 2009-10 is given in **Annexure-L**. It is observed that as against the annual target of Rs.64.77 Crore for 21,167 beneficiaries, banks in the State have provided credit of Rs.4.79 Crore to 840 beneficiaries at the end of Q1 of FY 2009-10 thereby registering an achievement of 7% and 4% in financial and physical terms respectively.

For improving the position under KCC Scheme, the CGM NABARD had suggested in the 76th SLBC meeting two strategies, the first one being to work out a plan to cover the existing loanee farmers by issuing them KCCs. For that purpose he had suggested for developing a suitable reporting system indicating the total number of farmer's accounts with the bank branches, out of which how many covered under KCC and how many remaining. Thereafter, in the second stage strategy needs to be worked out for covering those other than loanee farmers. He said that covering the existing loanee farmers was the best approach to be adopted for making the KCC scheme succeed in J&K.

It was accordingly decided that Chief General Manager, NABARD will take a meeting with J&K Bank, SBI and PNB immediately for devising a strategy in this regard.

NABARD may report progress on the issue

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

Encl-01

AGENDA ITEM: 77.06

ACHIEVEMENT UNDER SELF HELP GROUP (SHG):

Reserve Bank of India has desired to have a proper review of disbursement of credit through Self Help Groups (SHGs), as it is an effective tool for delivering credit to rural poor for their economic empowerment and social development and it is an alternative loan delivering system, which minimizes the cost of operation and transaction for the banks. Accordingly, the performance as of 30th June 2009 is submitted as per **Annexure-M.**

As is evidenced by the Annexure only 9 banks amongst the banks operating in the State have reported disbursement of loans under the SHG scheme during the CFY, which aggregate to Rs.70.51 lakh in favour of 124 SHGs. The major contributors have been J&K Bank, J&K State Cooperative Bank, J&K Grameen Bank and Baramulla Central Cooperative Bank having disbursed Rs.33.55 Lacs, Rs.11.85 lakh, Rs.5.47 lakh and Rs.7.67 lakh in favour of 46, 21, 19 and 12 SHGs, respectively.

This is for information of the house.

Encl-01

AGENDA ITEM NO: 77.07

Review of position as per key indicators for monitoring flow of credit in J&K State as of 30TH June 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 30TH June 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 45.84% as on 30th June 2009. C. D. Ratio needs to be improved further.
- Total advances of all banks operating in the State as on 30th June 2009 stood at Rs.14,825.27 Crore and the share of priority sector advances to total advances stood at 51% against the benchmark of 40%, which is encouraging.
- Share of Agriculture advances to total advances in the State stands at 11.66% as on 30.06.2009 against the benchmark of 18%, which needs to be improved.
- Advances to weaker sections of society as on 30th June 2009 stands at Rs.1,923.71 Crores, which accounts for 12.98% of the total advances outstanding as against the benchmark of 10%, which is satisfactory;
- Lending to SMEs as on 30th June 2009 stands at Rs.2,535.17 Crore, which accounts for 17.10% of the total advances.
- Advances to women stood at Rs.421.89 Crore representing the share of 2.85% out of the total advances as on 30.6.2009 against the benchmark of 5%.
- Total bank credit under DRI Scheme in the State as on 30.06.2009 stood at a meager figure of Rs.0.96 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.

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AGENDA ITEM NO: 77.08

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

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

In compliance with the Gol / 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 5th such meeting for the month of June 2009 was held on 30th July, 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 and were also circulated to all members vide SLBC office Ref. No. LBD/Spl.SLBC.MSMEs/2009-241 dated August 25, 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 31.07.2009

- Upto the end of August 2009, banks in the State have so far restructured 4431 MSMEs accounts involving an amount of Rs.235.96 Crores.
- Banks have sanctioned working capital loans (new) to the extent of Rs.474.81 Crores in favour of 7936 beneficiaries and incremental working capital loans of Rs.212.58 Crores in favour of 1551 existing units.
- Housing Loans have been sanctioned by the banks operating in the State to the extent of Rs.310.45 Crores in favour of 11305 beneficiaries
- Auto loans have been sanctioned to the extent of Rs.232.13 Crores in favour of 8225 beneficiaries.

The house is requested to review the position

Encls: 02

AGENDA ITEM NO: 77. 09**Coverage of un-banked / under-banked blocks of J&K State**

Government of India, Ministry of Finance, Department of Financial Services vide their communication bearing F.No.15/3/2009-Dev dated 18th August 2009 addressed to CMDs of all SLBC Convenor Banks (copy enclosed for ready reference) have informed that despite expansion of banking network in the country, there are still some areas that remain under-banked or un-banked and it has been desired that a Sub-Committee of SLBC will identify such areas and formulate an action plan for providing banking facilities to all these areas in the next 3 years.

The information obtained in this regard indicates the following 5 blocks in the State that are completely un-banked:

S. No.	Name of Block	Name of District	Population of the block
1	Pahloo	Kulgam	15080
2	Duggan	Kathua	14240
3	Gundana	Doda	25319
4	Nangsani	Kishtwar	14075
5	Wadwan	Kishtwar	7199

Gol has further directed vide F.No.15/3/2009-Dev dated 18th August, 2009 that steps be taken for opening of a bank branch of the lead bank of the district or of the RRB in these un-banked blocks duly following RBI guidelines and also advised that appropriate use may also be made of Business Correspondent (BC)/ Business Facilitator (BF) model to reach the remote areas in under-banked and un-banked areas.

As per the aforesaid communication, Gol has proposed in the Budget 2009-10 to set aside Rs.100 Crore during the current year as one-time grant-in-aid to ensure provision of at least one Centre/ Point of Sales (POS) for banking services in each of the un-banked blocks in the country.

Besides, there are 29 blocks in the State as detailed in the **Annexure-N** that are having only one bank branch, hence under-banked. As advised by Gol consequent upon recommendation by the Committee on Lead Bank Scheme of the RBI, Special

Sub-Committees of the District Consultative Committees (DCC) be set up for addressing the issue of under-banked areas.

Gol has directed to take necessary action in preparing a roadmap for the SLBC, as already advised by IBA in its circular to all PSBs dated 23rd May 2009, in order to achieve total financial inclusion, duly addressing issues of un-banked and under-banked areas with a target of covering most of the under-banked areas with at least one branch of the lead bank of the district or the RRB by 31.3.2010.

Gol has further directed that coverage of un-banked and underbanked areas of the State/UT should be a regular agenda item in every quarterly meeting of the SLBC, a summary report of which should be sent to Department of Financial Services, Gol, Ministry of Finance on a regular basis, alongwith the quarterly SLBC Report in the prescribed format.

J&K Grameen Bank (sponsored by J&K Bank) has been advised to proceed for opening a branch in Block Duggan (District Kathua) falling in their notified area of operation.

Similarly, Ellaquai Dehati Bank (EDB) sponsored by State Bank of India, has been advised to open the branches in two un-banked blocks, viz. Pehloo (District Kulgam) and Gundana (District Doda) falling in their notified Area.

As regards the remaining two un-banked blocks of Nangsani and Wadwan falling in district Kishtwar, it is submitted that two districts (Kishtwar and Ramban) are not allotted to any RRB so far. In this context Gol has been requested that the said districts be allocated to J&K Grameen Bank to ensure coverage of these two identified un-banked blocks in the State.

Moreover, J&K Bank has been also advised to open branches in the un-banked blocks viz. Gundana, Nangsani , Wadwan and Pehloo.

The house is informed in this regard accordingly

Encls: 02

AGENDA ITEM NO: 77. 10

Chalking out the modalities for speedy disposal of the cases of small artisans and weavers:

Government of Jammu & Kashmir, Finance Department, vide their communication No. ET/Estt/99/2009 dated 08.09.2009, have conveyed that the issue of under-financing of artisans and weavers was discussed at a meeting taken by the Hon'ble Chief Minister on 31st March, 2009 and it was decided that the same needs to be discussed at the SLBC for working out modalities for speedy disposal of loan cases of small artisans. Accordingly it has been requested by the Government to include the issue in the ensuing SLBC meeting.

The house is requested to deliberate upon the issue and work out modalities for speedy disposal of loan cases of small artisans.

Encls: 01

AGENDA ITEM NO: 77.11

22nd Conference of State Finance Secretaries, May 29, 2009 - credit demands of refugees from West Pakistan:

Reserve Bank of India (RPCD), Regional Office, Jammu, vide their letter bearing RPCD (JMU) No. 307/03.01.17/2009-10 dated September 16, 2009 (copy enclosed for ready reference) have forwarded an extract of the minutes of the 22nd Conference of State Finance Secretaries taken by Reserve Bank of India, C. O. Mumbai on May 29, 2009.

A perusal of the said minutes reveals that Mr. Sudhanshu Panday, Principal Secretary, Finance, J&K Government in the subject meeting has among other things highlighted as under:

“Some refugees from the erstwhile West Pakistan face a peculiar problem in that they have been accorded citizenship by the Government of India but they are not citizens of J&K. They face difficulties in accessing bank credit”.

Accordingly, the RBI, R.O. Jammu has desired that this issue be placed in the next SLBC meeting so that ways and means for meeting the credit demands of these refugees are found within the legal constrains referred to in the minutes.

The house is requested to deliberate upon the issue.

Encls: 2

AGENDA ITEM NO: 77.12

Budget Announcement 2009-10 - 1% Interest Subvention on Housing Loans upto Rs.10 lakhs - Guidelines regarding:

Government of India, Ministry of Finance, Department of Financial Services, vide their letter bearing F.No.5/60/2009-Dev dated 30th September 2009 have informed that in order to stimulate housing demand in the country specially in middle and lower income segment of population, the Finance Minister, during his Budget Proposals for 2009-10, had announced a Scheme of 1% Interest Subvention on Housing Loans upto Rs.10 lakhs. An allocation of Rs.1000 Crore was also announced for the purpose.

It has also been conveyed that the Government has allocated an initial sum of Rs.300 Crore during the current financial year for implementing the Scheme. The Reserve Bank of India and the National Housing Bank (NHB) have been designated as the Nodal Agencies by the Government for implementing the Scheme through Scheduled Commercial Banks (SCBs) and Housing Finance Companies (HFCs) respectively. The Scheme is operative for a period of one-year w.e.f. 1st October 2009 to 30th September 2010.

A copy of the GoI letter alongwith the copy of guidelines framed for implementing the Scheme are enclosed for information of the members of the House.

Encls: 03

AGENDA ITEM NO: 77.13

Earmarking of targets for 2009-10 under schemes of various ministries / Departments included in the Prime Minister's New 15 Point Programme for the Welfare of Minorities:

Government of India, Ministry of Finance, Department of Financial Services, vide communication bearing F. No. 7(60) 2008-CM (Part) dated 24th August, 2009 (copy enclosed) have conveyed that with a view to step up lending to Minority Communities, all Public Sector Banks (PSBs) have been given a road map. As per the road map the PSBs are required to step up their lending to Minority Communities to 15% of their Priority Sector Lending by 31st March 2010. In order to achieve this, State-wise targets have been fixed by each PSB for 2009-10. Aggregate State-wise targets based on the targets reported by individual PSBs are enclosed.

Gol has directed that progress in lending to minorities be reviewed in coordination with concerned Departments of State Government, in the regular meetings of SLBC and that this should be made an agenda item for regular review in the quarterly SLBC meetings and reported to Gol, on quarterly basis on priority.

Accordingly, Lead District Managers/ Lead Bank Officers of the State have been advised to allocate the targets for minority communities for all banks operating in their respective districts and ensure its implementation by monitoring and reviewing the progress in DCC/DLRC meetings regularly besides reporting progress to SLBC office on quarterly basis for review in SLBC meetings.

This is for information of the house.

Encls: 01

AGENDA ITEM NO: 77.14

Implementation of 100% Financial Inclusion in J&K State:

In terms of 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, the progress achieved in implementation of 100% Financial Inclusion is required to be reviewed in all the SLBC meetings as a regular agenda item.

Vice President, Convenor Bank giving an update in this regard informed the house that Pulwama district was adopted on pilot basis as advised by Reserve Bank of India and later on financial inclusion programme was implemented for coverage of all other districts of the State with all seriousness.

The Lead District Managers/ Lead Bank Officers have been advised to report progress to SLBC office in the prescribed format (copy enclosed for ready reference) for enabling to review the position. The data has not been submitted despite clear instructions.

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

Encl: 01